

## The Oregonian

# Why Portland can't fight gentrification with 387-square-foot condos

*By Brad Schmidt*  
*November 19, 2016*

Portland may fail in its inaugural effort to provide homeownership opportunities to black residents displaced from gentrifying neighborhoods north of downtown.

The reason? Hardly anyone wants to live in the tiny, well-appointed condos that government leaders agreed to subsidize.

This spring, the Portland Housing Bureau and regional government Metro approved subsidies of nearly \$660,000 for a new development along North Interstate Avenue. The 12-unit project is set to open next year, making it the first opportunity under Portland's newly created "preference policy" aimed at atoning for past urban renewal sins.

But the Jarrett Street Condos haven't resonated with the very people who are supposed to benefit. Units range in size from just 387 to 556 square feet.

"At this point, we're very concerned," said Garner Moody, who is developing the project.

Portland housing officials remain upbeat but emphasize they will recoup city money if the condos aren't sold to approved buyers. Portland has set aside \$5 million for other homeownership projects with larger units. Those developments won't open until 2018.

"It is a learning process," said Javier Mena, Portland's assistant housing director. "I wouldn't say that we underestimated or overestimated" demand for the condos. "We didn't know."

City officials' new focus on gentrification in North and Northeast Portland stems from the gradual displacement of black residents in some of the city's historically segregated neighborhoods. Portland leaders allowed urban renewal that razed blocks of homes as far back as the 1950s, then failed to deliver affordable housing promised in 2000 as part of a new Interstate urban renewal district.

But making up for those missteps has proved more difficult than expected.

Two years ago, facing controversy over subsidizing a Trader Joe's grocery store, Portland leaders acknowledged their role in the "destructive impact of gentrification and displacement on the African American community." In the aftermath, officials devised a new housing plan – informally called the preference policy – offering wronged residents a right to return or stay in their neighborhood.

More than 1,000 people applied. Officials set aside 65 spots for the first round of homeownership programs, nearly all of them going to black residents. A qualifying condo buyer can't earn more than about \$41,000 a year, individually, or \$47,000 for a family of two.

At first, city officials planned to work only with nonprofits Portland Community Reinvestment Initiatives and the African American Alliance for Homeownership. But this spring, officials added more money for the privately developed Jarrett Street Condos.

Portland housing officials don't usually subsidize condos and haven't previously approved so-called "micro units." They initially rejected Jarrett Street but reversed course when the developer scaled back its profit margin, records show.

The project is now rising at the corner of busy Interstate and North Jarrett Street, a three-minute walk to the nearest light-rail stop. A model of density, the three-story building occupies a 3,900-square-foot lot where a small home once stood.

Much of the project has been fabricated at an off-site factory, providing a short construction schedule. That was particularly appealing to city officials hoping to deliver units quickly.

Sales prices are set at about \$164,000 to \$204,000, roughly half the median price of Portland-area homes. But because the condos are so small, the cost per square foot reaches \$425.

"For this project, we are comfortable with the square footage prices," said Andrea Matthiessen, a housing bureau manager, calling Jarrett Street "unique."

What the units lack in size, they make up for in amenities.

City officials have previously touted the project's "high-end finishes," which include quartz counter tops, white tile showers, dark laminate flooring, stainless steel appliances and modern cabinets with soft-close drawers.

Even so, the units aren't popular.

When it came time to tally interest in the city's various housing options by a September deadline, 52 people responded. None listed Jarrett Street as a first choice, records show. Only four picked it as a backup.

Virtually everyone preferred the other projects.

"These units are too small for this pool of applicants," Moody said. "It's not looking likely that we'll be able to sell the units. And that's too bad, too, because it's a swinging deal."

If eligible residents move in, the city's construction subsidy will convert into down-payment assistance for buyers, ranging from about \$33,000 to \$41,000 off the purchase price. If people don't move in, Moody and his business partner, Michael Coyne, must repay the money.

