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CITY OF  
**PORTLAND, OREGON**

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PORTLAND HOUSING BUREAU

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Date: February 1, 2016

To: Mayor Charlie Hales  
Commissioner Nick Fish  
Commissioner Amanda Fritz  
Commissioner Steve Novick  
Auditor Mary Hull Caballero

From: Commissioner Dan Saltzman *Dan*

Re: FY 2016-17 Portland Housing Bureau Requested Budget

We are pleased to submit the Requested Budget for the Portland Housing Bureau (PHB).

While Portland is once again experiencing housing production levels not seen since before the 2008 financial crisis and subsequent global economic recession, we nonetheless now find ourselves in the midst of a housing emergency. New market rate housing produced in 2015 fetched an average rent of \$1,954 per month, or \$23,448 per year, while rents for existing units saw the highest annual increases in the nation (12-15%). Meanwhile, renter incomes have continued to fall, with income disparities acutely impacting Communities of Color. The Portland Housing Bureau recognizes this as a critical moment to realign its program offerings through the budget process to better respond to the city's housing needs now and position the Bureau to achieve the City's planning goals in the years ahead.

Various efforts over the last year to understand and plan for the challenges and opportunities on the horizon for Portland—the *Draft 2035 Comprehensive Plan*, the *Central City 2035 Plan*, the *East Portland Action Plan*, the Anti-Displacement Coalition recommendations, the Powell Division Bus Rapid Transit Planning, and the A Home For Everyone effort, among others—have identified displacement mitigation, affordable housing production, citywide programming, and ending homelessness among our most urgent and pressing priorities. These overarching priorities are supported by findings published in the *2015 State of Housing Report*, which shows that Communities of Color are being displaced and concentrated in East Portland and east Multnomah County—geographic areas that correspond to a 15-25% drop in median household income and the most significant decline in the city's falling homeownership rates.

These broader planning processes have also revealed a growing recognition that, outside of homeless services, the Housing Bureau remains functionally structured as an urban renewal affordable housing institution. Meanwhile, service needs and their geographic scope continue to expand beyond urban renewal areas, as evidenced in the *State of Housing Report*, which showed annual rent increases as

high as 20% for a two-bedroom apartment in Belmont-Hawthorne-Division, Hollywood, Montavilla, Parkrose-Argay, Pleasant Valley, Raleigh Hills, Roseway-Cully, Sellwood-Moreland-Brooklyn, St. Johns, and Woodstock—neighborhoods where there is currently little to no affordable housing programming available.

The request budget therefore represents a coordinated set of evidence-based policy and budget recommendations that seek to address the structural misalignment between planning goals and program offerings, taking into account (1) the policy and programming needs established within the *Draft 2035 Comprehensive Plan*; (2) the service recommendations associated with the A Home for Everyone implementation; (3) the changing composition of the city's housing stock, as well as household incomes and tenure; (4) the increasing vulnerability and displacement of households impacted by market forces; and (5) the growing need for coordination between the Housing Bureau and other city bureaus.

The 2016-17 base budget, adjusted with a \$10 million increase from City Council in the Current Appropriation Level target, contains a number of budgetary and programmatic shifts to accomplish the following:

1. Align homeless services with the recommendations developed through A Home for Everyone;
2. Shift funding sources (federal, tax increment, and general fund) among homeownership, homelessness, and rental development programs to expand homeownership programming citywide and develop sufficient resources to produce a 2016 Notice of Funding Availability (NOFA) for rental development;
3. Dedicate increased homeownership and rental development funding to East Portland; and
4. Develop a new rental rehabilitation program in East Portland.

In addition to the adjusted base budget, the 2016-17 request includes a number of decision packages that support the A Home for Everyone recommendations. These include:

1. Expanded Veterans assistance, safety off the streets, permanent housing placements and rapid re-housing, and expanded homelessness prevention and diversion; and
2. Rental housing development intended for low-income households.

We continue to be grateful for Council's steadfast support of PHB, its mission, and strategic direction.