

The Oregonian

Bogus statistics undercut city program to help Portland renters

By Brad Schmidt

March 19, 2017

It started with make-believe numbers.

The Portland Housing Bureau wanted city money to clean up code violations at low-income apartments east of 82nd Avenue.

It sounded like a worthy idea, but bureau officials wildly inflated how many apartment buildings would be eligible. They claimed 400 properties in east Portland had been flagged for urgent repairs, when the actual number at the time was 19, according to an analysis by The Oregonian/OregonLive.

Then, after winning nearly \$500,000 from the City Council last year, bureau officials banked the money and let it sit. They haven't repaired a single unit. The amount could have paid for nearly four dozen homeless shelter beds for a year, for example, or helped nearly 100 families avoid eviction.

Any new initiative takes time to get off the ground. But the story of Portland's rental rehab effort highlights the dangers of rushing to create a program from scratch without completing even the most basic due diligence.

What appeared to be a bargain - paying landlords for repairs if they agreed to keep rents low - got caught up in a case study of sloppy budgeting.

Mayors need accurate information to set spending priorities. Here the mayor was handed numbers that were compiled without any documentation to back them up, documents and interviews show. And no one bothered to scrutinize the statistics used to justify the need.

"That's either gross error or it's lying," Juliet Musso, who teaches public budgeting and financial management at the University of Southern California, said of the housing bureau's budget proposal. "And neither one of those is something you want in your budget process."

City housing officials deny misleading anyone. When pressed by The Oregonian/OregonLive, they repeatedly insisted their numbers were conservative and accurate. But they could produce no documentation to prove their assertions or to show that any count of problem properties had been completed.

Housing officials concede they've been slow to roll out the program. But they remain undeterred. They requested \$1.5 million in the upcoming 2017-18 budget to continue the program and say they'll be ready to spend it this time. They plan to dramatically expand the scope of eligible properties and repair work. But money won't cover as many repairs as first envisioned because cost estimates have risen.

Meanwhile, almost all the 19 landlords facing citations when officials first pitched the program have since made repairs without a subsidy, city records show.

Kurt Creager, director of the housing bureau, said the city's database of code violators will always paint an incomplete picture because many tenants won't report problems for fear of eviction. No matter how you slice the list used to create the rental rehab program, Creager said, it doesn't come close to counting every apartment building with severe hazards.

"I go to east Portland and I see more properties than that with my naked, well-trained eyes," he said. "East Portland has a plethora of substandard, multifamily housing. So those numbers really don't have any bearing, whatsoever, in fact."

What is the need?

The push for Portland's rental rehab program began in fall 2015, when neighborhood advocates pressed the housing bureau to spend more money in east Portland.

They wanted \$500,000 immediately for repairs at rental properties. Money also should pay for repairing water damage and removing mold, or to make energy-efficiency upgrades, they suggested.

Creager targeted the program for approval during the 2016-17 budget. But before the program could go forward, according to an internal housing bureau memo, some "key questions" needed to be answered.

"What is the size of potential need/appetite?" the proposal read. "Code violation data?"

Answering those questions fell to Andrea Matthiessen, a manager at the housing bureau. She received a 20-page report from the Bureau of Development Services listing each property with outstanding code violations as of November 2015.

The report was impenetrable. It was no more than a list of addresses, tax lot numbers, violation numbers and dates. It covered the entire city, not just east Portland.

It didn't distinguish single-family homes from apartment complexes. And nowhere did it show the number of units per property.

Yet somehow, housing officials began drawing conclusions about how many east Portland apartments would be eligible.

In one undated budget document, officials suggested there were 100 multifamily properties in east Portland with outstanding code violations. Those properties totaled 400 units, the document said.

East Portland Stabilization Funding:

- **Multi-family Rental Rehabilitation:**

Approximately 100 multi-family rental properties (representing 400 individual units of rental housing) in East Portland have outstanding code violations cited by the Bureau of Development Services. As PHB continues to hear every year during our annual community needs hearings, the majority of these substandard units are occupied by low-income families, many with children and a significant number from communities of color. As the rental market continues to escalate, many of these units, may be at risk of rent increases, sale, or condo conversion, particularly as outstanding code violations continue to accrue interest. A revolving loan pool for rental housing

Then the numbers increased.

In December 2015, housing officials revised the numbers to 400 properties representing more than 1,200 units. They shared those statistics with an advisory commission.

