

## The Oregonian

### Mayor-elect Ted Wheeler to assign temporary bureaus Jan. 3

*By Jessica Floum*

*12/21/2016*

In an early test of his leadership style, Portland Mayor-elect Ted Wheeler plans on letting city commissioners know which bureaus they'll run by Jan.3 - but those assignments will only be temporary.

The Mayor-elect plans to take all the bureaus back when it comes time to plan the budget in April, Wheeler told The Oregonian/Oregonlive in an interview Wednesday. At that time, he could reassign the bureaus, replace directors or tweak bureau structures.

The ability to assign bureaus at will is one of the few powers granted exclusively to the mayor under Portland's commission form of government. Assignments can sometimes be seen as political statements -and lead to tension with commissioners.

"I want to see progress and clear progress in terms of accomplishing the goals that I've laid out for my administration, and the goals that they have laid out for themselves," Wheeler said.

The mayor said he wants the council to collectively give input on the budget and to think about the best use of resources "enterprise wide."

"What I'm trying to do is use this process as an opportunity to force collaboration into a siloed form of government," Wheeler said.

Commissioners Amanda Fritz and Dan Saltzman declined to comment. Commissioner Nick Fish could not be immediately reached for comment.

### Portland City Council unanimously approves inclusionary zoning program

*By Elliot Njus*

*12/21/2016*

The Portland City Council unanimously approved a citywide inclusionary zoning policy, requiring apartment and condo developers to set aside some units for low-income residents.

The policy is intended to mitigate the effects of rising housing costs, which have pushed renters and low-income homebuyers toward the city's outskirts. It's supposed to piggyback on market demand to create affordable housing in some of the city's most desirable neighborhoods.

"We are taking a critical step forward, assuring more affordable housing for Portlanders now and for future generations," said Commissioner Dan Saltzman, who oversees the city's housing

bureau. "Affordable housing will now be included in market rate developments throughout the city, and I believe that Portland will be even better for the inclusive community we're creating through this policy."

The policy will require developments with 20 or more units to set aside 20 percent of those units for households making less than 80 percent of the median family income, which in 2016 was \$58,650 for a family of four.

Critics, including some developers and economists, say it could discourage new housing from being built, and that mandating affordable units for low-income residents will push higher costs onto everyone else.

The city has sought to offset those effects through concessions to developers, including tax waivers on the affordable units and increases in allowed density.

The program was widely expected to pass after the city pushed the state Legislature to lift a ban on inclusionary zoning earlier in the year.

The policy will take effect in February, but city officials say there are thousands of apartment units in the process of getting city approval that might not be subject to the requirement. The city might try to negotiate with those developers to seek their voluntary participation.

## **The Portland Tribune**

### **Report: 911 center loses thousands of emergency calls**

*By Jim Redden*  
12/21/2016

For more than a decade, Portland 911 operators have been unable to follow up on calls from cell phones that were cut off before they answer — in violation of city policies.

The problem has affected 18,482 calls in 2015 alone, according to a first-of-its-kind report released Wednesday by the Office of the Ombudsman.

"I am drawing the report to City Council's and the public's attention because it is an ongoing problem that potentially jeopardizes the safety of every person who lives, works or visits here," says city Ombudsman Margie Sollinger.

Although a state-funded fix is scheduled for spring 2017, Sollinger recommends the City Council review and approve the state's proposed fix in a public hearing, to ensure there are no unintended consequences for the rest of the 911 system.

After the report was released, the Office of Emergency Communications issued a statement saying it did not acknowledge the problem caused by "butt-dial overload" caused by unintentional cell phone calls.

The Ombudsman Report: Problem with City's Emergency Communications System, does not fully address the issue of nationwide issue of butt-dial overload and the ultimate purpose of the screening system, called the "XMU," which is an auto attendant made by a manufacturer, Interlalia utilized by many agencies in the Portland Metro area. Nationwide, 50% of wireless

calls have been determined to be the result of pocket dialing according to FCC Commissioner in 2014," said the statement.

The statement also said it was up to the commissioner in charge of the bureau whether to bring the issue to the council. That is currently Commissioner Steve Novick, who is leaving the council at the end of the year.

Sollinger's position was created in the city auditor's office to resolve complaints from Portland residents about city programs. The office has never released a report focusing on a single problem before.

