

**CITY OF PORTLAND**  
**FEDERAL LEGISLATIVE PRIORITIES**



**FEBRUARY 2006**



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CITY OF  
**PORTLAND, OREGON**

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**Tom Potter, Mayor**  
Sam Adams, Commissioner  
Randy Leonard, Commissioner  
Dan Saltzman, Commissioner  
Erik Sten, Commissioner

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**CITY OF PORTLAND**  
**2006 FEDERAL LEGISLATIVE AGENDA**

**FY 2007 APPROPRIATIONS PRIORITIES**

**EAST BURNSIDE/COUCH COUPLET**

The Burnside Transportation and Urban Design Plan was adopted by resolution by the Portland City Council on December 11, 2002. The plan makes recommendations to solve chronic problems on East Burnside Street and Couch Street from East 14<sup>th</sup> Avenue to East 3<sup>rd</sup> Avenue that have been identified in neighborhood and business plans adjacent to the project area. The recommendations also provide a solution to the difficult and challenging intersection where East Burnside Street meets Sandy Boulevard and 12<sup>th</sup> Avenue. The solution eases traffic congestion and improves access to the Central Eastside Industrial District while setting the stage for future redevelopment of key properties.

The recommendations eliminate the barrier that East Burnside Street currently poses to joining the north and south sides of the street. It facilitates better pedestrian, bicycle and transit connections across East Burnside Street and creates an environment that supports development, jobs, and housing within the Central City while maintaining good access and mobility to downtown Portland. The total project costs are \$16.2 Million. Local match will come from the Central Eastside TIF District. The project has an earmark of \$5.2 Million in the SAFETEA LU Act.

**The City of Portland (“The City”) is requesting \$4.7 million\* from the FY 2007 Treasury, Transportation, HUD Appropriations bill. (Department of Transportation, Surface Transportation Program)**

**I-5/NORTH MACADAM FREEWAY RAMP AND STREET CAPACITY IMPROVEMENTS**

This project will provide necessary access ramp improvements from I-5 to the South Waterfront District. The ramp is required to provide additional capacity in the transportation system to accommodate growth in the District. The existing short-weave ramp system requires traffic to make a short weave movement to enter the South Waterfront District. This project, along with associated intersection capacity

improvements, will enhance access, accommodate growth and improve safety. Project funding consists of Oregon Department of Transportation funding (OTIA) of \$15,000,000 of state highway dollars. The City of Portland must match the ODOT funds to secure the OTIA funding for this project. This project was a priority for the City of Portland for FY 2006 appropriations process and was awarded \$2 Million. There is \$11 million in SAFETEA LU.

**The City is requesting \$5 million\* from the FY 2007 Treasury, Transportation, HUD Appropriations bill (Department of Transportation, Surface Transportation Program).**

- *Funding request is aligned with the Metro regional transportation appropriations request list.*

### **GREEN STREETS PROGRAM – SUSTAINABLE STORMWATER**

The City of Portland has been making an extraordinary investment to mitigate the affects of stormwater run off. Currently the City is launching a comprehensive Green Streets Implementation Program. The Green Streets Program will reduce impervious surfaces, treat and filter stormwater at its source, reduce demands on the City's collection system, support regulatory compliance and enhance watershed health. A Green Street uses surface vegetated facilities (such as swales and planters) to slow, treat and infiltrate stormwater before discharge to the sewer system. Portland is emerging as a national leader in green street design. Effective stormwater runoff management from streets, highways and bridges is a critical issue for jurisdictions addressing Phase II regulations of the Municipal NPDES Stormwater program as well as TMDLs, CSOs, SSOs and ESA compliance issues. Portland's experience can provide practical knowledge and benefits for municipalities that face these challenges.

Studies endorsed by NOAA Fisheries and the U.S. Fish and Wildlife Service conclude that watershed degradation begins when impervious surfaces exceed 10% of the area within a drainage basin and approximately 27% of Portland's total area consists of impervious surfaces. Rights-of-way contribute 66% of the total stormwater discharge to Portland's sewer system. Stormwater discharges contribute a variety of pollutants carried by sediments as well as oil and grease. Program approaches will include:

**Outreach** - The City will form partnerships with communities to ensure a successful Green Streets Program.

**Technical assistance** - City staff will develop technical guidance documents and provide professional consultation to ensure accurate, effective and efficient implementation.

**Implementation** - City staff will transform the existing pilot program into a broad scale implementation program.

Program benefits include:

Improve and optimize the City's stormwater infrastructure system by using low cost sustainable alternatives to manage stormwater.

Improve watershed health by improving water quality and reducing the amount of stormwater entering Portland's rivers and streams.

Divert stormwater from the sewer system and reduce combined sewer overflows (CSOs) to the Willamette River, sewer system backups and basement flooding.

Filter stormwater and reduce stormwater runoff volumes in a manner that supports regulatory compliance.

Provide flood protection.

Enhance neighborhoods by using green space systems to treat stormwater.

Promote and create citywide partnerships and provide regional benefit.

Provide visible educational opportunities on the importance of stormwater management.

**The City requests \$1.5 million in funding from the FY 2007 Interior Appropriations bill (Environmental Protection Agency – State, Tribal Assistance Grant).**

### **WESTMORELAND PARK ECOSYSTEM RESTORATION PROJECT**

This project will restore a significant stretch of Crystal Springs within Westmoreland Park and replace four fish-blocking culverts. Currently, Crystal Springs flows through Westmoreland Park in a concrete lined channel with little shade. The concrete lining will be removed and the stream reconstructed with a riparian corridor of functional native trees, shrubs and other plants. A boardwalk and series of bridges will provide access to Crystal Springs and manage potential human impacts to the restored area. An existing, shallow, concrete-lined, on-channel duck pond will be replaced with a meandering stream channel and riparian buffer planted with native vegetation. Existing playground structures and a maintenance building will be moved away from the creek. In addition, four culverts will be replaced to provide ESA-listed juvenile salmon with access to the restored area of the park and existing high quality habitat farther upstream.

