

Affordable Housing Development: **Immediate strategies to streamline development process**

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(Next session TBD)



Housing Bureau



Development Services



City Budget Office

The CITY OF PORTLAND *Oregon*

Today's Focus:

- ✓ **Current rate of developing affordable units not fast enough to meet projected growth and need**

GATR Session Goals:

Establish Context

- How many units are in the pipeline?
- How long does development take?

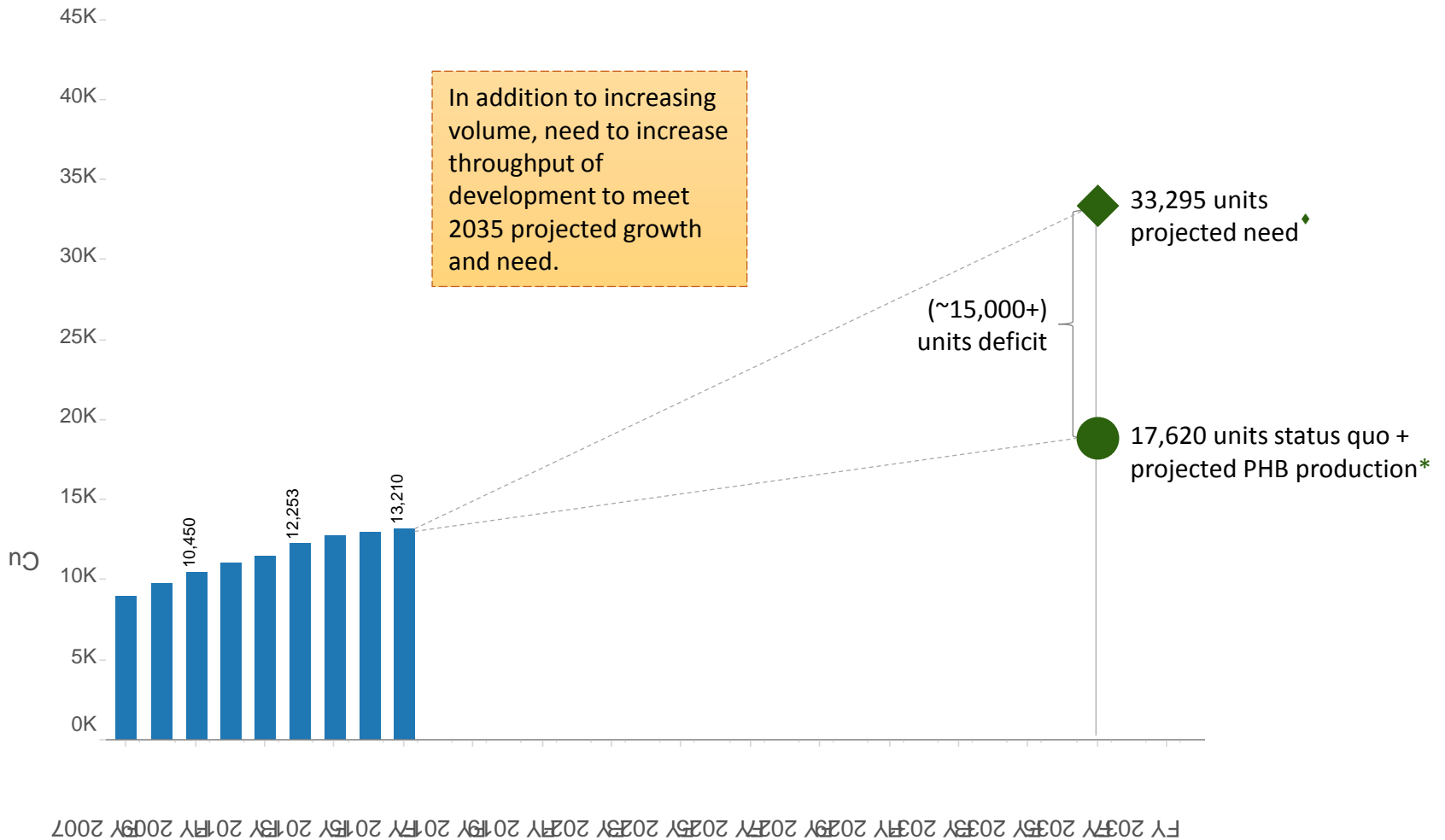
Prioritize Strategies

- What are internal streamlining opportunities?
- What are immediate impacts on housing emergency?

Identify Action Items

- What can be implemented in near-term?
- What information is needed to measure impact?