"City Council — not the bureau or an advisory board to the bureau — should set the policies and decide how best to provide the public with a reliable 911 system," Sollinger told the Portland Tribune. "Council did not make the decision that resulted in the current problem, but it and the public should be involved in the solution."

#### Hundreds of calls lost daily

The ombudsman's office first became aware of the problem after a May 2016 house fire in Southeast Portland where an elderly woman died. Some neighbors said they tried calling 911 on their cell phones to report the fire but were not called back after they were disconnected, according to the ombudsman's Dec. 21 report. The report says the lack of callbacks did not slow the response of Portland Fire & Rescue to the fire, but revealed a 10-year-old problem with the system.

According to the report, 'Problem with City's Emergency Communications System,' if a cell phone caller hangs up or is disconnected before speaking to a 911 operator, the existing system does not retain the caller's number and notify operators of the call. City policy requires such calls to be returned, whether or not there is an emergency.

As a result, "the city's emergency communications system has unintentionally lost important information about a subset of emergency calls, preventing operators from following city policy and causing underreporting of call hold times and abandoned call rates," the report says.

City technology staff were able to determine that about 51 calls a day have been adversely affected.

#### Remedy was flawed

The problem is caused by a screening system known as the Reno Solution designed to reduce a high number of accidental cell phone calls to 911. It was developed for the 911 center in Reno, Nevada, and implemented at Portland's center in December 2004 without a formal council hearing or vote.

The Reno Solution routes all cell phone calls to 911 through an automated attendant. Callers hear a short message prompting them to say "911" or press any number. If callers respond to the prompts, they are routed to a 911 operator. When there are no available operators, callers are placed on hold in the emergency queue. But if they are disconnected first, there is no record of their call.

The cell phone problem is well understood by emergency communications professionals. A fix to be funded by the state is scheduled for spring 2017 and will preserve callback information. It will present those calls to the operators as incomplete and provide a callback number. But

Sollinger says the council should review and approve the upgrade, something it did not do when the Reno Solution was implemented.

"Before accepting funding from the state and implementing the planned upgrade, the Bureau of Emergency Communications should seek City Council's approval. Council did not have an opportunity to vet and approve the Reno Solution when it was first implemented more than a decade ago. Going forward, Council should have the opportunity to consider the inherent risks and trade-offs associated with using a screening system and make sure that there will not be collateral damage to other parts of the system," according to the report.

In the meantime, the emergency communications bureau has implemented two other changes recommended by the ombudsman office. It has revised its recorded message to tell callers not to hang up, and has conducted community outreach by putting out information on social media forums, such as NextDoor.

The report estimates the new fix will increase the workload of 911 operators a modest 2.2 percent. In a letter of response, bureau Director Lisa Turley says police bureau and fire department workloads also will increase.

"(W)e appreciate your research and ask that you assist us in our continued efforts to keep our callers informed of the limitations of our current system as well as upcoming improvements," Turley writes.

## **The Portland Mercury**

### **From Massive Sweeps to Legal Camping, No Portland Mayor Has Wrestled with Homelessness Like Charlie Hales So How'd He Do?**

*By Dirk VanderHart*

*12/21/2016*

On December 10, exactly three weeks from Mayor Charlie Hales' last day in office, Portland solved veterans' homelessness.

Sort of.

Thanks to years of work (and millions in federal dollars), officials announced December 10 that no veteran who needs a home in Multnomah County these days has to wait more than three months for housing. Portland's the only West Coast city that can say that.

The accomplishment belongs to many people, but for a late-term mayor who's been battered by homelessness like no other issue, it was a very big deal. Hales recently told the Mercury that the announcement is a high point of his four years in office. "Not just because it's cool we got the national recognition," he said, "but the sheer human impact."

It's not hard to imagine a vast segment of the city rolling its eyes at that statement—and for starkly different reasons.

Depending on your point of view, Hales might be a weakling who laid out a red carpet for the homeless and coddled illegal encampments sprouting up around town. Or he might be a

double-dealing tyrant who allowed his cops to arrest people for merely trying to live, and who ordered up the largest camp sweep in the city's history.

Either way, there's a good chance you'll remember Hales for how he addressed the homelessness crisis that Portland will be grappling with for years to come.

So as the mayor prepares to literally sail off into the sunset next year (he's planning to pilot his boat to the Caribbean and Mediterranean), the Mercury decided to look back at how Hales handled the problem—and whether he helped or hurt.