This project will make a significant contribution to reduced stream temperatures and bacteria loads and will improve fish passage. The project is part of a City-sponsored comprehensive improvement plan for Westmoreland Park. The improvement plan has wide support in the surrounding community. The City has purchased necessary easements on private properties needed to implement the project. The feasibility study for the project is complete. The City provided 50 percent of the costs for the feasibility study under agreement with the U.S. Army Corps of Engineers. The City's investment

will be in the feasibility study and the easements will be lost without additional federal support.

**The City requests \$1 million from the FY 2007 Energy and Water Appropriations Bill. (Army Corps of Engineers, Section 206)**

### **BRIDGES TO HOUSING**

This request would assist in implementing an element of *Home Again: a Ten-Year Plan to End Homelessness in Multnomah County and the City of Portland*. The *Ten-Year Plan* identifies a regional need for permanent housing linked to services for high-need homeless families with children. This request would assist Portland to carry out its commitment to housing homeless families, through the Bridges project. Bridges to Housing is a **regional** effort focused on serving high-need homeless families with children in the four-county metro region: Clackamas, Clark, Multnomah and Washington Counties. It was developed by staff and advocates from the four counties and will be administered by the Neighborhood Partnership Fund, with guidance from a Regional Steering Committee. There are three goals:

- To create a sustainable regional program, supported by public/private partnerships, to prevent and alleviate homelessness for high-need homeless families with children;
- To eliminate long-term repeated homelessness in families with children in the four-county region and prevent intergenerational homelessness;
- To generate systems change by increasing the alignment of housing and services for high-need homeless families.

Participants will be high-need homeless families who have barriers to housing beyond economic need, e.g. mental illness, drug and alcohol use, domestic violence, physical or cognitive disabilities, or the challenge of re-entry from the criminal justice system.

**The City is requesting funding \$1 million for the Bridges to Housing program. The funds could be sought from the Treasury, Transportation and HUD Appropriations bill (Department of Housing and Urban Development, Economic Development Initiative) OR for services under the Labor, HHS, Education bill.**

### **NEW COLUMBIA COMMUNITY POLICING**

The New Columbia neighborhood is a HOPE VI project which will shortly be completed. The City would equip the New Columbia area with a Safety Action Team of four officers, one car, bikes and an on site office. This would result in reawakened community policing for this area.

**The City seeks \$150,000 from the FY 2007 Science, State, Justice and Commerce Appropriations bill (Department of Justice, COPS program).**

## **WILLAMETTE RIVER ENVIRONMENTAL DREDGING**

In FY06 Congress appropriated \$160,000 to the Army Corps of Engineers for Willamette River Environmental Dredging in General Investigations funding. The City has been working closely with the Corps to develop a critical project to pursue ecological restoration in the Lower Willamette. At the City's request, the Corps has broadened its existing environmental dredging feasibility study to encompass the City's ecological restoration objectives. The City agreed to become the local sponsor of this broadly scoped project with considerable local investment.

These funds ultimately will enable the City and its partners to make substantial improvements in the ecological functioning of the Lower Willamette and will have enormous environmental and economic benefits for the Lower Willamette region. The City has made substantial investments as part of the local match obligations.

**The City seeks \$500,000 in additional funding in FY 2007 in the Energy and Water Appropriations Bill to continue this effort.**

## **BULL RUN MANAGEMENT UNIT – FY07 ROAD DECOMMISSIONING**

Since federal legislation in 1996 and 2001 ended commercial logging in the Bull Run Management Unit (BRMU), the road network for timber harvesting is no longer necessary. Currently, the Forest Service cannot fund maintenance of the road network sufficiently and the decay and degradation of the roads, culverts and stream crossings contributes to erosion problems in BRMU and the watershed, which can contribute to negative impacts on water quality.

The City has contributed approximately \$250,000 per year for routine (base budget) road maintenance and \$117,000 per year on road capital improvement projects over the last five fiscal years. The City anticipates investing approximately \$380,000 in routine roads maintenance in FY 2006-2007 and \$7.5 million in capital improvements over a 10-year period to restore damaged roads to a safe, stable condition.

Federal funding would enable the Forest Service to address the remaining 23 miles of roads within the municipal watershed that pose a risk to water quality. The Forest Service has thus far decommissioned two thirds of the unneeded roads within the Bull Run watershed. The requested appropriation would allow for the completion of this important project. The Large Water Users Coalition and Oregon Natural Resources Council support the City's request for funding.

**To protect against future degradation to water quality, the City of Portland seeks \$460,000 in funding for Forest Service road decommissioning in the Bull Run watershed (Forest Service decommissioning fund, Department of Agriculture Appropriations bill).**

*In the event that the Homeland Security Appropriations bill is earmarked, two potential requests:*

## **TOP OFF**

In the event that the Department of Homeland Security bill is earmarked, the City of Portland will likely request money to assist in planning for or execution of the federal Top Off exercise in 2007. Funds could be used for planning and/or execution of the exercise.

AND/OR

## **INTEROPERABILITY**

The Portland region still has significant interoperability needs. In particular there is the need for a wireless back up system for computer aided dispatch (CAD).

## **LEGISLATIVE PRIORITY ISSUES**

### **Telecommunications**

**The City of Portland knows that a thriving telecommunications industry is important to the competitiveness of the nation and the City supports strong competition in the marketplace. As a major rewrite of the Telecommunications Act is considered, the City of Portland urges Congress to preserve local government's right of way authority, including the ability to manage rights of way and the requirement of fair and reasonable compensation for them. The City supports legislation that would allow for the continuation of the City's PEG (Public/Education/Government access) and the INET (Institutional Network).**

The City of Portland is active in the National League of Cities and the US Conference of Mayors as well as in National Association of Telecommunications Officers and Advisors (NATOA), and the City's position on telecommunications aligns with those held by these organizations.