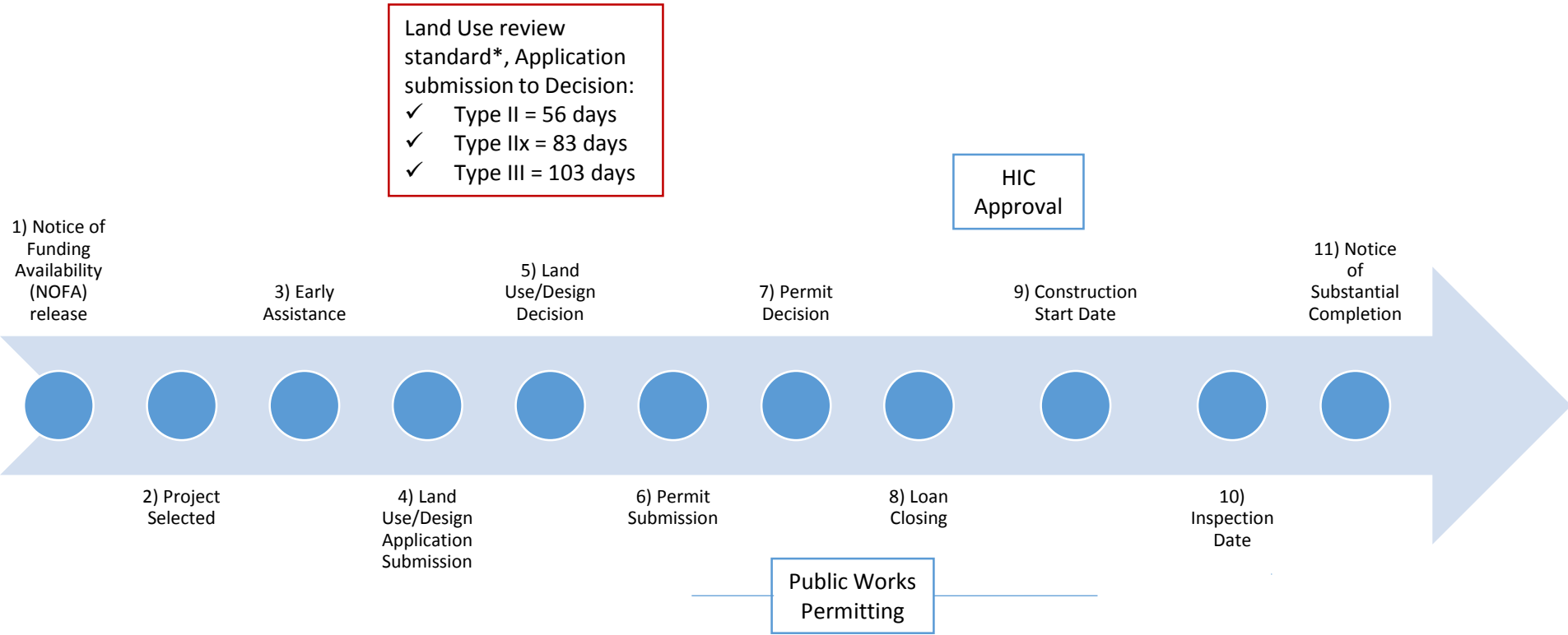
What is current trajectory of affordable housing development?



◆ 23,295 + 10,000 2035 Comp Plan target

*Projection is based on 2015 dollars and does not account for TIF amendment to 45%.

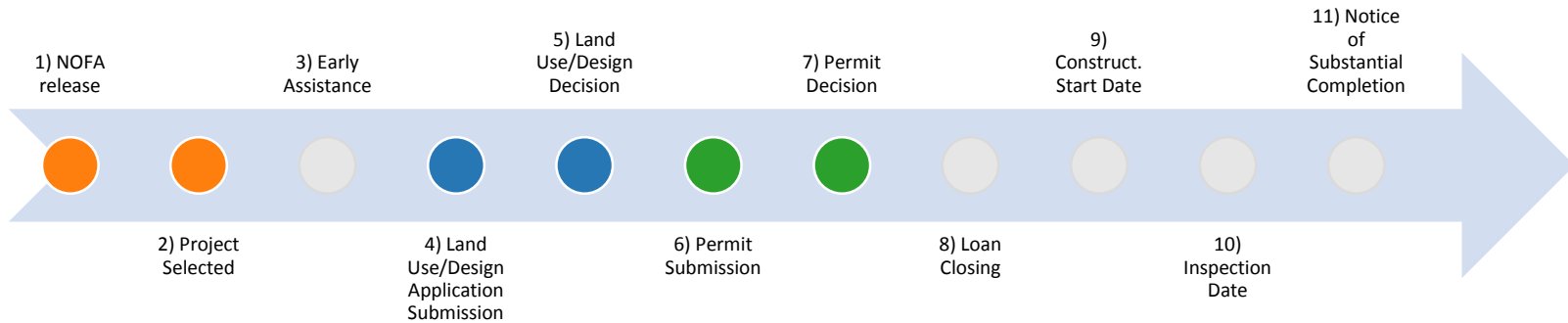
What are the steps for an affordable housing development?



*Timeline reflects Portland City Code requirements in 33.730.030. Oregon State Law requires a final local decision within 120 days of complete application. NOTE: the 56, 83, and 103 days are the timelines expected if the applicant submits a truly complete application. If the application submittal is incomplete, the applicant gets 180 days to make the application complete. Additionally, Permit Plan Review: 8 weeks to first review

(data source: BDS, PHB, PBOT)

Highlighting Cycle Times: Project selection, Design Review, & Permitting



Actual Days	Notice of Funding Availability to Projection Selection	Land Use/Design Review Submission to Land Use/Design Review Decision	Permit Submission to Permit Decision
KA	Bronaugh Apartments: N/A	46	140
	Magnolia: 88	123	131
	Stephens Creek: N/A	69	165
	Abigail: 137	93	196
	Beech Street/Lifeworks: 89	98	184
	Glisan 2/Gilman Court: 88	132	123
KA	Glisan Commons/Phase 1: 88	107	253
	Grays Landing #: N/A	180	1,169
	Miracles Central: 326	146	166
	Allen Fremont: 137	N/A	TBD
	Erickson: 137	N/A	116
7/N	Fritz: 137	N/A	119
	Vista de Rosas: 137	N/A	106

For this sample of projects, some of the sample projects were delayed due to incomplete applications, appeals, and other factors.

Land Use review standard*, Application submission to Decision:
 ✓ Type II = 56 days
 ✓ Type IIX = 83 days
 ✓ Type III = 103 days

Permit Plan Review: 8 weeks to first review

#Grays Landing Permit Decision was on 10/02/09; however, PBOT bond & contract not received for 18 months.

