



PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission
 Tuesday, June 7th, 2015
 3:00 p.m. – 5:00pm
 Portland Housing Bureau, Ste. 500
 421 SW 6th Ave.
 Portland, OR 97204

✓ = PHAC public member action item
 ► = PHB staff member action item

June Meeting Minutes - Final

Members Present: Amy Anderson, Tom Brenneke, Dike Dame, Betty Dominguez, Maxine Fitzpatrick, Stephen Green, Elisa Harrigan, Cobi Lewis, Nate McCoy, Daniel Steffey, Sarah Zahn

Members Excused: N/A

Staff Present: Matthew Tschabold, Cheyenne Sheehan

Guests Present: Dory Van Bockel

As always, find all PHAC meeting materials archived at PHAC's website at <http://www.portlandoregon.gov/phb/phac> and click "Meeting Archives" in the gray block on the left side of the page.

Agenda Item	Discussion Highlights	Outcomes / Next Steps
Call to Order, Roll Call, Minutes	Sarah calls meeting to order. There are two meeting minutes to approve – the April 19 th PHAC MULTE Hearing and the May PHAC Monthly meeting. Motion to approve April 19 th minutes is made, seconded, and carried. Minutes approved. Motion to approve May 3 rd minutes is made, seconded, and carried. Minutes approved. No other business, Sarah opens the floor to Public Testimony.	
Public Testimony	Bobby Weinstock of Northwest Pilot Project testifies and provides a handout on the Income to Rent Ratio Policy in City Subsidized Apartment Buildings . Northwest Pilot Project works with low income senior citizens. The handout at the link above details his testimony but in short, he is disappointed and heartbroken for the low income seniors that they serve due to the admissions policy, specifically the income to rent ratio required by the property managers at the new Abigail Apartments, which is a City subsidized building. He points out that this issue could happen at any of the City subsidized building unless the City takes action.	

They recently opened to receive applications and many seniors who have been waiting for the lease up process in the hopes of becoming tenants in the building, and were first in line to submit their applications, are being rejected because the required income to rent ratio to qualify to live at the Abigail is 2.7:1 rent of the unit, even for a 30% MFI tax credit studio apartment. He is concerned because that requirement seems like it will disqualify most low income, single, and disabled seniors from being considered.

With so few affordable units available for people with very low incomes, this is particularly worrisome. At one point, about ten years ago, there was a policy in place that was adopted by PDC, PHB, and Home Forward that directed developers who received City funds, to set their income to rent ratios at no more than 1.5 times the rent, but it no longer seems to be in-force. He directs the Commission to the "History" portion of his handout.

He doesn't want to just bring up a problem without proposing a solution. He is hopeful that PHB can re-adopt their old policy and make sure that developers receiving City funds for the development of lower income housing are compelled to use this lower rent ratio of 1.5:1 income to rent so that people of modest means have a chance to qualify for the tax credit apartment. It is necessary to increase the number of housing options for people of modest means. He hopes that PHB will adopt such a policy in their funded projects. He also specifically would like action on the Abigail as soon as possible.

Dike asks if there can be something done to help the people who were first in line and whose applications have already been denied and get them back at the front of the line for reconsideration.

Bobby responds that he thinks PHB can make a policy and adopt it retroactively to apply to the early applicants at the Abigail.

Dike asks about the underwriting process, he assumes there is some kind of debt service ratio. He wonders how this process fits into the concept being proposed.

Sarah responds that it doesn't really impact the way the lender looks at it, it's more of an operations issue. The ratio of 1.5:1 is actually fairly low, and can be appropriate for a studio apartment. If someone with an income of \$600 per month rents a \$400 per month studio, that is a large portion of their income but they may potentially have other resources to help and they have low expenses. But, when talking about a family with 1.5:1 that's where it gets very challenging to keep people stably housed. This is because large families with only with only a couple hundred dollars extra is a significant rent burden. The larger the family, the more difficult

that 1.5:1 becomes – in her experience these families were the most at risk of eviction for non-payment of rent, but for a single senior that ratio can be more tenable.