The City believes that any new national communications policy should **preserve** local government's authority to ensure public health, safety and welfare; allow local governments to **support** important policy goals; and enable local government to **serve** its community's communications needs.

**Preserve Local Government's Authority to ensure the health, safety and welfare of its citizenry:**

- Police Powers
- Rights-of-Way Authority
- Authority to Tax

Allow Local Government to **Support** important local policy goals:

- Economic Development
- Competition and Access to Products and Services
- Universal Service

Enable Local Government to **Serve** its Community's Communications needs:

- Localism through Diverse Media Ownership and Content
- Homeland Security and Emergency Communications
- Municipal Authority to Provide Telecommunications

***Internet Tax Moratorium/Streamlined Sales Tax***

The City of Portland supports joint federal, state and local efforts to develop fair and equitable sales and use tax collection strategies for telecommunications provided local jurisdiction revenues are not negatively affected by the change in tax sourcing. The City supports the sales tax streamlining effort.

***FCC***

The Federal Communications Commission (FCC) issued a Notice of Proposed Rulemaking (NPRM) on the issue of local government franchising on Friday, November 18, 2005. This rulemaking is particularly problematic and challenges local government authority at its base. The Commission opens with statements such as "potential competitors seeking to enter the multi channel video programming distributor (MVPD) marketplace have alleged that in many areas the current operation of the local franchise serves as a barrier to entry." Further, "whether the franchising process unreasonably impedes the achievement of the interrelated federal goals of enhanced cable competition and accelerated broadband deployment and, if so, how the Commission should act to address that problem." The City, through our national organizations (NATOA, NLC etc), will be filing comments.

**Budget Cuts**

While the City of Portland recognizes that the federal government is facing a record deficit and there must be an effort to cut federal spending, the City urges Congress and the Administration to explore all options that will result in a reduced deficit including not extending expiring tax cuts. **The City urges Congress to realize that the domestic discretionary budget cannot bear the brunt of deficit reduction and urges full funding for key urban programs in the areas of housing, economic development, law enforcement, environment, job training and health and human services.** Further, the City urges Congress to consider preserving a safety net for the indigent, elderly and frail. Finally, Congress should not impose unfunded mandates on state and local governments.

## **Water Infrastructure**

Recent Congressional initiatives designed to respond to the national crisis in water and wastewater infrastructure financing have made sporadic progress. **The City of Portland continues to work towards enactment of legislation to create grant and creative financing opportunities for the back log of infrastructure needs across the country.**

### ***Long Term 2 Enhanced Surface Water Treatment Rule***

The Environmental Protection Agency (EPA) has signed a final drinking water rule known as the Long Term 2 Enhanced Surface Water Treatment Rule (LT2) that will be published in the federal register as final in the next 4 to 12 weeks. The rule, as drafted, requires the City to provide additional primary disinfection of its Bull Run surface water source and creates additional restrictions on the continued operation of the City's five open finished drinking water reservoirs in Mt. Tabor and Washington Parks. Since January, 2005 the City has been working with citizen, business and environmental stakeholders in the drinking water system to persuade the EPA to create alternatives to the treatment requirement of the drinking water rule since the expensive infrastructure required to meet the requirement would provide no measurable improvement to Portland's drinking water quality.

Mayor Potter, his Chief of Staff, Nancy Hamilton and Multnomah County Health Officer Gary Oxman met with EPA staff in Washington, DC in spring of 2005 to request the EPA provide the City with alternate compliance options to the LT2. Commissioner Leonard and Commissioner Adams met this fall with members of the local Congressional delegation to seek their assistance in convincing the EPA to provide relief to Portland from this expensive and unnecessary rule.

**The City Portland will continue to seek reasonable options for achieving compliance with both the treatment and open reservoir requirements of the federal rule. The City will explore and employ all available methods to achieve reasonable compliance options.**

### ***EPA Blending Rule***

Blending, the occasional diversion of a portion of wet weather flows from separate sanitary sewer systems around secondary treatment units while maintaining compliance with NPDES permit limits, is a valuable practice at many Publicly Owned Treatment Works (POTWs). Blending serves to preserve biological treatment biomass thereby preserving both treatment function and water quality, and provides further protections for POTWs during these occasional events.

The Environmental Protection Agency (EPA) proposes significant changes to its blending policy through a new guidance document "Peak Wet Weather Discharges from POTWs" (EPA-HQ-OW-2005-0523). The City of Portland is concerned that EPA is proposing to restrict or prohibit the proven method of blending for treating wet weather flows when that practice is consistent with federal and state technology and water quality

requirements. Blending is a cost-effective approach for many communities to comply with the Federal Clean Water Act during a period of unprecedented federal disinvestment in funding for municipal water quality infrastructure. The proposed policy defines secondary blending as a bypass and essentially eliminates blending as an approved method. It then imposes strict and expensive requirements on the community to obtain approval to bypass. EPA's approach should not be supported as it seeks to impose additional infrastructure burdens on local government treatment facilities through a "policy" or "guidance", without regard to the costs and without proof of additional instream water quality benefits. It is critical to note that blending, as EPA defines it in the proposed policy and as addressed here, does not result in either violation of secondary treatment requirements or water quality standards excursions. The proposed policy would needlessly constrain the efforts of POTW owners and operators to manage their wastewater systems in the most cost-effective manner. The City believes that EPA should not adopt the policy in its proposed form.

From a public policy perspective, the City believes it is incumbent on EPA to specifically quantify the benefits from prohibiting blending in comparison to the enormous costs associated with sending every drop of flow through full secondary treatment. Specifically, EPA should give concrete examples of water quality violations at blending facilities relating to blending activities in order to justify the enormous capital costs to address peak flows that otherwise are blended.

The proposed policy states that it applies to treatment facilities serving separated sanitary systems only and does not apply to combined sewer systems. However, there is no reason given for this exclusion and no indication what a similar policy for treatment plants serving combined sewer systems would contain. Given the restrictive nature of this proposed policy, it sets a pattern that is very disturbing for Combined Sewer Overflow communities who use full primary treatment and blending to cost-effectively treat wet weather flows and meet NPDES permit requirements. The City is submitting comments on the EPA proposed rule.