Potential short-term strategies to streamline the process

Strategy	Lead & Involved Bureaus	Level of Control	Estimated Impact	Short-Term	Notes & Considerations
1. PHB to require that all affordable housing projects take full advantage of early assistance.	<u>BDS, PHB</u> , PBOT	High	Expedite & make more efficient <i>Land Use Review</i>	Short term	May not shorten time frame, but could make process more efficient. PHB to implement as part of its in-house project management practices.
2. PHB to require that all affordable housing developers submit full application packages.	<u>PHB, BDS</u>	High	Expedite & make more efficient <i>Land Use Review</i>	Short term	May not shorten time frame, but could make process more efficient. PHB to implement as part of its in-house project management practices.
3. PHB to submit “pipeline” report to BDS for upcoming affordable housing projects.	<u>PHB</u> , BDS	High	Moderate: <i>Project Selection</i>	Short Term	BDS Process Manager would assist in getting appropriate staff assigned to project based on construction type, work load, complexity.
4. Mandatory Preliminary meetings for affordable housing projects with Life Safety, Fire and Structural as necessary, and pre submittal review and acceptance by staff prior to intake for permit.	<u>BDS, PHB</u> contracting to identify and require such meetings & reviews, other bureaus (PFR).	High	Moderate: <i>Design Review;</i> <i>Permit Submission & Decision;</i> <i>Construction Begins</i>	Short-Med: PHB contracts, 6 mo.; BDS imp. with PHB support, 2 mo.	- PHB staff would help ensure early assistance advice is incorporated during design phase(s); - Assume design teams comply with new contract terms (better submittals, fewer checksheets, earlier permit approvals.

Potential short-medium term strategies to streamline the process

Strategy	Lead & Involved Bureaus	Level of Control	Est. Impact	Short-Medium Term	Notes & Considerations
5. Channel affordable housing projects subject to Type III reviews to a Type IIX review process or to another process that employs “Performance Standards” rather than discretionary approval, with one of the two actions below:	BDS, PHB, BPS	High	Less involved, more expedient <i>Land Use/Design Review</i>	Short or Medium Term	Could be added to comprehensive plan changes.
5a. Mayor’s Office direct BPS to amend Title 33 for affordable housing projects. Instead of them going through a Type III Design Review in the Central City, have them go through a Type IIX Design Review (faster and cheaper).	Mayor & BPS	High – City Council makes decision on code amendment	Faster <i>Design Review</i> process	4 months	This option may lack political support.
5b. Housing Bureau can request a Title 33 amendment to exempt affordable housing projects from Design Review.	PHB	Med/High – City Council decides; public has input on any changes to Title 33.		1 year	This option is not recommended by BDS due to: 1) Equity (low income residences held to a lower design/quality standard than other economic groups); 2) Well-designed, quality affordable housing developments often help overcome neighborhood objections to projects.

Potential short-medium term strategies to streamline the process

Strategy	Lead & Involved Bureaus	Level of Control	Est. Impact	Short-Medium Term	Notes & Considerations
6. Design Commission is going to publish a guidance document, to be clear about design expectations and help eliminate surprises regarding building materials, etc.	BDS is lead	BDS		2 months	If the Design Commission produces this document, but applicants still want to argue each point, it won't speed anything up.
7. Create a "City-funded affordable housing" check box on all BDS permit/design review forms and require that projects with this box checked get moved to top of staff work priorities.	<u>BDS</u> , PHB, BPS	High	High. <i>Design Review and Permitting</i>	Short Term	BDS does not recommend this option as it would result in major, likely unacceptable impact to stakeholders.
8. Continue to provide Process Manager assistance on affordable housing projects. PHB to check in on if design team/contractor are working collaboratively with permitting & review staff.	<u>BDS</u> , PHB	BDS requests additional resources as needed.		Short-Med	Process manager assistance will speed process, but is no substitute for a well-prepared application & initiating an early PWP process. Could combine with PHB selecting firms that prepare better applications.
9. PHB to develop framework/system to incorporate architect, engineer, and design review team performance, to select firms with more experience and/or skill in land use review and permit applications. Could take the form of a certification or ranking process.	<u>PHB</u> , BDS, AT	High	Low.	Medium Term	<ul style="list-style-type: none"> - Must ensure that there is a legal performance framework to not select contractors with performance issues. - BDS provide data on past projects (dates, missing info, submittal acceptance/rejection, # check sheets).

Potential medium-term strategies to streamline the process

Strategy	Lead & Involved Bureaus	Level of Control	Est. Impact	Medium Term	Notes & Considerations
10. Limit issues that can be brought up in “Design Review” to those that have been identified in early assistance or DAR.	<u>BDS</u> , PHB, BPS	High	Less involved, more expedient <i>Land Use Review</i>	Medium Term	Sometimes a subset of Commissioners are at a DAR, but the Design Review could include other Commissioners with new ideas and concerns.
11. Appoint an additional affordable housing liaison/advocate to the Design Commission.	<u>BDS</u> , PHB, BPS	High	Stronger consideration of affordable housing issues	Medium term	Additional representative could provide increased insight and technical knowledge to help inform Commission decisions.
12. Add a guiding principle to “Design Guideline Approval Criteria” to include affordability (cost of materials), or to allow affordability to be weighted against other design criteria.	<u>BDS</u> , PHB, BPS	High	Less involved, more expedient <i>Land Use/Design Review</i>	Medium term	Would provide a framework for considering cost of affordable housing development as part of land use review process.
13. Assign dedicated BDS staff to affordable housing projects (either a more consistent point of contact for affordable housing development projects, or increased project management for affordable housing – similar to major projects group approach).	<u>BDS</u> , PHB, BPS	High	Less involved, more expedient <i>Land Use Review</i>	Medium Term	Option would help if included in current/“normal” cost, though speed could lower cost of development. Project management services require additional time, staff, resources.