City officials and Moody say they initially thought the condos would be appealing, despite the small size, based on anecdotal assurances from various nonprofit leaders. They also believed buyers would welcome a monthly mortgage payment equal to, or cheaper than, rent at neighboring properties.

But Cheryl Roberts, executive director of the African American Alliance for Homeownership, said it's not surprising buyers have shown limited interest. Roberts pointed to her own experience as a black homeowner: after raising four children, her grandchildren are now frequent visitors.

Small condos may appeal to some buyers – singles, millennials or empty nesters, for instance – but those aren't necessarily the same people looking for homes through the preference policy.

"When you're talking about targeting the people that were displaced out of Northeast, you're talking about a different folk," she said. "I don't know if that was very well thought through."

At this point, it's not clear what will happen to the Jarrett Street Condos. A decision is expected in the next three months, and Moody may end up walking away from his deal with the city.

"We don't want that to happen," he said.

Moody said he's hopeful 12 buyers may yet emerge from the preference policy. Mena, the deputy housing director, said that remains the goal. But officials already have worked their way through much of the larger 1,000-person list.

If the deal falls apart, Moody must give back the city's nearly \$460,000 subsidy. He could also turn down a \$200,000 grant from Metro that requires long-term affordability for the condos.

Moody said he could easily sell the units on the open market. In fact, he thinks sales prices could increase by 15 percent.

He's probably right.

A few years back, Portland's urban renewal agency greenlit a nearby condo project with no long-term affordability requirements. Called K-Station, it offers some of the same fancy amenities as Jarrett Street, in a larger building, and it's even closer to light rail.

One condo sold in 2013, for \$305 a square foot. It's up for sale again.

The going rate? \$491 per square foot.

## **Portland's top lobbyist quitting to start own business**

*By Brad Schmidt*

*November 18, 2016*

Martha Pellegrino, who leads the city of Portland's small lobbying office, is resigning to start her own firm.

Pellegrino, 42, joined the city's lobbying team in 2005 and has been in charge of the Office of Government Relations since 2010.

"It has been an honor to work for a city at the forefront of national public policy and for city leaders who have acted courageously when faced with adversity," Pellegrino said in a statement.

Mayor-elect Ted Wheeler will hire Pellegrino's replacement. He plans an open recruitment that will likely extend into 2017.

Elizabeth Edwards, who manages state lobbying, will serve as the interim. Pellegrino's last day is Dec. 16.

"She has been an institution representing the City of Portland at the state and federal level for three mayoral administrations," Mayor Charlie Hales said in a statement. "I wish Martha all the best in her new ventures, I know she leaves Portland in a better place than when she first walked through the front doors of City Hall."

## **Because it's 'civic engagement' doesn't mean accountability goes out the window: Editorial Agenda 2016**

*By The Oregonian Editorial Board*

*November 18, 2016*

Just-released findings that the city's Office of Neighborhood Involvement struggles against a heavy workload while failing to adequately account for some of its spending are troublesome.

Nobody questions the intent of the office to do good by greasing the connection between citizens and City Hall — this to promote civic engagement and democracy. The office, overseen

by Commissioner Amanda Fritz, does this by helping to fund and advise the city's 95 neighborhood associations while also furnishing grants to nonprofits to promote diversity.

But City Auditor Mary Hull Caballero and her staff reviewed the operation and found, among other things, that some managers lacked clear direction and that the office, which spends \$4.8 million annually on community engagement programs, required little of grant recipients to document or show completion of their work. More than \$2 million of that money is spent on grants.

This bears thin but haunting parallel to the Nature in Neighborhoods grant program at Metro, the regional government, for which taxpayers recently approved a renewed parks maintenance levy. Metro's auditor last December found that any number of well-intentioned grant program recipients were not required to show evidence of project completion, much less project success, with the result that Metro managers this year scrambled to establish better internal reporting and accountability.

These failures tend to go unseen, perhaps because they fly under the budgetary radar in being dwarfed by big-ticket projects such as The Portland Building's imminent overhaul, worth more than \$190 million; or TriMet's next MAX rail line that will require billions of dollars, much of it federal money. The city's discretionary general fund alone tops \$500 million.