## **Tax Issues**

### ***Tax Reform***

Should Congress embark on tax reform this year, the City of Portland supports the deduction for state and local taxes as well as the home mortgage deduction and the deduction for home equity loans.

### ***Exit Tax Relief***

Another important tax issue for the City of Portland is to promote the preservation of affordable housing in both urban and rural Oregon by providing Exit Tax Relief.

Although the City has a vigorous affordable housing development agenda, there is still a need to preserve "currently affordable" housing units.

At this moment there are a large number of affordable units in private ownership across Oregon that are under contract with HUD (e.g. project-based Section 8) or the Rural Development Agency. These contracts will be expiring soon. On expiration, an owner who chooses to sell the property will be required to pay taxes on the accelerated depreciation it took on the property during the period of affordability. This is a major tax burden, which will generally be passed on to a purchaser in a sale. This adds to the cost to preserve these units, and presents a major barrier to the sale of the property to a non-profit agency that could continue to operate the property as affordable housing.

Senator Schumer (D. - N.Y.) has prepared legislation that would relieve the exit tax burden on owners of properties now under contract with HUD or the RDA. Under this draft legislation, the owners could avoid recapture on accelerated depreciation if they sold their property under two conditions: the sale must be to a non-profit agency approved by the state housing finance agency, and the properties must remain affordable for at least 30 additional years.

This would be an elegant way to reduce the local cost of preservation. It would require the federal government to authorize a tax reduction to “for profit” entities, a tool that has potential to pass in the current administration. With, in essence, a tax cut, the Feds could significantly reduce the local cost of purchasing a minimum of 30 additional years of affordability. As a result, there would be more units in non-profit ownership to serve our social housing goals.

In addition, this legislation would assist preservation efforts in both urban and rural counties. The City has a current list of projects (and locations) that would benefit from this legislation.

National and local organizations are working on this issue, including the National Housing Trust, the Neighborhood Partnership Fund and the Housing Development Center.

Enacting exit tax relief would have a significant impact on preservation efforts locally and state-wide. Two of the HUD expiring projects in Portland that would be affected by exit taxes are well-preserved high rises with hundreds of units. These buildings are perfect candidates for condo conversions, with the resulting displacement of many low-income tenants, including the frail elderly. In many cases, we understand that the seller would like to transfer ownership to a non-profit, but the exit tax burden makes this financially prohibitive. **The City urges our delegation to work with Senator Schumer on this proposed legislation.**

In addition, there is a similar issue involving projects funded with **Low Income Housing Tax Credits** (LIHTC). Statewide, there are approximately 7,222 affordable units that will reach the end of their 15-year initial compliance period from 2005 to 2011. Projects financed with LIHTC are typically owned by a for-profit limited partnership or limited liability corporation, with either a not-for-profit or for-profit general partner/ managing member and an investor limited partner or member. At the end of the 15-year affordability period, the investors exit the partnership.

In order for a not-for-profit general partner to preserve the affordability and assume ownership, they generally must pay any exit taxes resulting from the investor exiting the partnership. 3,243 of the 7,222 units reaching this milestone by 2011 are located in Multnomah County. Many projects in the LIHTC portfolio in Multnomah County serve special needs households or families earning less than 30% of the area median income, and are a critical part of our affordable housing inventory.

**The first draft of Sen. Schumer's bill did include the LIHTC properties. The current version of the bill does not currently include tax relief for owners of LIHTC projects. The City supports exit tax relief that includes LIHTC properties and urges our Delegation to work toward passage of this legislation.**

### **Homeland Security**

The City of Portland supports direct funding for domestic security needs and first responder funds to cities based upon population and risk of terrorist attack or natural disaster. **The City strongly supports additional funding for the Urban Areas Security Initiative. The City will be hosting a TOP OFF exercise next year and supports federal funding for TOP OFF.**

The region has received \$10,391,037 in 2005, \$8,112,992 in 2004, and \$6,764,956 in 2003 from the UASI account. This is the largest security grant for the five county regions consisting of Multnomah, Columbia, Clackamas, Washington and Clark counties.

The City (along with its regional partners) has significant interoperability needs including a wireless back up system for computer aided dispatch. **Therefore the City urges Congress to provide additional funding for interoperability needs nationwide.** Further the City supports the fair and equitable allocation of radio spectrum that provides quality frequencies, free from interference for all local public safety communication needs.

The City also supports full funding for the Citizen Corps Council grant to help train and equip citizens, neighborhoods, community organizations and workplaces in basic emergency preparedness, response and recovery skills and as auxiliary personnel to first responders. The City supports the State Homeland Security Program which helps equip City bureaus to enhance the capabilities of state and local emergency response agencies to respond to Weapons of Mass Destruction or incidents of terrorism involving the use of chemical, biological, radiological, nuclear or explosive weapons and cyber attacks and for costs related to planning and attendance at training courses. The City also supports the Law Enforcement Terrorism Prevention Program as well as the Emergency Management program grants and Critical Infrastructure 03.

### **Public Safety**

**The City of Portland is concerned about the proliferation of methamphetamine in the region. The City is appreciative of the work the Oregon delegation and Congress have put into controlling sales of pseudo ephedrine, but also urges**

**Congress to put additional funding into programs to address this now nationwide epidemic. The City is particularly concerned about the affects the production of meth has on children and families residing in the homes where meth is being manufactured and urges Congress to provide funding for the social services aspect of this scourge. Further, the City urges Congress to provide guidelines and funding for the clean up of meth houses so that they can be refurbished and put back into the affordable housing pool.**

The City supports full funding for the JAG program, which was formerly the Byrne Grant program which funds many programs in Portland such as drug treatment and the Regional Organized Crime Narcotic Task Force. The city also supports full funding for the following public safety programs: Weed and Seed, Police Corps, GREAT, COPS in Schools, COPSMORE and the Bulletproof Vest partnership.