East Portland Stabilization – Multi-Family Rental Rehab	Approximately 400 multi-family rental properties (representing over 1,200 individual units of rental housing) in East Portland have outstanding code violations cited by the Bureau of Development Services. These citations identify fire/life/safety and health/sanitation issues that have the potential to cause or exacerbate health conditions in tenants such as mold, lack of proper plumbing or heating facilities, or infestations of pest and rodents. As PHB continues to hear every year during our annual community needs hearings, the majority of these substandard units are occupied by low-income families, many with children and a significant number from communities of color. As the rental market continues to escalate, many of these units, may be at risk of rent increases, sale, or condo conversion, particularly as outstanding code violations continue to accrue interest. This
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Then the numbers increased again.

In a February 2016 budget request to then-Mayor Charlie Hales, housing officials said it was 400 properties with 2,000 units.

<i>East Portland Rental Rehabilitation</i>	With \$1.5 million in the Bureaus adjusted base budget (ongoing), PHB will also launch an East Portland Rental Rehab Program, providing East Portland rental property owners with conditional grants to address outstanding code violations. <u>Approximately 400 multifamily rental properties (more than 2,000 units) in East Portland currently have citations for outstanding code violations, including fire/life/safety and health/sanitation hazards with the potential to cause or exacerbate</u>
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In a matter of months, with no documentation to support it, the purported problem had grown by a factor of five.

'Iterative numbers'

It took The Oregonian/OregonLive less than two days to identify the real numbers.

There were three steps. First: Merge the housing bureau's 2015 list of problem properties with a government database that identifies multifamily dwellings. Second: Eliminate addresses west of 82nd Avenue. Third: Use websites and phone calls to find the number of apartments involved.

The results: 19 properties with 817 units, not 2,000 as the city said. Of those, only about 100 units had direct code violations, city records show.

Portland's explanation for its estimates is more elusive.

East Portland Rental Rehabilitation Program

How it works: The Housing Bureau's latest plans call for providing landlords forgivable loans of up to \$25,000 per unit to: correct code violations or potential code violations; mitigate lead paint hazards; or install energy efficiencies.

The catch: Landlords must keep rents affordable for 10 years. Monthly rent and utilities in the first year may not exceed \$825 for a one-bedroom unit, \$990 for a two-bedroom unit or \$1,143 for a three-bedroom unit, with increases capped in subsequent years. Additionally, no-cause evictions are prohibited for units that receive taxpayer money.

Who can apply: For-profit landlords with properties in east Portland, which generally is east of 82nd Avenue. Landlords must already be renting most units to low-income tenants.

Measuring impact: *Portland could repair about 20 units with the nearly \$500,000 budgeted for this year. Housing officials have asked for \$1.5 million in 2017-18, which could pay for about 60 additional units.*

How to apply: *City officials haven't finalized program guidelines or announced how or when landlords can apply. Those details are expected this spring. For more information, contact the Portland Housing Bureau's program manager at 503-823-2379.*

Matthiessen said in a February interview that an administrative assistant, who no longer works for the bureau, "manually tallied" figures from the 2015 list to produce a property and unit count. Matthiessen said "that piece of paper is long gone." She could not explain how an estimate of units was possible from a document with no data on housing units.

She said the numbers changed later based on conversations, which she didn't document.

"I think these were iterative numbers, based on conversations in some way, shape or form, fed by the data" from the development services bureau "that this is our collective sense of the need," she said.

Matthiessen gave a different explanation in an internal email to Martha Calhoun, the bureau's spokeswoman, last year.

In it, she said housing officials took the 2015 list of citywide code violators from the development services bureau, then "made the assumption" that 400 of the properties were in east Portland. They then assumed five units per property, on average, for a total of 2,000 units. The email says nothing about isolating apartment buildings from single-family homes.

Calhoun didn't provide the email to The Oregonian/OregonLive until this month, six months after the newsroom filed a public records request for documentation. She said the email had "escaped capture."

Creager defended Matthiessen's work but said she'd likely "take a different approach" going forward.

"She made a considered judgment," he said. "She did so with, I think, good intentions and with some reasonable assumptions."

Asked why the housing bureau couldn't have followed the simple methods used by a reporter at The Oregonian/OregonLive, Creager said, "Maybe you have more time than we do."

Musso, the USC professor of public policy, said she finds Portland's lack of due diligence "shocking" because necessary data were available to provide accurate estimates.

"Facts should not evolve through conversations," said Musso, a former budget analyst for the state of California. "Facts should evolve through research and credible sources."

'Really egregious'

Whatever the need, Portland's new program faces headwinds.

Dan Rodriguez, who manages a company that owns one apartment complex cited for code violations, said Portland's program would not interest him. That's because his business takes care of its units, budgets for repairs and doesn't need taxpayer money to make fixes, he said. He'd also have to agree to lower his rents if he took the city money.