But dollar amounts don't matter. It shouldn't take an in-house auditor to do the tracking. Public money must be spent wisely and with agreed-upon metrics by which to gauge an investment's success or failure. Otherwise, there is no telling what works and what fails. Otherwise, taxpayers are blowing good money into the wind — a high price to pay for laudable aspirations.

In a written response to the audit findings, Fritz defends much of the work of the Office of Neighborhood Involvement. And after calling for more support from the City Council to underwrite the office's efforts, she gives a nod to the auditor's recommendation to create better accountability. Her key recommendation is a call to "transform the performance measurement system."

A separate concern raised in the audit pertains to equity. Officials distributed \$2.1 million to seven district coalitions that act as umbrella groups for individual neighborhood associations. Of that amount, Brad Schmidt of The Oregonian/OregonLive reported, the East Portland Neighborhood Office and the Central Northeast group each received just under \$300,000 — yet the East Portland office represents nearly three times as many people as Central Northeast. That means one group got \$2 per person and the other \$6 per person, worth probing as potentially unfair.

Fritz may or may not continue to oversee the Office of Neighborhood Involvement, whose total budget exceeds \$10 million, once Mayor-elect Ted Wheeler shuffles the bureau deck in the new year and makes his assignments. But she should immediately lead an effort to review and update city codes that pertain to neighborhood engagement, set budgetary priorities within current levels of funding and develop a work plan for the office that makes first priorities clear and ensures funded work is measured for success.

These efforts will only strengthen the already good work of the many neighborhood associations that help burnish Portland's reputation as a city of deep civic engagement.

## **The Portland Tribune**

### **Eudaly calls for 'municipal disobedience' over anti-rent control laws**

*By Kristian Foden-Vencil*

*November 20, 2016*

Several community groups called Friday for both an emergency rent freeze in Portland and a moratorium on no-cause evictions. They include Keep Portland Housed which have put together a Tenant Bill Of Rights.

The groups were joined at their City Hall rally by Chloe Eudaly, who defeated Commissioner Steve Novick in the general election. Eudaly said she would push for the freeze and ban when she takes office in January.

“The days of treating tenants as used furniture, the days of treating tenants as human ATMs ... are numbered,” Eudaly said.

Eudaly admits state laws prohibit local rent control measures. But she wants city commissioners to commit “municipal disobedience,” do it anyway and fight the resulting lawsuits.

A number of lawmakers in Salem have said they’d look at various ways to control rent during the 2017 Oregon Legislature. Mayor-elect Ted Wheeler has called for the statewide ban to be lifted so cities can adopt their own policies. No bill will be considered until next year, however.

Eudaly said that when she won the election, one of her first thoughts was, “I can now afford my rent.” As a commissioner, Eudaly, a small business owner, will be paid about \$115,000 a year. She said that over the last four years. her landlord increased her rent by 60 percent.

### **Grants help journalists overcome public records cost hurdle**

*By Pamplin Media Group*

*November 19, 2016*

As lawmakers in Salem debate changes next year to Oregon’s public records laws, local journalists will have one less barrier to accessing information created through public money or votes.

The Oregon Territory chapter of the Society of Professional Journalists has created a new grant program aimed at defraying costs of obtaining public records. The Public Records Small Grants Program will reimburse journalists or their news organizations for fees that government agencies charge for records, up to a maximum of \$500 per request.

“The work of the government and any of the writings it produces belongs to all of us, not the elected official, employee or agency that produced it,” said Shasta Kearns Moore, Sunshine chairwoman of SPJ Oregon and a reporter for the Portland Tribune. “Any citizen of Oregon has the right to know what their tax dollars are being spent on. Government agencies are increasingly adding expensive hurdles, such as unnecessary attorney review, to the production of public records. This can have a chilling effect on public discourse and responsible journalism. Worst of all, it can cause the public to feel distanced from — and suspicious of — their government.”