(data source: PHB, BDS)

Potential medium-long term strategies to streamline the process

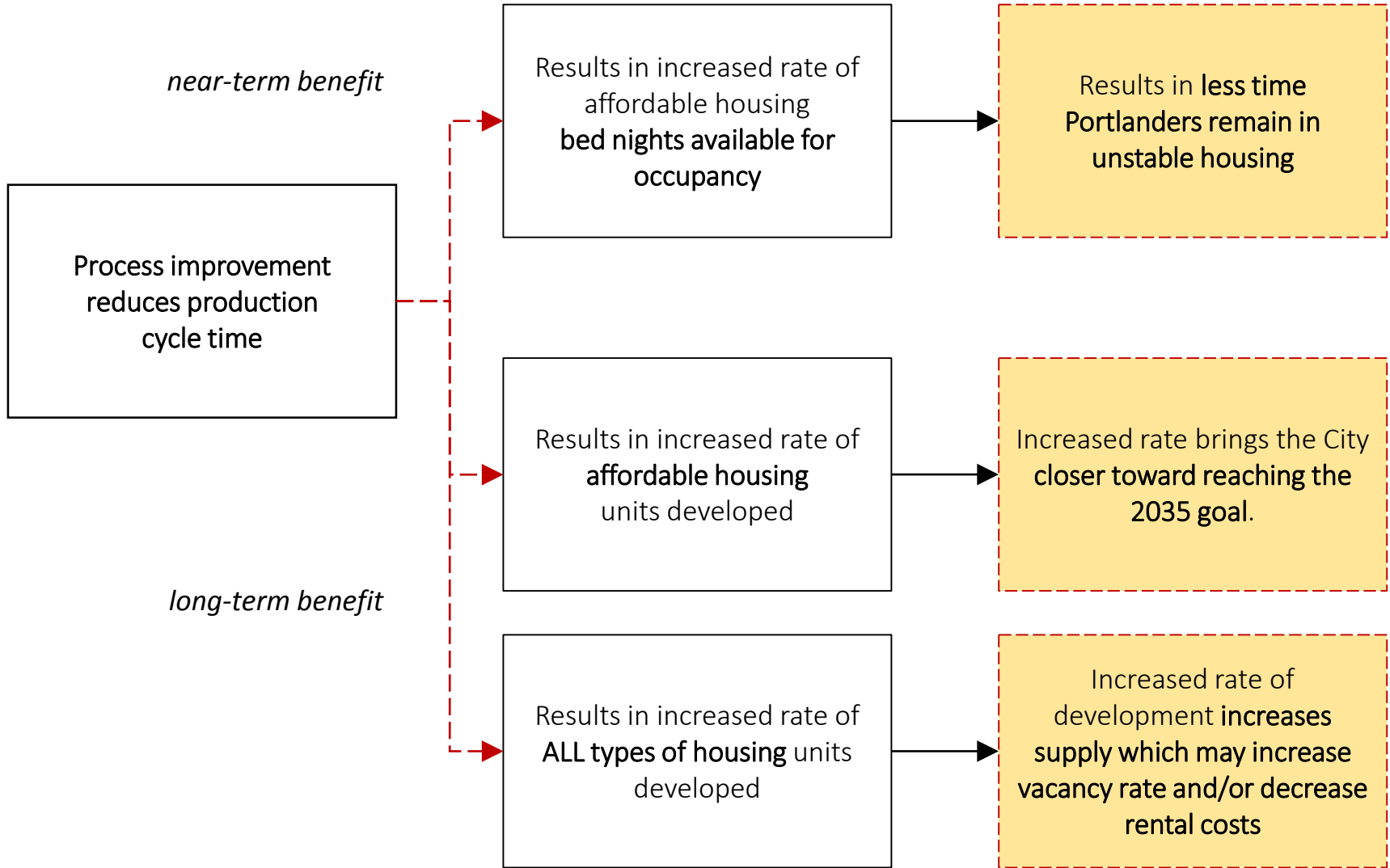
Strategy	Lead & Involved Bureaus	Level of Control	Est. Impact	Med-Long Term	Notes & Considerations
14. Review other City bureau-imposed costs on affordable housing projects: e.g. cost of right of way dedications or improvements. Consider removing/reducing such requirements/costs.	<u>All review bureaus</u> , PHB	Moderate	Moderate.	Medium Term	Requires change in statute to waive/reduce requirements.
15. Require 30% Public Works Permit submittal to be reached far earlier in the building permit process, or before building permit process. Or decouple PWP process from building permit process altogether for Affordable Housing Projects.	PHB, PBOT, Council	High	<i>Permit Decision; Construction Begins; Inspection Date; Notice of Completion</i>		Would remove delay related to PWP acceptance, contract, Bond, Insurance elements that often hold up issuance of building permit and beginning of construction.
16. Assign specific Commissioners to review affordable housing projects via special subcommittee authorized to act on behalf of the commission – possibly with action ratified by commission.	<u>BDS</u> , PHB	High	More predictable results: <i>Design Review</i>	Med-Long Term	Would require an amendment to Title 33
17. Explore whether it may be possible to more narrowly define the parties with standing to appeal an affordable housing land use decision.	<u>BDS</u> , PHB, BPS, AT	High	Less involved, more expedient <i>Land Use Review</i>	Long Term	Would require changes to ORS provisions and City of Portland Title 33.
18. Implement ITAP and electronic plan review for more efficient review of projects.	BDS is lead, Infrastructure bureaus are involved.	BDS/City Council		2017	An electronic plan review system is no substitute for a well-prepared application. Could combine with PHB selecting firms that prepare better applications.

SUPPLEMENTAL SLIDES



A GATR Session is a data-driven executive level management meeting focused on specific topics of interest to the Mayor. With an eye to increased collaboration and problem solving, these sessions will 1) track bureau performance against established goals, and 2) strategize solutions for helping bureaus to achieve their performance targets.

