

The Oregonian

Portland Improves Oversight of Subsidized Apartment Complexes But Some Flaws Remain, Audit Finds

By Jessica Floum

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Portland's Housing Bureau, found in 2014 to have serious performance lapses, has cleaned up its act in the three years since, a new audit found.

Back then, housing officials did a poor job overseeing more than 250 apartment complexes required by city incentive programs to rent some or all of their units at low cost to residents with low incomes. They failed to review tenants' incomes and rent on time, did not consistently conduct inspections and were years behind on sending landlords bills for repayment of city loans, the audit found.

The Portland Housing Bureau has improved its management substantially since then, according to the new city audit released Tuesday.

It closely monitors tenant incomes and landlord rent payments, it found. Complexes that got federal loans are inspected every three years, it said. And the agency systematically checks building conditions and financial projections to stay on top of critical needs.

"Housing Bureau committed staff ... to asset management and it shows," Director of Audit Services Kari Guy wrote in an email to The Oregonian/OregonLive Tuesday. "It is overall a very positive audit."

"I am very proud of the team at the Housing Bureau for all of the work they have done to improve the monitoring of our city's housing investments," Interim Housing Director Shannon Callahan told The Oregonian/OregonLive Tuesday.

The Housing Bureau provides loans and tax exemptions to incentivize the development of housing affordable to low- and moderate-income Portlanders. The bureau helps fund and manage about 280 multifamily housing complexes. In exchange, developers commit to providing affordable housing for a certain number of years.

The Housing Bureau is responsible for making sure the buildings serve "the city's most vulnerable residents," remain in good condition and continue to be financially feasible. Housing officials are supposed to monitor the city's housing projects each year to make sure they're meeting those goals.

In 2014, the City Auditor's Office found that the annual review process "was not working effectively."

The bureau was aware of the problems at the time and started making changes, Tuesday's report said.

Since 2014, the bureau updated its annual project review process, increased the staff responsible for tracking reviews and began using new software that records tenant information and loan payments. Housing staff is working to customize the software to address unique projects, the audit said.

The bureau has also created a tracking program for projects that uses a scoring system and adopted a timeline for completing reviews. It uses data to better understand financial viability and the populations the projects serve. And it identifies gaps to inform future funding decisions.

It also adopted a policy to inspect properties that receive federal funds every three years. It now requires that all of its projects have insurance and plans for how to comply with the Federal Fair Housing Act and serve vulnerable populations.

Still, the report found the department is not doing a good enough job tracking whether it is spending enough on housing with social services such as drug addiction treatment and career counseling, as directed by the council in October.

Housing officials are currently working to better track investment in housing with social services, Callahan said. They expect to have a plan in place when they finish planning with the city's and county's Joint Office of Homeless Services sometime this year.

Inspections also remain inconsistent, Tuesday's audit found. Checks of properties that did not receive federal funds are not as thorough as the ones at complexes that did receive federal funds. Housing Bureau officials said that's because they get inspection reports from the state housing agencies and other investors for those properties.

Mayor and Housing Commissioner Ted Wheeler and Callahan acknowledged in a written response to the audit that the bureau needs to prioritize financial responsibility.

"We understand our system is not perfect and there is always room for improvements," they wrote. "We will be actively engaged in the management of the assets as well as the services being provided to tenants."

In 2016, the city adopted a policy that requires new developments with 20 or more apartments to set aside 20 percent of those units for families making less than 80 percent of the median family income. Last year, the median family income in the Portland metro area was \$74,700 for a family of four or \$52,290 for an individual.

Voters also approved a \$258 million affordable housing bond, and the council adopted spending priorities for the bond in October.

"As new units from those initiatives are developed, the Housing Bureau's annual monitoring will be critical to ensure the intended benefits are achieved," the auditor's report said. "As new units are developed, the Housing Bureau's annual review workload will increase."

Willamette Week

Portlanders Can Tell the City How To Fix a Policy that Allows Tow Companies to Hold Stolen Cars for Ransom

*By Katie Shepherd
January 2, 2017*

The Portland Police Bureau is asking for suggestions to improve its stolen vehicle policy until Jan. 30.

A Portland policy that allows private tow companies to hold stolen cars for ransom may die before spring this year. Frustrated Portlanders who think it's unfair to charge victims of motor

vehicle theft hundreds of dollars to retrieve their cars have a chance to tell the city how to fix its policy.

The Portland Police Bureau has opened its directive on stolen vehicles to public comment until Jan. 30, which means anyone can offer a suggestion to improve the process for recovering missing cars and trucks.

The number of stolen cars has skyrocketed in Portland over the last three years, in part because of two Oregon Court of Appeals decisions that prosecutors say has made it extremely difficult to convict thieves. More than 6,500 vehicles were stolen last year, the highest number of thefts since 1997.

About 4,000 of those victims had to pay private tow companies to get their car back in 2017.

Under the current policy, Portland police officers can give owners 30 minutes to pick up their recovered vehicle. If they can't make it in time, the officers call for a tow truck. Owners then have to pay at least \$184—but many pay more for storage costs that start piling up shortly after the car arrives on the tow lot.

In late December, Mayor Ted Wheeler vowed to change the policy that robs victims of theft a second time. Wheeler told WW that the city's directives were "adding insult to injury" for victims of auto theft.

He said he would consider making Portland's rules more like those in Seattle, where police give the vehicle owner an option to have the car left where it is found until they can pick it up.

Wheeler and PPB appear to be making good on their promises to change the costly policy. The directive will go through two comment periods before changes are finalized and approved by police chief Danielle Outlaw. The finalized policy goes into effect after being published online for 30 days.