Hales beat out a crowded field in 2012 by hoisting a tool belt.

The gimmick had roots in his background as a builders' lobbyist, but its appeal had nothing to do with the frantic push for new homes, shelter space, and houseless villages that would dominate the second half of Hales' term.

Instead, it was a nod to the humdrum promises of competent stewardship Hales said he'd bring. In those days, he preached the reliable gospel of "schools" and "police" and "roads."

An early Hales mantra—"Minimize the drama and maximize the results"—might be easy joke fodder these days. But in 2012, no one giggled.

Meanwhile, homelessness was a nonfactor during the campaign. Hales ascended to the third floor of City Hall in January 2013 every bit the business-backed mayor he'd appeared to be. And for the first half of his tenure, the transportation wonk nicknamed "Choo Choo Charlie" might just as well have been called "Shoo Shoo Charlie."

"Hales took office with a mission to sweep the downtown," says Vahid Brown, a homeless advocate who would work closely with Hales' staff in the years to come. "That was how he began his relationship with this issue—as a very traditional, conservative mayor."

Hales first went to war with the group of campers who'd been staying outside of City Hall in protest of the city's anti-camping ordinance—some of them holdouts of the Occupy Portland protests of 2011. He used pressure washers to clean the sidewalks, put restrictions on the hours people could sit in front of the building, and stood before news cameras to talk up the sweeps surrounded by high-ranking cops, not housing officials.

"We're not going to wait until homelessness is solved to start working on lawlessness," he said. "Or else we'll wait a very long time."

Hales didn't stop there. While complaints over homeless camping poured into his office, he oversaw the police bureau as it rolled out a controversial effort that aimed to more easily arrest people committing nuisance crimes like urinating in public. The plan was ultimately scrapped after it turned out cops were using it to arrest people merely for sitting on the sidewalk, but a similar policy would later be used to justify the arrests of Portland campers.

All that enforcement, of course, wasn't doing anything to abate Portland's fast approaching homelessness crisis.

In early June 2015—nearly a week after Hales authorized a massive push by police to clear "entrenched" campers out of the Central Eastside—officials released their latest "point-in-time" homeless count.

It showed homelessness had increased by roughly four percent in the last two years. The number of unsheltered Portlanders detected by the count had remained static at about 1,890, but officials noted an alarming increase in unsheltered women and African Americans.

The report also suggested that as many as 16,344 people might be doubled up on the couches and floors of supportive family or friends—a sign that an immense issue was lurking below the staid surface.

Today, Hales readily acknowledges having a skewed view of the homelessness problem during the first part of his term.

“My working assumption was it was a livability problem to be managed, as opposed to an affordability and humanitarian crisis that I had to run toward,” he says.

The first major shift in that stance—and undoubtedly one of the most important moments of his time as mayor—came roughly 20 months into Hales’ tenure, as public outcry over ever-more-visible homeless camps was increasing.

On September 23, 2015, shortly before city council was scheduled to meet, Hales and his then-chief of staff Josh Alpert could be seen popping into city commissioners’ offices, briefing the council members on something urgent.

The subject soon became clear. Hales abruptly announced at the beginning of the meeting his intention to declare a “state of emergency” around housing and homelessness.

“When I came into office, the single-night count of homeless told us we had 1,800 Portlanders sleeping unsheltered. That same count, two years later, barely budged,” Hales said at the time. “We’ve tried slow-and-steady. We’ve tried by-the-book. It’s time to add the tools we currently lack.”

The idea for an emergency—like many ideas to come—was hatched by Alpert, who says he’d spent part of the previous weekend sipping a Scotch and going over the city code to seek out new ways Portland could battle homelessness. Under an “emergency” declaration, he learned, the city’s steep zoning regulations could be shrunk to nothing, in theory making it easier than ever to ramp up homeless shelter space.

“It was clear the emergency provisions would allow us massive amounts of flexibility,” Alpert says today.

The declaration proved a rare beast for Hales.

Often when the mayor attempted a big shift without giving his council colleagues much warning, he faced pushback.

As Commissioner Nick Fish puts it, “The time you spend vetting things with your colleagues is time well spent. When you cut corners, it sometimes bites you in the ass.”

Not so in this case. Hales had widespread support by the time his pronouncement was a week old.