The City also urges increased federal funds for the COPS program which could fund City needs such as: Homeland Security overtime, Value Based Initiatives, community policing, processing DNA evidence and an integrated biometric identification program.

## **Fire**

The City supports the federal programs that provide funding to EMS and Fire personnel such as the Department of Homeland Security's Metropolitan Medical Response System (from which the City has received \$227,592 in 2005, \$400,000 in 2004, \$280,000 in 2003, and \$600,000 in 1999 to purchase life saving pharmaceuticals, equipment, training and hands on exercises), and the Assistance to Firefighter Grant Program at DHS (from which the City has received \$554,585 in 2005, \$242,354 in 2004, \$208,285 in 2003 and \$244,427 in 2002 for rescue belts, chemical, biological, radiological, nuclear event upgrades for the firefighters self contained breathing apparatus, sprinkler systems and alarms for three fire stations, five vehicle exhaust removal systems) and the SAFER program at DHS.

The City urges the Congressional Delegation to support full funding for these valuable grant programs as they provide much needed funding for emergency response, response personnel safety, disaster preparedness and response and fire and life safety education for City personnel.

## **The Secure Rural School and Community Self Determination Reauthorization**

Excellence in public education is one of the City's top priorities for this year and the City supports public education funding for rural as well as urban school systems. The City of Portland supports S. 267 and HR 517 , the Secure Rural Schools and Community Self Determination Reauthorization Act, which would reauthorize the successful "county payments/timber receipts" law for an additional 7 years and would provide 32 of Oregon's 37 counties payments totaling about \$273 million to improve education, strengthen infrastructure and improve forest health. This program and funding was

passed to compensate primarily rural counties with extensive federal forests for the loss of timber harvest revenues.

## **Housing/Community Development**

**The City supports full funding for the Community Development Block Grant, HOME, HOPE VI, Brownfields, Youthbuild, and other federal housing and economic development programs. The City also supports full funding for Section 8, McKinney Homeless Assistance and Shelter Plus Care programs.**

**The City supports legislation that would create an affordable fund through regulation of the Government Sponsored Entities (Fannie Mae and Freddie Mac) by setting aside 3.5% of their after tax earnings to capitalize an affordable housing fund to finance community development activities.**

### *Services for Ending Long Term Homelessness Act*

The City of Portland endorses the **Services for Ending Long-Term Homelessness Act (SELHA)**, formerly known as Ending Long Term Homelessness Services Initiative (ELHSI), which is legislation proposed by the National Alliance to End Homelessness, the Corporation for Supportive Housing and the National Alliance for the Mentally Ill and is intended to fund the supportive service component of the permanent supportive housing necessary to end long-term homelessness by assisting people to be stable in their housing. This initiative is intended to serve people who experience long-term or chronic homelessness. The focus is on people who virtually live on the streets and in emergency shelters, who are frequent users of emergency care, who have disabilities and histories of violence that significantly impede their ability to live independently and who haven't responded to other efforts. It emphasizes the attainable goal of ending chronic homelessness, and the effectiveness of permanent supportive housing to accomplish that goal.

This legislation would support the work the City is doing locally on the Ten Year Plan to End Homelessness. More than 50% of chronically homeless Oregonians seek services in Multnomah County. The City of Portland and Multnomah County have been very successful in several recent competitive grants for funding to end chronic homelessness. The ELHSI would provide additional federal support for achieving the federal goal of ending homelessness.

We estimate that our community needs 4,242 units of permanent supportive housing for homeless persons. In December 2004, Portland and Multnomah County adopted "Home Again: A Ten Year Plan to End Homelessness." The plan has a strong permanent supportive housing component. This legislation would significantly enhance our local efforts to help the homeless secure permanent supportive housing, by funding the service component.

The City has recently been awarded three sizable federal homeless grants which demonstrate that the federal government has recognized Portland and Multnomah County as having great homeless needs, as well as the capacity to make meaningful strides towards ending homelessness. In total, these competitive awards will support an estimated 200 chronically homeless households through permanent supportive housing. Despite this recent influx of federal funds, our community's capacity to truly end homelessness depends on stable supportive services tied to housing. SELHA would help this gap as we proceed with our local efforts to ending homelessness in ten years.

**The City of Portland supports \$30 million in federal appropriations for supportive services for people with disabilities who experience long-term homelessness through the "Programs of Regional and National Significance" within the Substance Abuse and Mental Health Services Administration (SAMHSA) at the Department of Health and Human Services.**

**The City also supports authorizing legislation to create a new grant program to fund a flexible array of services in permanent supportive housing, tailored to the needs of people who experience long-term homelessness.**

### *Housing Connections*

In 2002, the City of Portland launched *Housing Connections* ([www.housingconnections.org](http://www.housingconnections.org)), a web-based tool that connects low-income renters with *available* affordable, accessible and/or special needs housing. Potential renters find appropriate housing on-line with user-friendly search tools. Searches yield detailed information about each available unit. Phone assistance is available for people who do not have internet access, or who cannot search in English. Housing Connections currently serves the four-county Portland Metro area.

Housing Connections has been extremely successful. It currently has listings for 3,899 properties, encompassing 59,323 units. It has hosted 612,774 searches, 1,974 landlord and property management companies, and 219 agencies use Housing Connections.

**The City of Portland would like to make Housing Connections an eligible activity under several HUD programs including CDBG, HOME, and Emergency Shelter Grants. Following are specific requests by funding source:**

- ESG – Make web-based housing locators like Housing Connections an eligible cost in any Emergency Shelter Grant categories that currently allow Homeless Management Information System costs. Housing Connections is a complementary component to HMIS systems in that permanent housing is needed for homeless clients, and the housing locator reduces the time and resources needed to provide this service.
- CDBG – Add housing information services as an allowable activity under the Housing Services Activity Category using the same language used in HOPWA

eligible activities. We feel web-based housing locators like Housing Connections would easily fall into this activity category.

