



Portland Housing Bureau

Portland Housing Advisory Commission
Tuesday, October 1, 2013
 3:00 p.m. – 5:00 p.m.
 Portland Housing Bureau
 421 SW 6th Ave, Ste 500
 Portland, OR 97204

- ✓ = PHAC public member action item
- ▶ = PHB staff member action item

Meeting Minutes

Members Present: Marc Jolin, Rey España, Colin Rowan, Deborah Imse, Elisa Harrigan, and Sarah Zahn.

Members Excused: Jesse Beason, Carmen Rubio, Andrew Colas, and Christine Lau.

Staff Present: Traci Manning, Daniel Ledezma, Liam Frost, Dory Van Bockel and David Sheern.

Agenda Item	Discussion Highlights	Outcomes / Next Steps
Welcome & Review Meeting Purpose	Marc Jolin welcomed everyone to the October PHAC meeting. PHAC members reviewed and approved September minutes.	✓ Approved
MULTE Applications Review	<p>Dory Van Bockel introduced and summarized two applications for Multi Unit Limited Tax Exemptions, the Abigail and Hazelwood Plaza.</p> <p>Elisa Harrigan questioned whether the lot for the Hazelwood proposal was a lot where 60 tenants lived over ten years ago. She mentioned that at the time, renters were promised by compensation by PDC if the property was sold.</p> <p>Elisa suggested that checking for such agreements should be part of the application review process.</p> <p>Colin Rowan asked whether there is compliance monitoring for financial performance of projects.</p> <p>Dory confirmed that PHB performs annual compliance monitoring.</p>	

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	<p>Rey Espana asked how equity was factored into the application process. Dory said that we use the city's threshold of 20% construction should be Minority / Women owned or emerging small businesses (MWESB). Rey said that 20% is nowhere near enough. Dory informed the group that our indirect investments do not have construction coordinators who "can go the extra mile" in terms of recruiting MWESB subcontractors.</p> <p>During her summary of the Abigail application, Dory fielded questions on unit size, whether the project will be mixed use, and the points system used to evaluate a project.</p> <p>Dory confirmed that 3 bedroom units in certain areas receive more points; that the Abigail will indeed be mixed use with Impact NW leasing the ground floor.</p> <p>Dory told the group that there is a maximum score of 100 points an applicant could achieve. Mark Jolin asked why the threshold was so low if there are 100 allowable points. Dory explained that affordability is a priority and it makes projects difficult to reach a high threshold. This decision was a result of a number of conversations.</p> <p>Mark wanted to know if applications were being turned away. Dory said that it is only the second year and that it is still growing.</p> <p>Traci mentioned that the Big Look began as the crash was beginning. It was designed in such a way to expect more competition. Even though we removed green building points people are going that route anyway. This is a three year policy and at the end we'll review it and see if we are all meeting the objectives we need to meet.</p> <p>Marc invited PHAC to comment on the MULTE Applications and presentation. No comments or concerns.</p>	
Public Testimony	No public testimony.	
Inclusionary Housing	<p>Daniel introduced Janet Byrd, Neighborhood Partnerships, to discuss Inclusionary Housing. In Portland we are seeing increasing need because rents are rising and housing availability is decreasing. Are we using and maximizing the tools that we have to help combat these concerns?</p> <p>Janet discussed Inclusionary Housing strategies and the discussions that have been going.</p>	

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	<p>There is a Legislative workgroup that will be named and convened by Representative Reardon (sp?). The Housing Alliance has this issue of Inclusionary Housing on its 2015 agenda.</p> <p>These inclusionary Housing strategies are important because we want to see an increase in access in both rentals and homeownership. We want to create access to opportunities. We want to increase the health of families and decrease the racial and economic disparities.</p> <p>We achieve Inclusionary Housing and create effective strategies by anti-discrimination laws, education and enforcement, and housing subsidies and planning tools. Inclusionary Zoning typically falls into mandatory or voluntary categories. It is a requirement placed on builders to include lower cost housing which can be subsidized housing within market rate property or relate to the type of construction. It often refers to a requirement to either do an inclusion in the development moving forward or pay an in lieu fee. The fee has been the more typical application of inclusionary zoning (for ex. CA).</p> <p>Colin asked what a voluntary requirement was. Janet said that it is considered an aspiration goal and is a very low requirement.</p> <p>Janet went on to state why Inclusionary Housing does not happen on its own. Land is expensive and housing development is costly. Developers are maximizing profit. Affordability is the biggest barrier. Lack of resident access and we are aware of discriminatory practice. There is a market preference for homogenous and higher end development. This makes for an easier profit margin. Mixed use properties have proven harder to manage and can be a challenge. All of these reasons cause people to shy away from this.</p> <p>In many communities, housing expertise has been a problem. This is not necessarily the case in Portland. Land use laws are very unique and changes the way developers function outside of the Metro areas. Our wages are relatively low and credit markets are weak. All of these factor into why Inclusionary Housing does not happen on its own.</p> <p>We have a preemption on mandatory Inclusionary Zoning in Oregon.</p> <p>Colin asked if the central issue is how smaller developments are more challenging because you have the acquisition of land costs across a smaller number of units. Janet responded,</p>	