Benefits of streamlining affordable housing development process



Projects (Session Sample)

Beech Street/Lifeworks

Erickson

Fritz

Glisan 2/Gilman Court

Glisan Commons/Phase 1

Grays Landing

Magnolia

Stephens Creek

Vista de Rosas

Abigail

Allen Fremont

Bronaugh Apartments

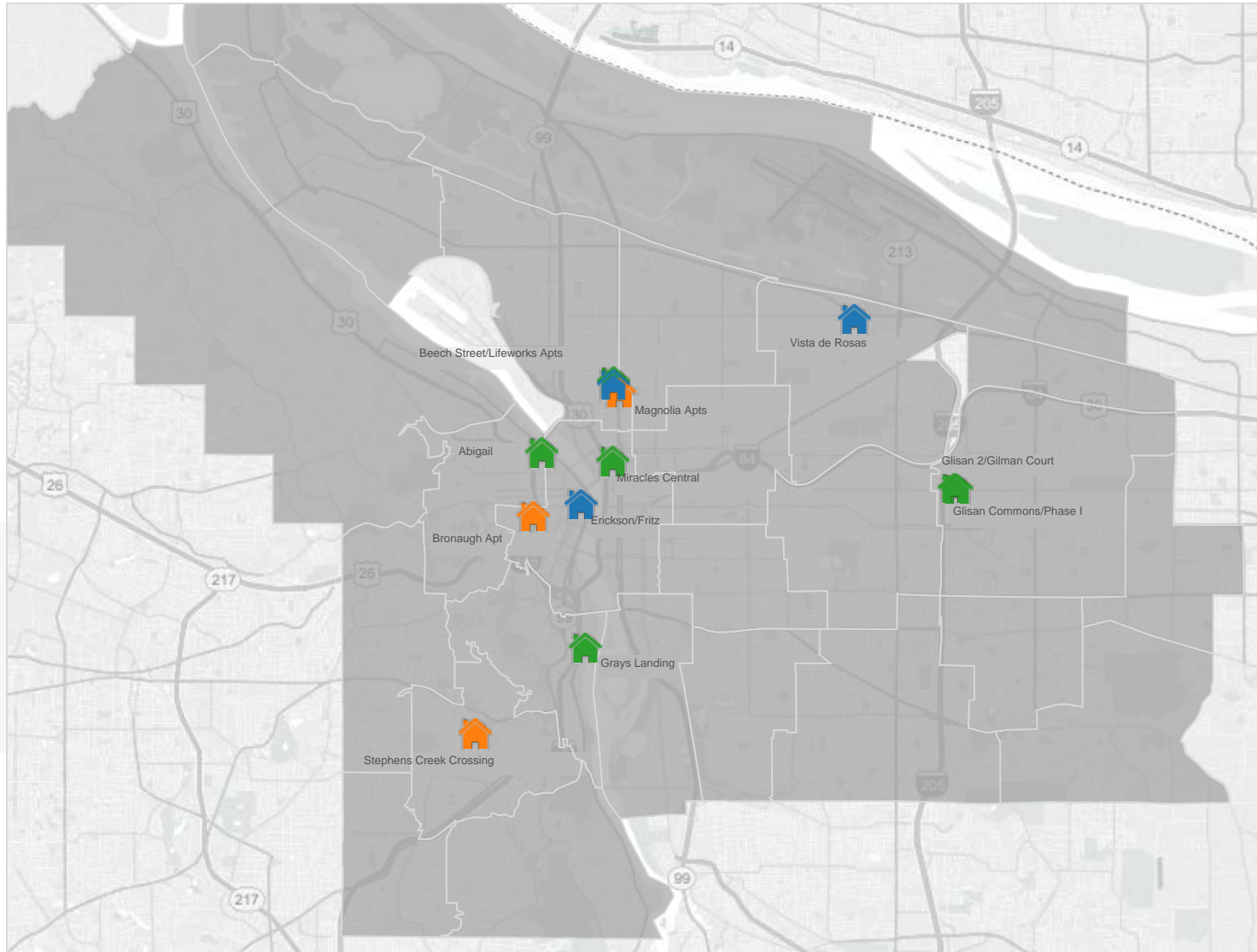
Miracles Central

Land Use/Design Review

N/A

Type 2

Type 3



Case Study: St Francis Park Apartments

Project Overview

Address: 394 SE 11th Ave
Units: 106 units. 86 units for residents earning <60% MFI; 19 units for residents earning <30% MFI
Bedrooms: 107 bedrooms total (77 studios, 28 1-bedrooms, and 1 2-bedroom)
Project Type: New construction, Type III Land Use Review

Design Review and Permitting Overview:

Step (5) Early Assistance

Pre-application Conference – 10/20/2014

PC notes published (59 days)

Design Advice Request – 10/20/2014

Design Advice Request notes published (71 days)

Step (6) Land Use/Design Application Submission

Date deemed complete – 8/26/15 (29 days)

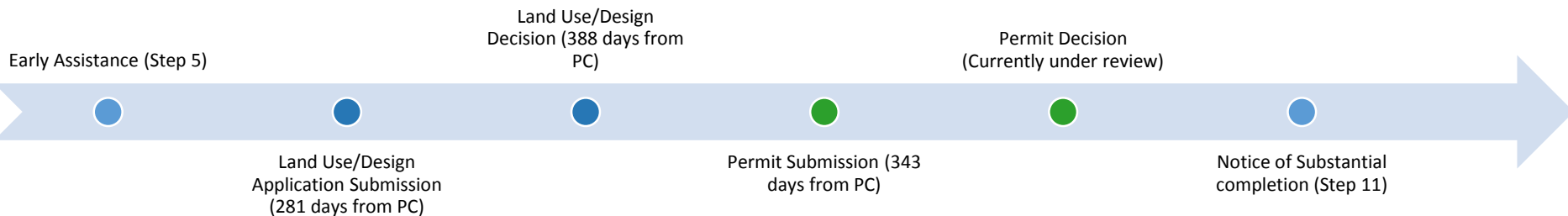
Date of hearing #1 – 10/22/15 (57 days)

Date of hearing #2 – 11/21/15 (21 days)

Step (7) Land Use/Design Decision

Step (8) Permit Submission (Submitted 9/28/2015)