Inspectors found nine violations in a single apartment at Rodriguez's 60-unit complex in east Portland. That apartment had "excessive mold growth," a spongy bathroom floor and an unsanitary carpet that posed a health hazard, records show. A tenant caused the problems, and they were fixed immediately, Rodriguez said.

"If someone's going to jump at this, it's going to be really egregious," he said of Portland's program. "Someone who's been operating underfunded, on the cheap, for a long time."

In all, records from the development services bureau show, 17 of 19 landlords made repairs without any incentive.

The city's lack of progress launching its program has frustrated some east Portland advocates.

"They've been slow in getting this program written up," said Frieda Christopher, who pitched the program to housing officials in 2015. "And we've been pushing."

Meanwhile, Portland's independent budget office has emerged as a skeptic.

Last year, analysts blessed the program because the housing bureau claimed fixes could be made for up to \$15,000 a unit. Now it's \$25,000 a unit, which would reduce the number of units the program could pay for by 40 percent.

Budget analysts are questioning the need and cost-effectiveness of the rental rehab program. In budget review documents, they've told the City Council to consider moving money this year to other "proven or promising" endeavors.

That negative assessment came despite the housing bureau's best efforts to justify its rehab program.

In recent months, housing officials have quietly changed many key features - moves that also happen to expand the potential pool of eligible properties, which has the effect of making misleading statistics close to accurate.

The bureau has proposed giving landlords money not only to fix outstanding violations, but also to tackle "potential code violations," lead paint hazards and improved energy efficiency.

And Creager said money now could go to owners of single-family rental homes in addition to apartment complexes. That change wasn't mentioned in his bureau's budget proposal two months ago.

Creager said he knows the rental rehab effort faces scrutiny and admits his bureau hasn't made it a high enough priority. Rules [still need to be finalized](#), and the city then needs to get the word out to landlords. But he believes the program can flourish, if given a chance.

"I'm pretty confident," Creager said, that housing bureau managers "can demonstrate its value and prove our case, in due time."

Willamette Week

Portland Will Train City Workers on How to Respond to Federal Immigration Agents

By Rachel Monahan

March 19, 2017

Portland City Hall is poised to pass a [resolution](#) on Wednesday that would declare Portland not just a sanctuary city, but also "a welcoming city" and "an inclusive city to all."

Besides serving the symbolic purpose of reiterating the city's refusal to aid federal immigration enforcement, the resolution also has at least one concrete action attached.

It requires the city's Human Resources Bureau along with the Office of Equity and Human Rights and the City Attorney's Office to develop, within 90 days, a plan for training city workers on how to "respond" to federal Immigration and Customs Enforcement agents.

"Bureau staff and attendees often ask if [city-produced] events are safe for those who are undocumented," says Mayor Wheeler's spokesman Michael Cox.

"Everyone involved should have clear facts about how ICE operates in our city and what they should do if they interact with ICE," Cox adds. "The members of City Council in cooperation with immigrant communities have a collective desire to affirm that Portland is a safe, welcoming and inclusive city for all people."

Before taking office, [Wheeler pledged](#) to keep the city a sanctuary even in the face of threats from President Donald Trump to strip cities that are sanctuaries of federal funding. It's unclear at this point how the Republican administration will carry out those threats.

Being a sanctuary city, in a technical sense, generally means cities are unwilling to hold people in jail for any extra amount so that ICE can arrest them—which, in Portland, is mainly the responsibility of the county sheriff. The county commissioners and Governor Kate Brown have issued similar resolutions. [The state law prohibits the use of funds for immigration enforcement, and enforcing the rule would also defy a 2014 U.S. District Court case.](#)

But the symbolism of the resolution was the subject of debate at City Hall.

In a move that's nearly a parody of liberal Portland, city commissioners wrangled over the language of the resolution, eventually compromising by using three different suggestions for adjectives: sanctuary, inclusive and welcoming.

The three overlapping descriptions partly reflect the nature of Portland city government: with five equal votes the commissioners have equal say, particularly when they're looking to pass something unanimously. All five have signed onto the bill.

The offices of Mayor Ted Wheeler, City Commissioners Nick Fish and Chloe Eudaly all said they favored "sanctuary."

"We fought hard to get sanctuary in there," says Sonia Schmanski, Fish's chief of staff. "It means something specific, speaks directly to the executive orders, and was the impetus for this whole thing."

Cox says that Commissioner Amanda Fritz favored the term "welcoming" while immigrants rights advocates wanted "inclusive." Neither Commissioner Amanda Fritz nor Dan Saltzman's office responded to inquiries.