“We wanted to create this program to give journalists — especially those at small news outlets — the resources to fully access their governments,” said Samantha Swindler, SPJ Oregon president and a columnist for The Oregonian. “Real journalism takes time and money and, in Oregon, accessing public documents can be expensive.”

The SPJ Oregon chapter board has set aside \$3,000 for the first year of the annual program. Funds will be awarded by a board vote and weighted toward small publications and likely impact of the resulting report. Grants will be awarded from January to December as funds are available. The grants are available only to members of Oregon Territory SPJ.

More information and applications are available at <http://www.spjoregon.com/grants>.

The Society of Professional Journalists is a nationwide nonprofit dedicated to the ethical practice of journalism, preservation of First Amendment rights and government transparency.

## Mayor's office challenges higher homeless count

*By Jim Redden*

*November 18, 2016*

Mayor Charlie Hales office is questioning a new federal report that says homelessness increased in the Portland area this year.

On Thursday the U.S. Department of Housing and Urban Development said the number of homeless people in the Portland-Gresham-Multnomah County area increase 1 percent in 2016. According to the department's 2016 Annual Homeless Assistance Report, the number jumped to 3,915 homeless people, an increase of 113 since 2015.

But Hales' spokesman Brian Worley says the 2016 number is only based on a one-day count of homeless people in shelters, not all homeless people in the area. Worley says more shelters were opened this year under the Housing State of Emergency the City Council declared in October 2015.

“The increase in the sheltered count is primarily because of the increase in opening hundreds of new shelter beds in the Portland area in 2016 under the [Housing] State of Emergency, it doesn't necessarily reflect an increase in the overall number of people experiencing homelessness,” says Worley, who believe a number of homeless people were “double-counted” in the new HUD report.

According to Worley, complete homeless counts in the Portland area are only conducted in odd-numbered years, with the next one schedule for January 2017.

HUD spokesman Leland Jones confirms the Portland area numbers in the new report are not based on a complete count, but only by adjusting the sheltered count to the one conducted in January 2015.

“Many communities do even-year counts as well. Portland-Gresham-Multnomah County area has not. In even-year counts it only counts folks in sheltered settings,” Leland says.

In fact, Hales believes the number of homeless people in the Portland area decreased in 2016. Earlier this month, he told the Portland Tribune the total likely went down because of a concerted effort by the city and Multnomah County to house all homeless veterans.

Many city residents probably disagree with Hales, however, because of the visible increase the number of homeless people camping outdoors over the past year. Complaints to the city about homeless camping have rising dramatically in recent months. Hales says that is largely the result of the redevelopment of underused properties where the homeless use to camp unnoticed.

The question of whether the number of homeless people actually increased in the Portland area will not be resolved until the next complete count is conducted, however.

The 2016 total in the HUD report is far less than it was in 2010. That year the report said there were 4,235 homeless people in the area — 32.1 percent more than now. HUD attributes that to a strategic plan to end homelessness established by the Obama Administration in 2010 called Opening Doors. It coordinates the efforts of the 19 federal member agencies of the U.S. Interagency Council on Homelessness.

Also involved are local Continuums of Care that receive the bulk of the approximately \$1.9 billion in annual funding to end and prevent homelessness awarded by HUD. They are comprised of local governments, social service providers and homeless organizations responsible for establishing the priorities of how the funds they receive are most effectively used in their communities, HUD says.

## **City might mandate a Home Energy Score when a house goes on market**

*By Steve Law*

*November 17, 2016*

When Americans go to an appliance store to buy a refrigerator or dryer, or an auto dealership to shop for a car, posted energy usage or gas mileage stickers let them evaluate the cost of operating their would-be purchase. But there's no such thing available for the biggest purchase consumers make—a house.

Portland Mayor Charlie Hales and other city officials want to change that.

On Wednesday, the Portland City Council will consider an innovative proposal to require a Home Energy Score whenever most houses are sold in Portland. The score, which helps buyers get a sense of future electricity and heating bills, uses a system devised by the U.S. Department of Energy.