Status: In Process



Case Study: Bronaugh Apartments

Project Overview

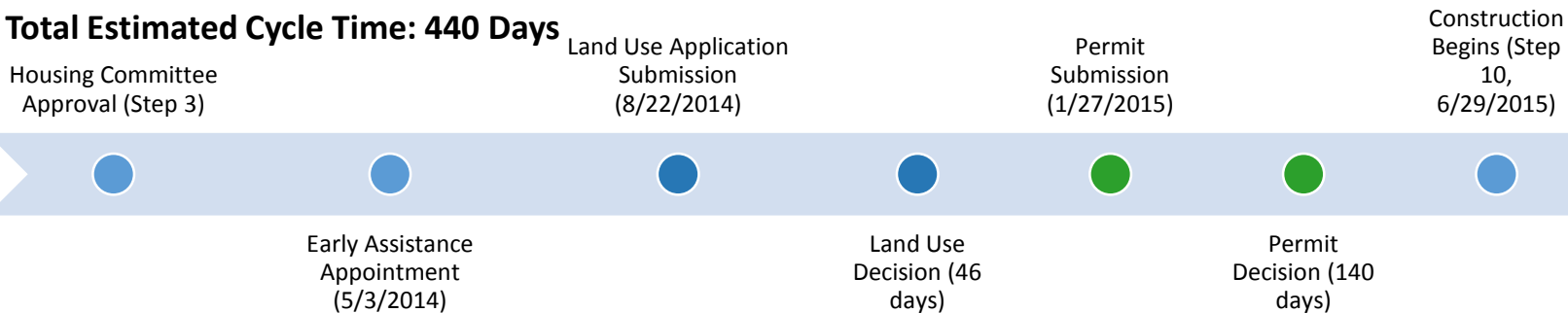
Address: 1434 SW Morrison St.
Units: 50 units of housing for senior and disabled residents
Bedrooms: 10 studio and 40 one-bedroom apartments (50 total bedrooms)
Project Type: Preservation “11x13” (Substantial Rehab), Type II Historic Review

Process Overview:

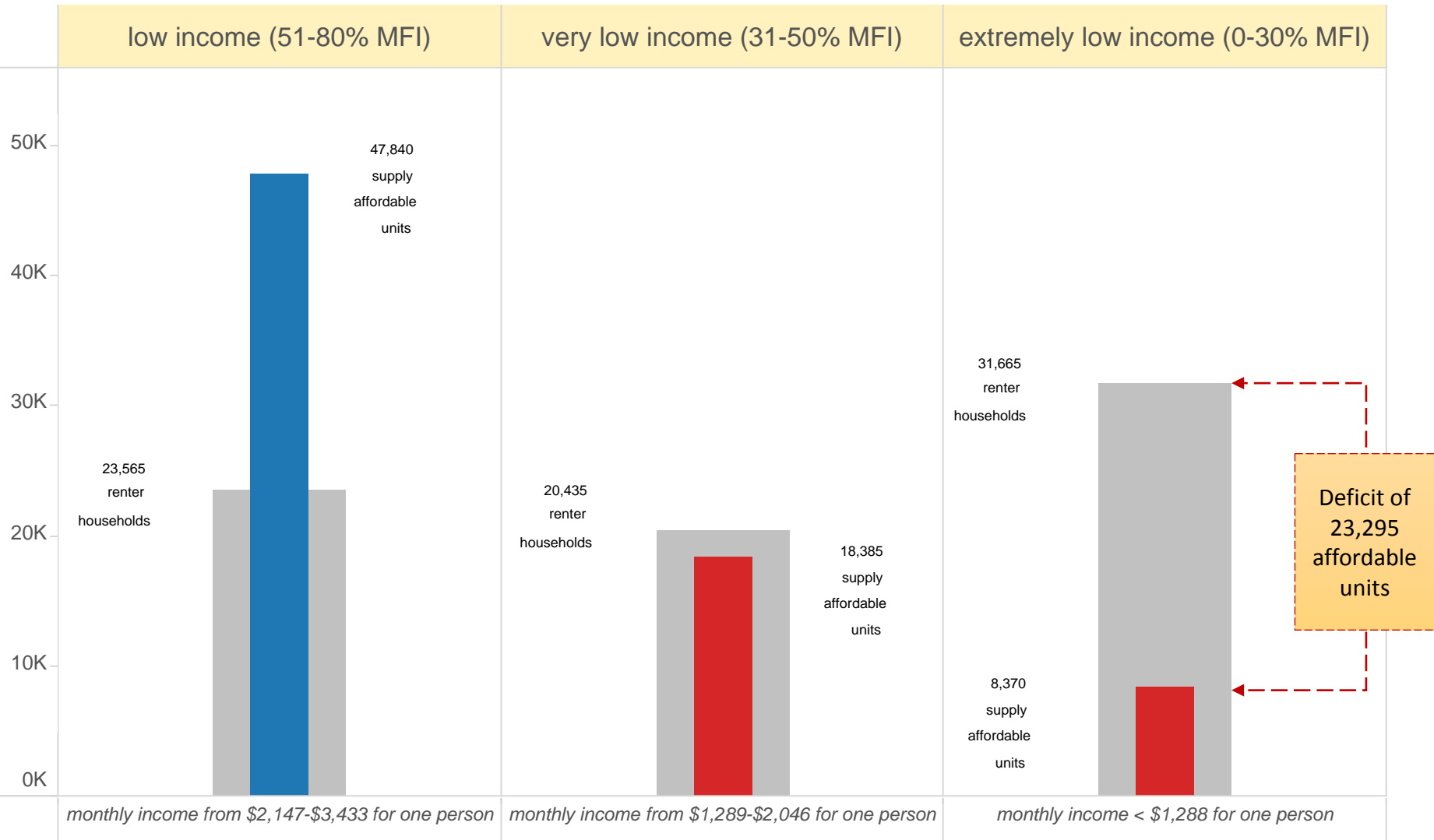
1. NOFA Released – N/A
2. Project Selection – N/A
3. Housing Investment Committee Approval – 4/16/2015
4. Loan Closing – 6/12/2015
5. Early Assistance Appointment – 5/3/2014
6. Land Use Application Submission – 8/22/2014
7. Land Use Decision – 10/7/2014
8. Permit Submission – 1/27/2015
9. Permit Decision – 6/16/2015
10. Construction begins – 6/29/2015
11. Substantial completion – estimated June 2016



Total Estimated Cycle Time: 440 Days



Comparison of Renter Households and Affordability (Portland 2008-2012)



What affordable housing cost drivers will strategies impact?