One Man Leads the Pack in Portland Campaign Donations. But What Office Is He Seeking?

*By Rachel Monahan
January 3, 2018*

Stuart Emmons hasn't declared which race he's running in. But he keeps raking in dollars.

Portland architect Stuart Emmons has reported raising \$79,525 in campaign donations as he mulls a second attempt at running for the Portland City Council.

Emmons hasn't declared which race he's running in—the seat being vacated by Commissioner Dan Saltzman or the one currently held by Commissioner Nick Fish. Yet he's already raised more money than anyone running in either contest.

One campaign finance watchdog says Emmons' coyness may be illegal. He could be breaking state law by raising funds without registering a new campaign finance committee with state officials or amending his existing one—the same violation that last month drew a \$250 fine for Multnomah County Commissioner Loretta Smith.

"He's definitely got the same problem," says Seth Woolley, secretary of the Pacific Green Party of Oregon, who filed the complaint against Smith.

Emmons says he hasn't decided whether to run for office or what seat he would seek. "We are confident that we are following the spirit and letter of Oregon election laws," he says.

Portland's Celebrated Wooden Tower Comes With Another Big Price Tag for Low-Income Housing

*By Rachel Monahan
January 3, 2017*

Mayor Ted Wheeler pledged to bring down the price of affordable housing. Now he's committed city dollars to an even more expensive project.

Portland Mayor Ted Wheeler announced Nov. 7 he wants to use public housing dollars to build an 11-story building with an innovative design.

The building would be the nation's tallest made of wood and serve as a public relations boon for the timber industry, but it's also attracting critics because it would be far more expensive to build than a traditional concrete and steel structure.

"This might be a good project if we were not in a housing emergency," says Jo Ann Hardesty, a candidate for the Portland City Council. "I'm just concerned we get distracted by the shiny new object."

As Wheeler prepared to take office in fall 2016, he pledged to slash the high price the city pays to build affordable housing.

At the time, WW reported that city-subsidized apartments cost up to \$514 per square foot to purchase and renovate—more than double the rate of constructing market-rate housing.

Wheeler's response to that story was decisive.

"We have to reduce costs and get more supply on the market as quickly as possible," Wheeler told WW then. "You can't just declare a housing emergency and keep doing the same thing."

But a year later, Wheeler's choice for Portland's next affordable housing project comes with a even higher price tag: \$651.43 per square foot.

The \$29 million high-rise in the Pearl District, called Framework, would be the tallest building in the country to use an innovative wood product called cross-laminated timber, or CLT, instead of steel and concrete.

It will be a pricey test case in which two-bedroom apartments measuring just 660 square feet will cost \$567,389 each to build, according to the county housing authority Home Forward's calculations, which include a portion of the common area attached to each apartment.

Wheeler defends his decision to back Framework, arguing that the city is paying for only part of the building, along with other public and private funders.

The city will chip in \$6 million in urban renewal funds toward the nearly \$29 million project. Another \$19.5 million will come from other government sources—Home Forward and the federal low-income housing tax credit program—and \$1.5 million from private investment and other public grants.

Not only does the project mark a reversal of Wheeler's pre-inauguration position, but the Portland Housing Bureau also chose to ignore its own cost guidelines. Those call for the city not

to spend public dollars on two-bedroom units that cost more than \$354,500 an apartment. The price per unit at Framework is more than \$200,000 higher.

"The cost of affordable housing is still way too high," Wheeler tells WW. "These units are expensive. [But] the good news is that the city is only making small contributions."

Others are alarmed by the price.

"It's fine for a private investment," says Hardesty. "I do not think that it's fine for addressing the housing crisis."

The Housing Bureau defends the project for a number of reasons: the advantages of getting units built quickly, the prime location of the project at Northwest 10th Avenue and Glisan Street, and the dividends of the new CLT technology.

"In addition to the many known benefits of pioneering cross-laminated timber locally," says Housing Bureau spokeswoman Martha Calhoon, "this new technology has the potential to innovate faster, more efficient affordable housing development in the future."

The timber industry believes cross-laminated timber will revive logging in Oregon, directly creating as many as 6,000 jobs in the state. Its backers also argue it's a more efficient building material, greener than concrete and faster to build with. And cross-laminated timber buildings could be safer in earthquakes than those constructed of other materials.

"Framework is a catalytic project which will serve as a national case study," says Anyeley Hallova, a partner at Project[^], the building's developer. "Equally important, Framework addresses social equity by providing...affordable housing in the Pearl District."

Along with the high price tag, Framework faces another problem—backers haven't secured all the public funding needed to complete the project.

When Home Forward asked the Portland Housing Bureau to contribute to the project, the Aug. 28 application shows it expected to collect \$2 million from Gov. Kate Brown's reserve fund.

But Brown spokesman Bryan Hockaday tells WW no money will be available.

"There's no funding coming directly from the governor's office," says Hockaday.

Home Forward spokesman Tim Collier acknowledges the application "overstated where we were at."

Meanwhile, the City Council hasn't been given a chance to vote on the funding of Framework with city dollars. Instead, Wheeler acted alone.

In response to criticism last summer of the sluggish pace of city-funded housing projects, Wheeler relaunched a program called Fast Starts, in which developers with shovel-ready projects could apply for funding. The City Council voted to approve the Fast Starts, but Wheeler has picked Framework as the first project.

Yet Framework's \$2 million funding gap raises questions whether it's really shovel-ready.

So far, only one of Wheeler's colleagues has publicly endorsed the expenditure. Commissioner Chloe Eudaly says the city's small contribution makes Framework "a reasonable investment on our part." The other commissioners didn't comment by deadline or said they hadn't decided.