In a news conference presided over by the mayor, Multnomah County Chair Deborah Kafoury, and an array of other elected officials and housing advocates, a loose plan was offered up. Officials pledged to put \$30 million into a new strategy crafted by A Home for Everyone, a coalition Hales, Kafoury, and others created to tackle the problem.

Officials said their plan could cut the city's homelessness crisis in half by 2017—largely by creating more housing opportunity and boosting rent assistance and services for people on the margins.

"The world shifted when we declared a housing emergency," says Fish, who has clashed with Hales more publicly than any other member of council. "It had the benefit of focusing our attention on the number one problem facing the community. And it gave us license to try new things."

Even Hales' staunchest critics point to the emergency as a bright spot. More than a year after that press conference, it's helped pave the way for roughly 550 new shelter beds, unprecedented public money for affordable housing (including the passage of the city's first-ever housing bond in November), renewed commitments of at least \$30 million a year to battle homelessness, and more.

It appears highly unlikely that homelessness has been "cut in half," as officials pledged—or anything close. The first point-in-time homeless count since 2015 is scheduled next month, and most people the Mercury spoke with expect the number of homeless people in Multnomah County to have risen.

"They opened up some shelter beds—the city and county deserve credit for that," says Chris Trejbal, chair of the Overlook Neighborhood Association, who's repeatedly criticized Hales' lenience with homeless camps. Otherwise, Trejbal says, "I think he was a failure."

If the emergency declaration was one fulcrum that helped shift Hales' policies, a potentially more important one emerged on the edges of North Greeley, just after Thanksgiving 2015.

That's the date Hales and his wife, Nancy, visited Hazelnut Grove, a community of homeless Portlanders who'd been pushed around in previous sweeps but were now making a stand. Since the housing emergency declaration, the group had grown bolder—increasing in size and organizing into a community with a governing body and a code of conduct.

The city had already scrapped plans to sweep Hazelnut Grove once by the time Hales made this pilgrimage (officials would later acquire land from the state in order to allow campers to remain). And when a reporter showed up and asked Hales what he thought, he sounded excited.

"I'm impressed by how it is working," he said.

It might have wound up being a hollow statement, but Hales had company that day. Alpert had previously visited Hazelnut Grove, and was inspired by this new model for short-term living. Now, his boss was voicing public support.

"That was the first time he saw what the community could do," Alpert says. "I felt like I had backing from him to be somewhat politically bold."

That boldness came on quickly.

In late October 2015, after Oregon Treasurer Ted Wheeler began campaigning aggressively for Hales' seat, the mayor reversed course and decided not to run for re-election. Released from the burden of appeasing voters and donors, he got to work (or at least gave Alpert the green light).

Hales' office ordered the purchase of two shipping containers, retrofitting them into storage spaces where homeless people could drop their things during the day (a first). It opened a shelter near Multnomah Village, in an unused Army Reserve building—transporting homeless people there and back in shuttles (another first). It spent money providing portable toilets and trash services to Hazelnut Grove and a similar camp, Forgotten Realms.

It did these atypical things in atypical fashion.

Rather than pushing the initiatives through the Portland Housing Bureau—which had coordinated homeless services since its inception, but which Hales did not control—Hales and Alpert ran them through the city's Office of Management and Finance. That ensured they had day-to-day oversight of their experiments. It also rubbed some people the wrong way.

"It was a mistake to create a kind of shadow housing bureau in the mayor's office," Fish says today. "It essentially meant that people were playing out of position."

Those early efforts paled in comparison to the bombshell Hales and Alpert dropped on February 8 of this year. That day, showing little interest in his colleagues' opinion on the matter, Hales announced he was upending the city's stance on homeless camping.

Under a new set of "safe sleep guidelines," homeless Portlanders would be assured they could spend the night on sidewalks and certain "remnant" pieces of city property as long as they abided by some rules. They had to remain in groups of six or fewer, for instance, and they had to clean up their tents or sleeping bags in the morning.

"They were an attempt to have a common sense understanding that while we have more people camping than we have shelter, we need to accommodate the reality that they're there," Hales says. "We have no place for them to come inside."

Homeless advocates, who'd been making the same point for years, were elated.