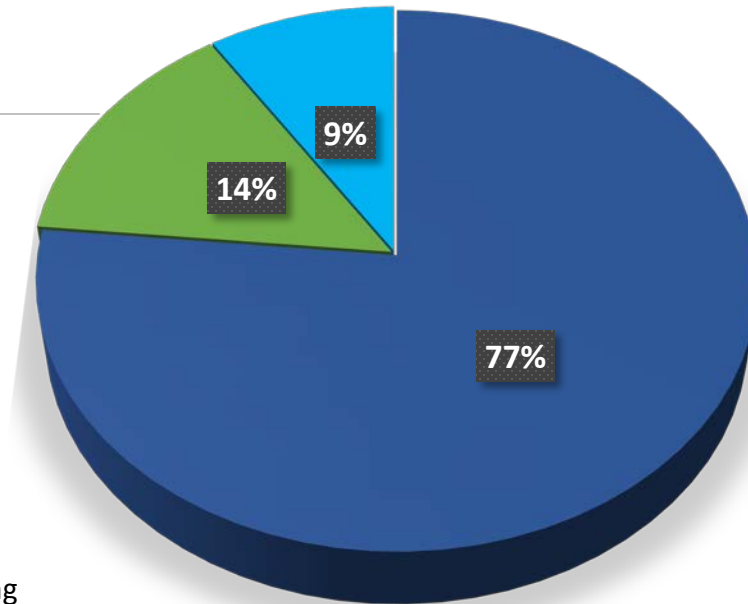
Proposed strategies in today's discussion focuses on *soft costs* of Project Management, Architecture, & Soft Cost Contingency, *social benefit costs* of Design Review & Compliance, and *hard costs* of Construction Materials.

Social Benefit Costs

- Federal Prevailing Wage, State Bureau of Labor Industries
- Sustainability, LEED, if any
- **Design Review & Compliance, if required**
- State/Local Policies for Target Populations
- Trip Reduction Strategies
- Community Gardens, Green Roofs & Green Walls
- MWDSB Compliance
- Apprentice/Workforce Training

Soft Costs

- **Architecture; Engineering & Environmental**
- Interest
- Taxes
- **Project Management**
- Reserves (Debt Service; Lease-up & Operating)
- Legal
- Developer Fees
- Marketing; Web Hosting & Advertising
- **Soft Cost Contingency**