### *Section 8*

The Bush Administration has telegraphed once again that it intends to reduce funding for **housing vouchers** in its new budget to be released in 2006. It is anticipated that the Administration will again propose block-granting Section 8 to the states and reducing the appropriation for Section 8 Housing Choice vouchers.

The Section 8 Housing Choice voucher program, administered by the Housing Authority of Portland, is extremely important to the City of Portland. We have a well-documented shortage of affordable housing. The Section 8 voucher program helps fill the gap by providing rental subsidies for some of the lowest-income residents, including the elderly, people with disabilities, the working poor, and low-income families with children.

There are currently more than 7,000 people on the Housing Authority of Portland's Section 8 waiting list. It takes about three years on the list to receive a voucher. Demand is high from the market side, as well. Furthermore, additional landlords are signing up to join the Section 8 program in record numbers.

**The City of Portland urges our Congressional Delegation to support full funding for the Section 8 Housing Choice voucher program, to support increases to the program to meet escalating need, and to block efforts to cut the program by block-granting it to the states or reducing the appropriation below current service levels.**

### *CDBG*

Last year, the Bush Administration first introduced the "Strengthening America's Communities Act." Among other things, the Act would have moved CDBG out of HUD to the Department of Commerce, reduced the amount of CDBG, and changed the formula for allocation of CDBG.

The City opposed this for many reasons. The City uses CDBG, the most flexible federal resource available to us, to fund many programs essential to the vitality of the City, including the affordable housing development program, the Ten Year Plan to End Homelessness, and the Economic Opportunity Initiative. CDBG leverages other funds into our community, including State housing dollars, service funds, and foundation dollars. A reduction of CDBG would have serious consequences.

Further, the economic development goals of the Commerce Department are at a variance with the goals of our Economic Opportunity Initiative (EOI). Where Commerce focuses on established businesses, the EOI directly benefits low-income people through its comprehensive micro-entrepreneur and workforce projects.

**The City opposes the Strengthening of America's Communities proposal.**

Further the City would like to see some changes to the CDBG program. The CDBG statute prohibits use of CDBG funds for new construction. This prohibition has been a barrier to infill development. Infill development is our main strategy for increasing density, and building housing close to mass transportation, jobs, and services.

The City supports a new statutory framework for CDBG that allows both rehabilitation and new construction as valid options for affordable housing in community development. The original statute was written on the heels of some of the worst case stories about bulldozing as an urban renewal strategy in low income neighborhoods (e.g. Emanuel Hospital or the Jewish neighborhoods around the Civic Auditorium in Portland). The pendulum swing was to call for the federal funds only to be used for revitalization. That form of urban renewal is no longer in vogue and the statutory restriction is no longer needed to protect neighborhoods from jurisdictions with bad intent.

The HOME program (which was created in the early 1990's) does not have a similar prohibition. This would suggest that the federal government is no longer concerned about this issue.

Portland may experience problems with this prohibition to a greater degree than many grantees because we spend more of our CDBG on housing than most (about 55% when the national average is less than 30%).

**The City requests that Congress, when it takes up the renewal of the CDBG program, allows for both rehabilitation and new construction as valid options for affordable housing in community development.**

### ***McKinney Homeless Programs***

Each year, the consortium of Portland, Gresham, and Multnomah County applies for Supportive Housing Program funds and Shelter Plus Care funds in a joint Continuum of Care application. These McKinney funds from the U.S. Department of Housing and Urban Development are critical to the systems of services and housing for homeless single adults, families, youth, and persons homeless by reason of domestic violence and provide services, transitional housing and permanent housing.

The stalled economy coupled with severe cuts to basic safety net services for the most vulnerable members of the community have made these funds even more critical. Oregon's economic recovery is slow, and the state has the unfortunate distinction of being number two in hunger and close to the top in unemployment in the country.

The City seeks:

- A continued set-aside for Shelter Plus Care funds so that these permanent housing projects do not have to be funded out of the same pool that goes to Supportive Housing Programs. Other Continuum of Care funding should not be sacrificed to meet the shelter plus care renewals;

- Additional permanent housing dollars so that we can implement goals that will end chronic and other homelessness in our community. (The City was successful in competing for \$9.2 million in federal funds in the Interagency Council on Homelessness NOFA during 2003, and would like the opportunity to compete for additional resources); and,
- An increase in the Emergency Shelter Grant. ESG dollars are used to provide some of the funding for the continuum of care for homeless persons. ESG is spent primarily to operate facilities and appropriate housing options with supportive services that will meet the needs of homeless individuals and families. ESG funds can be used for emergency shelter programs and other direct service programs for homeless people.

The City also supports many aspects of the legislation introduced recently in by Senator Jack Reed (D-RI). The bill (S. 1801) would consolidate three of HUD's Continuum of Care programs (Supportive Housing Program, Shelter Plus Care, and Moderate Rehabilitation/SRO) into a single program known as the "Homeless Assistance Program." Communities would apply for funding in a process similar to the existing Continuum of Care process. In addition:

- There would be a uniform 25 percent cash match requirement, except for permanent housing operating costs.
- The bill would continue the existing requirement that thirty percent of funds be used for permanent housing for people with disabilities, and funding would be set aside to renew existing permanent housing.
- Permanent Housing for non-disabled families would be funded.
- A bonus would be established for the creation of permanent housing for people with disabilities or for non-disabled families.
- Five percent of funding could be used for prevention activities.

The bill would maintain the Emergency Shelter Grants program. However, it would eliminate the 30 percent cap on services and 10 percent cap on staff. This flexibility would be very welcome.

### ***Portland's Affordable Housing Preservation Ordinance***

Since 1988, Portland has had an Affordable Housing Preservation Ordinance which ensures that affordable housing within the City remains affordable. The Preservation Ordinance may be nullified unless Congress clarifies that the preemption provisions of the long-dormant Low Income Housing Preservation and Rental Homeownership Act (LIHPRHA) are inapplicable to non-participating properties. There is not currently any legislative vehicle for this change. However, the National Housing Law Project is working hard to develop legislation to be introduced in this session of Congress.