Monica Goracke, an attorney for the Oregon Law Center who frequently represents homeless people, called it "the most comprehensive, progressive, and deeply rational proposal that has ever come from City Hall on this issue." The National Law Center on Homelessness and Poverty considered highlighting the policy at conferences.

But trouble quickly arose, with Hales' office struggling to communicate its rationale to a public that began to view every tent that sprang up as evidence Hales had completely legalized camping.

"For some it meant 'camp anywhere you want,'" Hales says. "For others, it was 'you have to be out by morning.' There was never a consistent or shared understanding."

At the same time, the policy fell far short of its promises to move people who weren't following the rules. Privately, mayoral staffers grouched that city cops had thrown up their hands and weren't especially helpful.

It all came to a head on the Springwater Corridor, the Southeast Portland multi-use path that's played host to homeless campers for years.

In short order, large numbers of campers who'd been spread out on the trail began congregating near where the path crosses SE 82nd—not far from the Clackamas Service Center, where many got daily meals.



“People, I think, felt like they’d been given the green light to be open in their camping,” says homeless advocate Brown, who’s worked extensively with people living off the trail. “It exploded.”

By April, a coalition of business groups had filed suit to stop Hales’ safe sleep policy, citing the situation on the Springwater. The mayor formally rescinded it in early August, acknowledging it had backfired—an opinion Hales still holds today, and with which many agree.

Others see good in the mayor’s unpopular gambit.

“People can look back and say, ‘It’s a disaster’ or ‘he flip-flopped,’” says Israel Bayer, executive director of

Street Roots. “But it made people care enough to think about housing.”

Then, in September, Hales showed a little of his old self.

Not long after a high-profile fire and shooting at Springwater encampments, he marshaled forces to clear out the trail, in what is almost certainly the largest homeless sweep in city history.

“It got to the point where it was untenable, unsafe, and therefore unsustainable,” Hales says.

Still, some took the sweep as inconsistent with the mayor’s recent liberal policies. Activist groups vowed to help the homeless remain in place, if they wanted. Goracke, the attorney who’d praised Hales’ safe sleep policy, threatened to sue if the city didn’t give people more time to clear out.

Once again, the mayor was facing furious accusations that he didn’t care about the city’s homeless.

“It was not helpful and it has not made things better,” says Lisa Lake, a local homeless advocate who helped found the group Boots On the Ground PDX.

For many, the safe sleep experiment might be what Hales is most remembered for. That’s fitting, since the policy was emblematic of his high-profile efforts: experimental, concocted with little input from his council colleagues, forcefully pushed, and pulled back amid controversy.

“I think he did it with the best of intentions,” Lake says. “But I don’t think he did it with the intention of full follow-through.”

Alpert, the architect of the policy, admits it had flaws. But his take is different.

At a time when much of the nation—and especially the West Coast—is floundering on the homelessness fight, Alpert says, “it is the mayors who are willing to push forward, try new things, and aren’t afraid to fail who are going to find success. Mayor Hales is absolutely at the head of that pack.”

Here's something no one remembers about the safe sleep policy: It was introduced with a bunch of other provisions.

Also included were proposals to make it easier for people to live in RVs. And maybe the oddest bit was a plan to mass-produce “sleeping pods” that could be sprinkled on parcels of land throughout the city, creating small villages for the homeless.

And those pods? They might outlast Hales’ term, taking root as he sails the globe.

On December 14, homeless advocates with the city and county trudged through a snowstorm to a historic firehouse in Kenton. There they pitched skeptical neighbors on “Argyle Village,” a cluster of 14 professionally designed tiny homes that officials hope to relocate to a disused lot near Kenton Park.

Kenton residents met the sales pitch with skepticism—but also with, apparently, open minds. If the city can convince them, it’s likely Mayor-elect Ted Wheeler—once Hales’ bitter political foe—could oversee the creation of a first-of-its-kind Portland community largely attributable to his predecessor’s willingness to fail.

Asked about that failing, Hales isn’t shy. At one point in a recent interview, he launched into a story about a friend of his, who was staying at a Warm Springs resort some years ago when a grass fire broke out and began to rage.

“Some people tried to run away from it and died, and my friend ran toward it to help, and lived,” Hales said. “To me the homelessness issue has been a bit like that. It’s a case of running toward the fire, knowing that it’s going to hurt, but knowing that’s the only way.”