The Portland Mercury

Portland's Exclusion Law Might Get an Early, Unlikely Challenge

By Dirk VanderHart

March 20, 2017

Joe Walsh is a septuagenarian former union steward who rarely misses a City Council meeting and frequently attends in an orange t-shirt on which he's taped some withering statement about one official or another.

He's also the man you can thank for the hullabaloo around Portland's [recently passed](#) exclusion ordinance, which has city officials [locked in rhetorical battle](#) with the ACLU of Oregon and has been widely panned by folks who attend meetings. Were it not for Walsh suing the city in 2015 in federal court, an old policy allowing exclusions from council meetings might still be in place.

This new ordinance, which officials say creates more due process before a disruptive person is prevented from attending meetings, is an attempt to address Walsh's victory.

And today, once again, Walsh is promising a challenge. At 11 am, he'll chat with reporters downtown before filing a "contempt charge" against the city for passing the recent ordinance. Exactly what that charge will say isn't clear, since there's no indication the city's gone against US District Court Judge Michael Simon's 2015 order (which explicitly stated officials could craft a new ordinance).

[Mayor Ted Wheeler has said](#) no one will be excluded from a city council meeting until a federal court has blessed the ordinance, which may mean waiting until the Ninth Circuit Court of Appeals has a say.

If Walsh follows through—he's been assuring people he'd take this step since before council actually passed the ordinance—this is the second time since he won in court he's tried to get the judge censure the city. Last year, after being arrested outside a council meeting, Walsh asked the judge to hold a hearing to determine if the city was complying with his order.

The judge found no evidence that Walsh had been excluded from future meetings (he hadn't), so declined the request. Charges of trespass and disorderly conduct against Walsh were ultimately dropped, after prosecutors said they didn't have the evidence to prove his guilt.

SHOCKER: Trump's Budget Proposal Would Axe Millions Portland Uses For Affordable Housing

By Dirk VanderHart

March 17, 2017

It was huge news in November when Portland passed its first-ever property tax bond for affordable housing.

The [landslide victory](#) meant the city would be able to borrow more than \$258 million to spend on building and restoring affordable housing, which will be managed by the City of Portland. Even amid the sensible grumbling that bond backers would only guarantee 1,300 units from the money, it was a welcome step.

Now, though, Donald Trump's budget could eat into the net effect the housing bond might have in a city searching desperately for new affordable units.

As part of steep cuts to the US Department of Housing and Urban Development (HUD), Trump has proposed eliminating funding for Community Development Block Grants (CDBG) and the HOME Investment Partnerships Program.

Combined, those programs kick in millions of dollars a year to the City of Portland—money that comes with strings attached, but is also more flexible than the urban renewal dollars the city's historically funded housing projects with.

"It would be a loss," says Kurt Creager, director of the Portland Housing Bureau, of the potentially death of the \$3 billion CDBG program. "It's a significant funding source."

Over the last decade, the city's received yearly HOME funds [between roughly \\$3 million and \\$5 million](#)—money that can be used for, [in HUD's words](#), "building, buying, and/or rehabilitating affordable housing for rent or homeownership."

The city hauls in even more CDBG money. [In FY 2015](#), for instance, HUD granted the city \$10.8 million. Nearly half of that was spent on housing, and other grant money went to things like social services and mental health treatment. The bureau anticipates \$7.7 million in CDBG funding [in its next budget](#).

That money has an advantage over the bond money Portlanders approved last fall: leverage. Portland's limited in how it can spend cash from bonds, and officials can't begin the sorts of partnerships that allow them to leverage cash to much greater effect. With CDBG money, "we can leverage something along the lines of 5 to 1 pretty reliably," Creager says.

The grant money can also be used anywhere in the city, unlike urban renewal dollars that are tied to specific geographic zones.

But if Trump gets his way—and right now, that's a fairly big "if"—the cash would disappear. The president's [budget outline](#) paints HOME and CDBG as government bloat.

"The Federal Government has spent over \$150 billion on this block grant since its inception in 1974, but the program is not well-targeted to the poorest populations and has not demonstrated results," the document says of the CDBG program. And the administration says it's promoting "fiscal responsibility" by slashing HOME and similar funds.

"State and local governments are better positioned to serve their communities based on local needs and priorities," the document says, not mentioning that that's what happens under these grants: the city gets money from the federal government and works to spend it in a way that meets local needs.

Creager and the housing bureau aren't hitting the panic button yet.