Recent federal court decisions since July 2003 threaten the authority of state and local governments, including Portland, to address the impacts of threatened conversions. These federal court decisions are based on LIHPRHA, a statute that is obsolete. In the late 1980s, Congress enacted LIHPRHA to help protect tenants by preserving HUD-subsidized housing threatened by mortgage prepayments. The statute provided additional financial incentives for owners to remain in the subsidized programs, and also set strict criteria and procedures for permissible prepayments. Most owners had to remain in the program under a preservation plan providing generous federal incentives including higher rents, subsidies and insurance for equity take-out loans.

LIHPRHA expressly preempts state and local laws to the extent they (1) are inconsistent with LIHPRHA, and impair the flow of federal incentives under LIHPRHA plans, or (2) restrict or inhibit prepayments of eligible low income housing. This LIHPRHA preemption provision prevented state and local governments from regulating properties in a fashion that would reduce owner incentives when HUD itself was paying for them. Since 1988, Congress has stopped funding LIHPRHA entirely. New properties are no longer eligible for its preservation incentives, and thus the preemption provision now supports no federal policy interest. Moreover, in enacting LIHPRHA, Congress explicitly recognized existing state preservation efforts and sought to build upon them. Although Congress also expressly exempted from preemption local rent control or zoning laws applicable to both federally assisted and non-assisted housing, this exemption does not protect most state and local notice laws.

Recently, the Eighth and Ninth Circuits have held that owners of properties that never executed a LIHPRHA preservation plan may use LIHPRHA's express preemption provision to invalidate state and local protections prior to prepayment. The Eighth Circuit has also held that Minnesota's preservation laws are invalid under the conflict preemption doctrine, using logic that threatens any state and local preservation notice law applicable to various federally assisted properties. The courts have made these rulings even though LIHPRHA no longer provides federal incentives to preserve additional properties, and despite clear legislative history that Congress intended to build upon state and local preservation policies.

Unless revised or repealed, LIHPRHA's express preemption provision will continue to jeopardize state and local prepayment notice laws in nine states (California, Connecticut, Illinois, Maine, Maryland, Minnesota, Texas, Rhode Island, and Washington) and the District of Columbia, and an additional six cities (Denver, San Francisco, Los Angeles, Portland, OR, Santa Cruz, CA, and Stamford, CT). While originally enacted to ensure that owners receive full federal preservation incentives provided under LIHPRHA, judicial interpretation of these federal laws harms state and local efforts to craft preservation responses and tenant protections suited to local conditions where owners end their federal program participation.

**The City of Portland urges our Congressional Delegation to co-sponsor the legislation to fix the LIHPRHA language, once it is introduced, so that Portland's Preservation Ordinance will not be subject to legal challenge.**

### ***HOME Program***

HUD regulations currently prohibit the use of additional HOME funds on projects that received HOME funding previously, except during the first year after project completion. This prohibition extends throughout the HOME required affordability period, typically 15 years.

Over its history, the City of Portland has frequently used HOME funds for initial land acquisition, development, or rehab of affordable housing. The City financed many HOME-funded projects on the assumption that they would be serving tenants with incomes between 50 and 60% MFI.

In fact, due to market forces, these projects overwhelmingly serve tenants with incomes at or below 30% MFI. (A recent Community Development Network report suggests that as many as 75% of units in non-profit owned projects affordable to households at 50-60% MFI are in fact occupied by households with incomes at 30% MFI or below.)

This demographic fact has required the City to identify non-profit owned, City-funded projects that are at financial risk, and to undertake a wave of financial restructurings with the goal of making this affordable housing portfolio financially secure. At the same time, the City has been reprogramming these units to serve our priority populations, including people who have been homeless, in keeping with our Ten Year Plan to End Homelessness. The City has also used the restructuring as an opportunity to rehab deteriorating physical structures and to make needed improvements.

Unfortunately, current HUD regulations do not permit the use of HOME funds to restructure and/or rehabilitate housing projects that were originally financed with HOME, during the period of required affordability (typically 15 years). (There is an exception for assistance provided during the first year after project completion.) Recently a senior official at HUD promised to change this regulation, but so far as we are aware there has been no activity on it.

### ***Remove Barrier to Permanent Supportive Housing by seeking an IRS rule change to allow layering of Low Income Housing Tax Credits and the federal Supportive Housing Program***

The adopted *10-Year Plan to End Homelessness in the City of Portland and Multnomah County* calls for the creation of many new units of permanent supportive housing. The availability of this type of service-enriched housing is the key to helping individuals and families who have been chronically homeless to become and stay housed.

Permanent supportive housing is costly to develop (although less expensive by far than the cost to the public of a chronically homeless person cycling through jails, shelters, and hospitals). Because rents must be affordable to people with no or extremely low incomes (e.g. a Social Security Disability benefit), the project must be financed without any debt.

One of the key financing tools for affordable housing development is the Low Income Housing Tax Credit Program. However, the units developed in a LIHTC financed project will be too expensive for formerly homeless households to afford. (They typically rent at levels affordable to a household with income between 50-60% of the area median family income, or up to about \$28,500 for a single individual. An individual in permanent supportive housing will typically have household income closer to \$7,000/year.)

To bring the rents down to a level that a homeless person could afford, a developer would need to layer an additional subsidy onto the LIHTC. The federal Supportive Housing Program (SHP) is an ideal tool for this purpose. One of three programs that constitute the “Continuum of Care” under the McKinney-Vento Homeless Assistance Act (the “McKinney Act”), SHP is intended to promote the development of supportive housing and services to assist homeless persons in the transition from homelessness and to enable them to live independently. SHP funds may be used to establish new supportive housing facilities or new facilities to provide supportive services, to expand existing facilities, or to provide additional supportive services for residents of supportive housing.