Hales’ office has been circulating a list of his accomplishments. You can read it here. [PDF]

### **Grading Hales On Homelessness**

Israel Bayer, Street Roots executive director: “Solid B , B+ ”

“An A for effort and a C for planning. There were good intentions there. You’re talking about a systemic problem that the smartest people in our community have no clear solution for. Overall he’s done more for people on the streets in the context of moving the issue forward than the vast majority of mayors in America.”

Shannon Singleton, JOIN executive director: “Probably B-, C+ ”

“There are some policies that have been an A, and there are some that have been a D. I do think that the unprecedented funding was really amazing. That allowed us to do and start some new things in the community.”

Deborah Kafoury, Multnomah County chair: B

“It’s hard to say overall. There are some areas that have been really good, and there are some areas that have needed work.... I didn’t always agree with every decision the mayor made, but to his credit he was willing to try new things. He was willing to admit when he was wrong.”

Vahid Brown, homeless advocate, Clackamas County housing policy coordinator: Declined to give a grade

For Brown, many of the positive initiatives from Hales’ tenure came from his former chief of staff, Josh Alpert. He notes: “It’s not like Josh was an autonomous agent. The mayor gave him the latitude to do that.”

Nick Fish, city commissioner: “I don’t give grades.”

“It wasn’t a big challenge for us during the recession to use Section 8 vouchers and put people in emergency shelters. What Charlie dealt with was the next wave of the problem, which was a set of market forces that acted with a vengeance.... For the things that have gone well, Charlie

deserves his fair share of the credit. For the things that didn't go well, he's the mayor—he deserves his unfair share of the blame.”

Michelle Cardinal, CEO of R2C Group and a past critic of lax camping enforcement: C+

“But I think his heart's in the right place. I would have loved to see him really rally the city council to get something done. It would be unfair to say he was a flop.”

Chris Trejbal, chair, Overlook Neighborhood Association: D

“They opened up some shelter beds. That'll get you out of F territory... I think he was a failure. What we saw was an autocratic approach from the mayor's office that didn't want to engage the community writ large.”

Josh Alpert, former chief of staff: “I'm not going to give a grade.”

“He said, ‘Go out and try to figure this out, and when you need me come get me.’ For any politico working in any office, that's the dream.... At a time when almost all mayors, not just in the US, but around the world, are struggling on these issues, it's the mayors who are willing to push forward, try new things, and aren't afraid to fail who are going to find success. Mayor Hales was absolutely ahead of that pack.”

Dan Saltzman, city commissioner: A-

“I think he became a champion sort of unwillingly, or certainly not knowing that was going to be a hallmark.... When Hales came into office, he was pretty much in my opinion a transportation and infrastructure guy. He quickly became ensconced in housing and homelessness, and rose to the challenge.”

Jeff Woodward, homeless advocate: F

“It's nothing personal. He gets his F from his lack of transparency, his inability or unwillingness to meet with the community. He made these huge unilateral decisions like legalizing the safe sleep policy.”

Ted Wheeler, mayor-elect: "Absolutely will not" give a grade.

“I believe Charlie's intentions were good... I think it's okay that the mayor went down a couple roads only to find they were dead ends. It was a learning process. My administration benefits from that.”

Charlie Hales, mayor: C- for the first semester, A- for the second semester”

“During the campaign, I think my working assumption was it was a livability problem to be managed, as opposed to an affordability and humanitarian crisis that I had to run towards.... I've been shouted at from both sides. What I've really done is forged ahead hard.”

## **Daily Journal of Commerce**

### **Portland gains inclusionary housing law**

*By Chuck Slothower*

*12/21/2016*

The Portland City Council voted unanimously Wednesday to enact an inclusionary housing ordinance that will force developers of sizable apartment projects to include affordable units or pay a hefty fee.

The ordinance will take effect on Feb. 1, 2017.

Portland is the first city in Oregon to pass such an ordinance. Until this year, state law pre-empted efforts to establish such policies.

Projects submitted before Feb. 1 will not be subject to the new rules, and developers have responded by rushing to submit applications for multifamily projects. The development pipeline now totals approximately 14,000 units – roughly triple the usual amount, according to city officials.

The effects of the inclusionary housing policy may not be evident right away – many developers may wait two to three years to build projects that include affordable units.

Supporters say Portland faces a housing crisis that needs to be addressed, and inclusionary housing will ensure construction of affordable units throughout the city – not just in lower-income neighborhoods.