Home sellers would have to pay roughly \$150 to \$250 to hire a certified contractor to do a home visit, estimated to take about one hour. The inspector would rate the home on a scale of one to 10 and suggest energy-saving improvements such as insulation, patching leaky ducts and new water heaters or furnaces. The results would be available to potential home buyers and the general public in an accessible database.

In the long run, the program will aid Portland's housing affordability crisis by lowering the monthly costs to maintain a home, says Andria Jacob, a senior manager for energy programs at the Portland Bureau of Planning and Sustainability. "The benefits outweigh the costs," she says. "We think base energy costs are a significant monthly expense for homes, and right now this information is completely hidden from the market."

Hales, who is championing the proposed policy, reasons it will help shave energy bills in Portland and carbon emissions that lead to climate change.

The city/county Climate Action Plan, which first proposed a similar mandate back in 2009, calls for reducing carbon emissions from buildings 25 percent by 2030. Most of that would have to come from cutting energy use.

The Portland Metropolitan Association of Realtors is leading opposition to the proposed policy. "The mandate is unnecessary, costly, and intrusive," says Kerri Hartnett, the trade group's president-elect. "If the City adopts the proposed mandate, they are burdening the seller — and in some circumstances the buyer — with having to pay for the same information available through a home inspection and creating more government bureaucracy and red tape at taxpayer expense."

In response to concerns raised by critics, city staff have created a deferral for lower-income home sellers who'd have trouble coming up with the \$200, Jacob says. In such cases, the home buyers would have to provide the Home Energy Score.

The City Council will hold a public hearing on the proposal, set to start at 9:45 a.m. Wednesday at City Hall. A final City Council vote on the policy is expected on Dec. 7.

## **The Portland Mercury**

### **Chloe Eudaly Says She'll Push for an Emergency Rent Freeze When She Takes Office in January**

*By Dirk VanderHart  
November 18, 2016*

Chloe Eudaly's an old hand when it comes to tenants' rights rallies. Her frequent calls for stricter rental protections—such as an end to no-cause evictions, and a temporary rent freeze—are one reason voters pushed Eudaly to an unlikely win over Commissioner Steve Novick on November 8.

That victory made Commissioner-elect Eudaly's appearance at a press conference by the group Portland Tenants United this morning especially notable. Not only does Eudaly still advocate these protections, but, come January, she'll have a far more powerful say in whether they go forward as one of five Portland City Council members.

Eudaly said this morning that, upon winning, one of her first thoughts was that an impending \$114,254 salary means she won't be a cost-burdened renter for the first time in years. She's currently owner of the bookstore Reading Frenzy.

"I'm never going to forget the struggle I've gone through to keep my family housed," she said. In thinking about that struggle, Eudaly said, "I have to recognize my landlords, who over the last four years have raised the rent on my substandard house 60 percent. I will be sending them a message that the days of treating tenants as used furniture, the days of treating tenants as human ATMs, and the days of predicating their business model on the unfettered right to exploit us are numbered."

So how will Eudaly look to send that message? Today's rally repeated the arguments PTU often makes: That the city's rent crisis constitutes a "man-made emergency" and so merits rent control under state law, that no-cause evictions need to end, and that city officials can take immediate steps to ease the burden.

Plenty of officials, including Novick, have argued that instituting rent control on those grounds would be a certain loss in court, wasting time and money. Willamette Week noted in September that there are legal memos that support both sides of the debate.

But given Eudaly's longstanding support, we asked if she planned to introduce any ordinance or resolution to Portland City Council to address her concerns, once she takes office in two months.

"I'm currently calling on the current council to call an emergency rent freeze and pass a resolution demanding that the state overturn the ban on rent control and return our regulatory tools," Eudaly responded. "If no action is taken, I will be pursuing those options in January." Of course, she'll need at least two other votes if those options are going to go anywhere, which is where things will get interesting.

Local advocate and activist Cameron Whitten recorded today's press conference. It's below.