However, under the current Internal Revenue Code, if a project receives SHP funds, the entire project will be deemed federally funded and the amount of LIHTC the project would receive (and therefore the amount an investor will commit to it) will be reduced.

This presents a significant obstacle to the development of permanent supportive housing. Local non-profit developers, such as Central City Concern, would be interested in developing more permanent supportive housing if this regulatory barrier were removed. Clackamas County, one of our regional partners in Bridges to Housing, has also expressed interest in having this barrier removed.

The City supports a change in the law and/or applicable IRS regulations so that SHP funds are not considered a federal subsidy or federal grant for purposes of calculating the amount of LIHTC that would be available to help finance an affordable housing project.

### **Eminent Domain**

The City of Portland urges Congress to use caution when addressing the issue of eminent domain in the wake of the recent Supreme Court decision in *Kelo v. New London, Ct.*. **Eminent domain can be an important tool for governments and Congress should examine the issues and potential unintended consequences thoroughly before taking action.**

### **Regional Economic Crime Investigation Center**

The City of Portland supports the pilot project underway, in a collaborative partnership with private and public sectors, for the Regional Economic Crime Investigation Center which is comprised of specialized investigative teams, intervention and prevention staff.

**The City supports legislation Congresswoman Hooley has introduced that would authorize a funding stream for such programs.**

### **Streetcar Duty**

The City will work with the Congressional Delegation to exempt the next delivery of streetcars from the manufacturer in the Czech Republic from tariffs. Portland is seeking an exemption from the duty provided for in subheading 8603.10.00 and parts of subheading 8607 of the Harmonized Tariff Schedule since streetcars are not produced in the United States at this time.

### **Water Resources Development Act Reauthorization and Funding**

Congress is now several years overdue in its efforts to reauthorize the Water Resources Development Act (WRDA), which authorizes the programs of the Army Corps of Engineers. Within that legislative initiative, the City supports funding for environmental remediation and restoration of contaminated sediments and lands at the United States Moorings facility on the Willamette.

Within the annual Energy and Water Appropriations bill, which funds the Army Corps, the City expects that the Corps will be specifically requesting funds in FY 2007 for the Lower Columbia Slough (Section 1135) Oaks Bottom (Section 206), Johnson Creek (Section 206) and Alsop Brownwood (Section 206). The City supports these Army Corps requests.

### **High Performance Building Act of 2005**

In December 2005, Rep. Blumenauer introduced a bill that would provide funding to increase capacity for sustainable development in low-income housing initiatives. The City is currently partnering with the Enterprise Foundation to provide training for developers and builders of low-income housing in the Northwest. The High Performance Building Act would add a pool of funding that would greatly strengthen the City's work to improve the health and sustainability of low-income housing. In addition, throughout the City there are hundreds of people working in the sustainable construction industry – architects, designers, engineers, developers, etc. – who could benefit greatly by selling their products and services nationally as more high performance building becomes the norm. The City strongly urges Congress to pass this legislation.

### **Economic Development District Designation**

The City of Portland along with the Regional Partners has requested that the Economic Development Administration designate the four county area of Clackamas, Multnomah, Washington Counties in Oregon, and Clark County in Washington, as an Economic Development District.

The designation has been approved at the regional level and is now awaiting a decision in Washington, D.C. The City is appreciative that the Congressional Delegation, working

with the Washington Senators and Congressman Baird, has supported this request and hope for the delegation's continued support.

### **Safe Communities Act**

The City supports the Safe Communities Act of 2005 co-sponsored by Congressman Earl Blumenauer. The bill would create a federal program aimed at advanced hazard mitigation planning to ameliorate the affects from natural disasters. Eligible grant activities enumerated in the legislation include land use planning for natural hazards and life threatening landslides, and earthquakes. As a result of state legislation and preliminary mapping by DOGAMI of life threatening landslide areas in Portland, the City would benefit from additional inventory and mapping and review of our potential problem sites.

### **Local Tax Obligation Collections**

The City supports H.R. 3498 which, if adopted, would authorize the collection of past due, legally enforceable local government tax obligations from available, otherwise due federal tax refunds.

### **Manufacturing 21 Center**

The Manufacturing 21 Coalition (MFG 21) is an industry-led organization with 27 business members who employ over 20,000 people in the Oregon. MFG 21 was formed to create a Center for Manufacturing and Infrastructure Engineering. The center is a priority of the Regional Business

Plan and a recommendation of the Oregon Business Plan. Governor Kulongoski has voiced his support for the center.

The city joins the metro region and that state of Oregon to request that Congress:

- Provide \$4 from the Department of Defense in funding to the Manufacturing 21 Coalition and the Pacific Northwest Defense Coalition to expand Oregon's capacity for defense-related applied research, process development, and the ability of Oregon companies to support U.S. defense needs. Funding will enable Oregon's growing defense cluster, especially smaller companies, to have access to resources critical to their ability to compete in the defense marketplace.
- Secure a tax credit for companies investing in regional workforce and R&D centers focusing on the manufacturing cluster.

### **SELLWOOD BRIDGE**

The City supports Multnomah County's appropriations request for funding to rebuild the Sellwood Bridge.

**THE CITY WILL MONITOR LEGISLATIVE AND REGULATORY ACTIVITY BY THE FEDERAL GOVERNMENT IN OTHER AREAS THAT AFFECT LOCAL GOVERNMENTS IN GENERAL, AND, WHERE APPROPRIATE, SEEK GRANT OPPORTUNITIES, IN SUCH AREAS AS:**

- Firearms and other policing issues;
- Domestic violence;
- Patriot Act renewal;
- Asbestos liability;
- Historic preservation;
- Public market;
- Brownfields;
- Livable communities and smart growth;
- Workforce training;
- Funding for the arts;
- Funding for Low Income Home Energy Assistance Program;
- Funding for studies involving the Freeway Loop;
- Meth Lab Rehabilitation and Cleanup; and,
- Interoperability/Backup for computer aided dispatch (CAD).