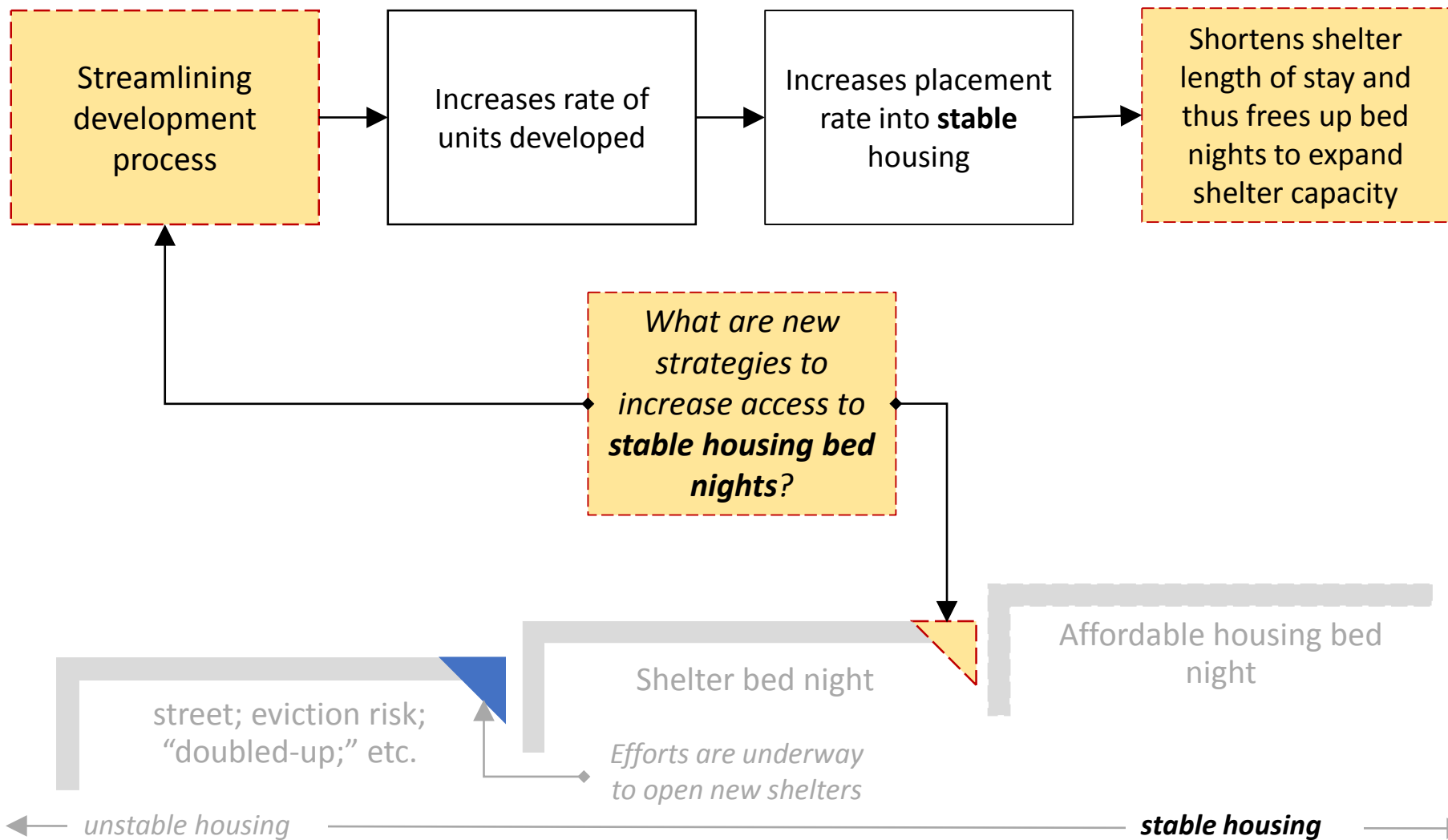


Hard Costs

- **Construction Materials**
- Labor
- Land Acquisition, Title Insurance & Escrow
- Furniture, Fixtures, & Equipment
- Hard Cost Contingency

(data source: PHB 9/15/2015 Council work session)

How does streamlining development increase shelter capacity?



Cycle time (days) for Project Selection, Design Review, & Permitting

Status	Design Review Type	Project Name	1 NOFA Released	2 Project Selection	3 First Early Assistance Appointment	4 Land Use/Design Application Submission	5 Land Use/Design Decision	6 Permit Submission	7 Permit Decision	8 Loan Closing	9 Construction Begins	10 Inspection Date	11 Notice of Substantial Completion
complete	N/A	Erickson	11/15/2012	137	N/A	N/A	N/A	2/27/2014	116	8/13/2014	7/11/2014	7/28/2015	3/13/2015
		Fritz	11/15/2012	137	N/A	N/A	N/A	2/27/2014	119	8/13/2014	7/10/2014	6/23/2015	3/13/2015
		Vista de Rosas	11/15/2012	137	N/A	N/A	N/A	7/18/2013	106	6/23/2014	6/20/2014	10/7/2015	8/27/2015
	Type 2	Stephens Creek		N/A	6/29/2011	6/29/2012	69	4/19/2012	165	3/27/2013	10/28/2012	2/23/2014	1/8/2014
		Magnolia	11/22/2010	88	9/21/2011	3/8/2012	123	4/20/2012	131	9/7/2012	10/4/2012	10/3/2013	10/16/2013
	Type 3	Beech Street/Lifeworks	11/4/2011	89	3/6/2012	5/2/2012	98	11/20/2012	184	2/21/2013	6/20/2013	7/17/2014	7/17/2014
		Glisan Commons/Phase 1	11/22/2010	88	9/21/2011	2/23/2012	107	3/12/2012	253	11/14/2012	12/13/2012	1/21/2014	1/24/2014
		Glisan 2/Gilman Court	11/22/2010	88	2/11/2013	8/30/2013	132	11/15/2013	123	3/12/2014	4/11/2014	4/10/2015	4/16/2015
		Grays Landing#		N/A	5/23/2007	8/9/2007	180	1/11/2008	1169#	11/6/2012	4/22/2011	11/7/2012	6/20/2013
	under construction	N/A	Allen Fremont	5/1/2014	137	N/A	N/A	N/A			4/22/2015		
Type 2		Bronaugh Apartments		N/A	5/13/2014	8/22/2014	46	1/27/2015	140	6/12/2015	6/29/2015		
Type 3		Abigail	11/15/2012	137	10/16/2012	4/16/2013	93	4/18/2014	196	10/29/2014	11/10/2014		Expected June 2016
		Miracles Central	11/15/2012	326	3/20/2014	6/27/2014	146	1/22/2015	166	6/26/2015	7/27/2015		Expected September 2016

#Grays Landing Permit Decision was on 10/02/09; however, PBOT bond & contract not received for 18 months.

(data source: PHB, BDS)



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2035 Portland Regulated Affordable Rental Unit Production Forecast

2035 Comprehensive Plan (August 2015 Draft) Policy 5.24:

Regulated affordable housing target. Strive to produce at least 10,000 new regulated affordable housing units citywide by 2035 that will be affordable to households in the 0-80 percent MFI bracket.

The City currently maintains 13,197 regulated affordable units in its asset portfolio. The portfolio includes units that receive direct financial subsidy from the City, as well as units that are produced through tax exemption programs. To meet the draft 2035 Comprehensive Plan policy target the City would need 23,197 regulated affordable units in 2035.

2015-2035 Estimates

Sources and Availability of Revenue*

Tax Increment Financing	\$192 million
Community Development Block Grant HOME Fund	\$37 million
	\$21 million
<i>less committed resources to existing projects</i>	<i>-\$88 million</i>
<i>less reserves for preservation of existing units</i>	<i>-\$50 million</i>
Available Revenue******	\$112 million

***20 year revenue estimates based on 2015 \$*

****Assumptions include current service level for all non-rental programming and administration*

*****PHB anticipates ~\$59 Million in available revenue will be included in the fall 2015 NOFA*

Portfolio and Production*

Current Asset Portfolio	~13,000 units
Units Currently in Pipeline	~1,100 units
Additional Units Based on Available Revenue	~1,120 units
Units through Central City Density Update**	~1,000 units
Units through Multiple-unit Limited Tax Exemption	
<i>less preservation of existing units in portfolio</i>	~1,400 units
Total Asset Portfolio in 2035	~17,620 units

**20 year revenue estimates based on 2015 \$*

***Estimates based on current proposals yet to be adopted*

Estimated Unit Shortage ~ **5,380 units**
Estimated Revenue Gap ~ **\$538 million*** (\$27 million/year*)
**Estimates in 2015 \$*

Prepared October 1, 2015