"We think cooler heads will prevail in congress," he says. So the housing bureau is "modeling" a 30 percent reduction in CDBG funding in the future, he says—not a complete drop off.

The uncertainty around Trump's budget is already being felt among some of Portland's poorest households. As we [reported earlier this week](#), it's contributing to the fact that the county's housing authority isn't awarding new rent vouchers this year.

The Portland Business Journal

PSU, OHSU, PCC, city of Portland partner on \$100 million academic building

*By Matthew Kish
March 20, 2017*

The city of Portland, Portland State University, Oregon Health & Science University and Portland Community College on Monday announced plans for a \$100 million academic building near the center of PSU's campus.

The building, expected to open in 2020, will house the OHSU-PSU School of Public Health, Portland State's Graduate School of Education and PCC's dental programs. It also will be home to a city bureau.

"We are very excited to leverage the power of PSU, OHSU and PCC to train Portland's future health and education leaders," said PSU President [Wim Wiewel](#), in a news release. "This unique collaboration with the city takes us to a new level of community cooperation, one that sets a standard for Portland, the region and the state."

The 200,000-square-foot building will be at the corner of Southwest Fourth Avenue and Montgomery Street, on the light-rail line. It's currently a PSU parking lot. Portland State will buy the land from the Portland Development Commission.

Financing will include \$51 million in state bonds and \$15 million each from the city of Portland, Portland Community College and the OHSU-PSU School of Public Health, which formed in 2010. PCC's contribution will come from a recent bond measure.

The project ranks at the top of the state's list of projects for bond funding, Wiewel said, at a Monday press conference.

"This is a pretty safe bet."

At the press conference, Wheeler said city commissioners have not yet decided which bureau will move to the building.

"The city of Portland is proud to be a partner in the first-ever capital collaboration between Portland State University, Oregon Health & Science University, and Portland Community College," Wheeler said, in the news release. "This is the first time our city's three public institutions of higher education have been together in one building, and it will improve our system of higher education."

The OHSU-PSU School of Public Health has 1,500 students, including 1,200 undergraduate and 300 graduate students.

PCC's dental hygiene, dental assisting and dental lab programs, which serve 130 students annually, which take the second floor of the building. The college will operate a dental clinic for low-income Oregonians in the space.

"We believe it's going to do a lot for health care in this community," said Portland Community College President Mark Mitsui.

David Bangsberg, dean of the OHSU-PSU School of Public Health, said the building will play an important role in the future of public health in Oregon.

"Our future health and well being is in the hands of our students."

If the Legislature approves the \$51 million bond request, construction will begin next year. If the bond request isn't approved, the project will not go forward, Wiewel said.

Affordable housing, health care project lands \$4.5M in tax credits

By Jon Bell

March 17, 2017

An innovative campus in Northeast Portland that will offer both health care services and affordable housing for low income community members has sewn up a \$4.5 million investment to bring the project to fruition.

[Cascadia Behavioral Healthcare](#), a nonprofit that provides housing and health care services to people living with mental health and addiction issues, has secured \$4.5 million in New Markets Tax Credits for its Garlington Center. The investment, a partnership with National Community Fund, a Community Development Entity affiliated with [United Fund Advisors](#), will help fund the \$28 million project, which is currently under construction at 3034 N.E. Martin Luther King Jr. Blvd.

"We are striving to create a valued space where being mindful and treating the whole body is easy and accessible for our community," said Dr. [Derald Walker](#), president and CEO of Cascadia Behavioral Healthcare, in a release. "Securing this level of funding is key to our capital redevelopment plans of the Garlington Center."

When completed, the new campus will include a 52-unit apartment building for low-income individuals, mental health and addiction services with a medical team on site and wellness programs and other resources. A portion of the affordable units will be set aside for homeless veterans and people with mental illness.

The New Markets Tax Credits will, according to the release, provide a "net benefit" of \$4.5 million for Cascadia's plans for a new clinic on the campus. The clinic's total cost is \$14 million, as is the new multifamily building. Other funding sources for the clinic include [a \\$500,000 Program Related Investment from the Meyer Memorial Trust](#), a \$3.5 million philanthropic capital campaign and short-term financing. The affordable housing component is being funded with Low-Income Housing Tax Credits, federal and county grant support and private grants.

"Once completed, Cascadia's new Garlington Center will provide access to affordable housing and integrated health care for those who need it the most," said U.S. Sen. Ron Wyden, a ranking member of the United States Committee on Finance. "Thanks to funding from the New Markets Tax Credits, this innovative model is one step closer to becoming a reality."

The new campus has broken ground — concrete was poured for the apartment building last week — and it is expected to be completed by spring 2018.