“I believe Portland will be better for the inclusive community we are creating with this policy,” Commissioner Dan Saltzman said Wednesday.

Commissioner Nick Fish said the policy “gives us a mechanism for ensuring affordable homes are dispersed throughout high-opportunity areas in our community.”

Saltzman in November softened his proposal to require developers of projects in mixed-use zones to include 15 percent of apartments affordable at 80 percent of median family income, or 8 percent of units affordable at 60 percent of median family income. Beginning in 2019, the requirements rise to 20 percent and 10 percent of total units, respectively.

Developers have warned for months that an inclusionary housing policy threatens to halt multifamily development in Portland. They say large banks and other investors will invest in projects where the return is highest – which may no longer be in Portland.

Housing advocates and city officials have battled over the incentives – including tax breaks and density bonuses – intended to provide an offset to developers.

Developments that include affordable units also will not be subject to parking minimums. The policy also allows developers to pay a fee in lieu of building affordable units, or build units off-site, but city officials say their preference is for developers to build affordable units on-site.

The affordability requirements apply only to multifamily buildings of 20 units or more. The threshold has given rise to concern that developers will respond by building 19-unit apartment buildings in East Portland neighborhoods.

“If in six months or a year we see development on the Eastside is (consistently) 19 units or smaller, I will join our colleagues in bringing (the policy) back and taking another look,” Fish said.

Greg Goodman, co-president of Downtown Development Group and a member of the experts panel that examined inclusionary housing, said the law would affect rental rates in general.

“All they’re doing is pushing rents up,” he said in an interview. “Things won’t get built until rents get high enough to offset the rents on the affordable units.”

Saltzman acknowledged that the policy may need to be revisited as the market responds.

“This may need to be tuned,” he said. “It may not be working perfectly in the marketplace, but the council will have the opportunity to do that.”

## **The Skanner**

### **Council Votes on Inclusionary Housing**

*By Christen McCurdy*

*12/21/2016*

The Portland City Council passed two ordinances Wednesday morning creating a program that would require developers to include less expensive housing in multi-family buildings of 20 units or more.

Last week the council approved a series of amendments to the ordinance, clearing the way for a council vote this week, though a hearing on the ordinance scheduled for last Thursday was cancelled due to inclement weather.

“This may need to be tuned. It may not work perfectly in the marketplace, but the council has the opportunity to do that tuning as they have in the past,” Mayor Hales said at Wednesday’s meeting.

The ordinances, which would become effective in February, require developers to designate a certain percentage of units in multifamily homes at prices affordable to renters making less than the median family income for the Portland metropolitan area.

Exactly how that would break down can vary, and the ordinance offers some incentives to offset the price of lower-cost units – either by constructing new units or dedicating a share of units in existing developments to lower-income households.

The ordinance would require 20 percent of housing units in multi-family housing rent at prices affordable to those earning no more than 80 percent MFI, or 10 percent of units in affordable to those earning no more than 60 percent MFI either by constructing new units or dedicating existing units to households with lower incomes.

The ordinance primarily addresses new constructions, but offers developers the option of setting aside existing housing

- Newly constructed developments must reserve 20 percent of existing units to incomes at or below 60 percent of MFI;
- Existing units must be 25 percent of total units at 60 percent MFI, or 15 percent of total units must be at 30 percent MFI.

Earlier this year the Oregon legislature repealed a long-held ban on local governments requiring developers to include lower-priced units in their projects.

According to numbers generated by the United States Department of Housing and Urban Development and published by the Portland Housing Bureau, in 2016 the median family income for a family of four was \$73,300; 80 percent of MFI for a family of four was \$58,650. To be affordable to a family making MFI in Portland, a three-bedroom home would have to be priced at \$1,905 (including utilities); for a family making 80 percent of MFI, rent and utilities would need to total \$1,525.

According to the State of Housing report released by the housing bureau earlier this month, \$1,525 was the average rent for a three-bedroom rental unit in Portland (excluding utilities). That report noted there are few areas in the Portland metropolitan area where a family making 80 percent of MFI could afford rent, and none where families making 50 percent or less of MFI could afford rent. The report also noted that the median income for renters, at \$30,000, is lower than the median family income for the metro area -- and that median income for Black, Native American and Hawaiian Pacific households is about \$27,000.