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	<p>yes, because it would be hard to make a smaller number of units absorb all of the costs to allow for a few number of 10% affordability units.</p> <p>If we look at the state level where housing subsidy resources we see that we are targeting about 50%-60% MFI so we are using these subsidies wisely. We cannot have a conversation about housing without looking at how the pot of funds and resources are shrinking dramatically. Our group is looking at performance and looking at the map of urban and suburban developments.</p> <p>We are seeing in many parts of the state a “Workforce Housing Market”. It is 50%-80% of MFI. It’s not a high end workforce. People are still having a real hard time lining up credit and making developments happen.</p> <p>The Fair Housing Council of Oregon is holding a couple of summits in the next couple of months. They will be rolling out a tool kit to help affirmatively further fair housing. The City of Portland has the Opportunity Lens and Tax Abatement program which are efforts towards Inclusionary Housing. There was a Coalition in the Legislative Session that just passed that was trying to lift the preemption. We did support it.</p> <p>The agenda for 2015 is trying to look at the resource and policy side of Inclusionary Housing and how to make it a bigger conversation. We’re looking at resources that could possibly be expanded to help meet our goals. A group is looking closely at tax abatement and exemptions. House Bill 2639 will require a lot of education moving forward to implement it.</p> <p>The Housing Alliance is meeting and convening. We set up a resource page that will be distributed. Janet welcomed everyone to participate and join in the conversation on Inclusionary Housing.</p> <p>Daniel asked how we think about our role in regards to the market. We will continue to work with our partners and provide subsidy, but we are at a point where we need to think more about Inclusionary Housing.</p> <p>Marc mentioned he is struggling with the frame around Inclusionary Housing and not Inclusionary Zoning. The strategies seem to differ. The concept is great, but from a policy and messaging standpoint that there are different conversations around each depending on whether you are talking about Housing or Zoning.</p>	

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	<p>Janet responded by saying that zoning is a piece of a strategy and mandatory and preempted in Oregon. There are a lot of things that are a lot like inclusionary zoning, but already do happen and can happen with the preemption in place. There's a lot of political energy around Inclusionary Zoning, but there are a lot of other things that need to be done. We need to think of things around a bigger frame, and there are other options we could do tomorrow.</p> <p>Marc asked if we should be thinking more in terms of how we engage the private side to be a part of this larger conversation and solution.</p> <p>Sarah Zahn stated it was a great point and question. She said that it needs to be used as a tool and should be used to reach the 60%-100%MFI band. We may not get as deep affordability, but provide incentives to these private developers to want to participate. You have to think strategically to get them involved. Private developers have investors and people they have to answer to, as well. It is a fine balance.</p> <p>Daniel discussed how you have to decide what the right compromise is for everyone. To what degree to we score equity? We want to extract public benefit, but how do we work within a market context where we incentivize private market.</p> <p>Elisa noted that she liked the regional approach. Inclusionary Zoning is a tool to be supported regionally. We need our suburban neighbors to address the need. Developers are not just staying in one area and as renters here in Portland want to buy outside of the city, we want to support their decisions and support a realistic view of housing.</p> <p>Marc agreed with the regional piece and struggled with how far these incentives get you in terms of real diversification of income levels. We're a long way from creating obligation.</p> <p>Janet responded by saying she shared his concern. She thinks that's why the enforcement at the Federal level to affirmatively further fair housing is so exciting.</p> <p>Traci stated that Commissioner Saltzman is interested in these questions. He'll be asking private developer partners what it will take to get them into the business of helping us on these issues. It is a first step and a good step. I am struck by, once again, we are tiny part of the real estate market. Maybe we can get things done in this market that will benefit us.</p>	

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<p>Portland Housing Opportunity Analysis</p>	<p>Daniel introduced a Meet and Greet activity on the Portland Housing Growth and Opportunity Analysis (PHGOA). Everyone was be given the opportunity to go around the room and look at the eight different maps and geographies.</p> <p>David reviewed the PHGOA process. He discussed the 95% draft of the report that was presented at the meeting. The main product was the Opportunity Map that provided indicators such as jobs, housing, and access to transportation. He asked people for recommendations on the report.</p> <p>Daniel then asked everyone in the room to go around to each station and review each of the maps.</p> <p>The meeting adjourned after the PHGOA activity.</p>	

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