Betty adds that Home Forward houses a large number of low income seniors and they don't have much flexibility financially. Their social security only covers their 30% rent and they still have to choose between buying their medications and buying food. If their rent gets raised, they aren't able to adjust to even a small rent increase. As for families, they will choose to rent burden themselves to have an appropriate and safe living situation.

Maxine adds that even Home Forward allowed tenants to pay up to 70% of their income toward rent. She goes on to say, it was Northwest Pilot Project that influenced PCRI's policy allowing a family to have a lower ratio. It's important that families not only have adequate affordable housing, but enough income for basic needs like food and medical expenses. She also thinks it's important to recognize that very low income families are creative in terms of survival skills, but having housing is the most important priority, from there they can elevate themselves and gain further stability.

Betty adds that Home Forward has 1200 units of senior housing and 60% of their 9,000 Section 8 vouchers are held by elderly and disabled individuals, and many of those folks may have no income at all. She thinks requiring this population to have an income of a certain amount is a tool that landlords have used to get around Section 8 legislation.

Bobby has spoken to a few PHB staff about this issue and was not given a definitive response but was put in touch with Pinnacle, the property manager of the Abigail, who then requested information from the building's owner, Bridge Housing but he has not had a definitive response from anyone he has contacted, which is what compelled him to testify today. A high rent burden isn't ideal for anyone, but the choice that many tenants face is the choice between a high rent burden or no housing at all. He urges the Commission and PHB to adopt a policy that can benefit low income tenants.

Amy shares that after all the work to enact renter protections last summer, this is another issue that affects renters all over the city. These rent to income ratios continue to rise making it harder and harder for people of modest incomes to secure safe, affordable shelter and something needs to be done to impact this – this is another manifestation of the current housing crisis.

The conversation continues amongst the Commission and culminates with the Commission passing a motion to have PHB review any current PHB policy regarding income to rent ratio (if

	<p>one exists) and consider establishing a standard policy limiting income to rent ratios for PHB funded projects, that can be applied to future projects as well as retroactively.</p> <p>Dike is concerned that this process isn't going to go fast enough to help applicants at the Abigail right now and wants to do something to affect change more quickly. He shares the cell phone number of the Executive Vice President of Bridge Housing, Kim McKay in case any members would like to call and encourage them to immediately address this issue.</p> <p>Tom says Brad Wiblin is a Sr. VP at Bridge Housing – he doesn't understand why PHB is not exerting more control over this issue with Bridge Housing because there is \$10M of PHB's dollars in the project.</p> <p>Matthew explains that his understanding of the situation from PHB's rental development team is that as the project is currently structured they are in compliance with their underwriting documents, but he will speak with them and ask that they approach Bridge Housing to modify the income requirements retroactively. Depending on their response, he will clarify with Karl Dinkelspiel and Javier Mena as to what the options are to retroactively modify the regulatory agreement, assuming there is willingness to do that. He will get back to the PHAC by the end of the week with more information. The two main questions are 1) would Bridge voluntarily comply and 2) if not, does PHB have the option to retroactively modify the regulatory agreement with Bridge and is PHB willing to do that, if it's an option.</p> <p>Debbie Iona with the League of Women Voters, Portland testifies that the League is very concerned about the topic of income to rent ratios for extremely low income people, especially in 0-30% MFI units. She was planning to ask the the PHAC put this topic on next month's agenda. Her expectations have been exceeded by today's discourse. She is hopeful and grateful that the Commissioners are taking the topic so seriously and pushing PHB to do better on this issue.</p> <p>There is no more public testimony.</p>	<p>Matthew will clarify with the PHB's development team whether PHB has the ability to modify regulatory agreements to address the required income to rent ratios in PHB funded projects. He will ask them to speak with Bridge Housing and request a lower required ratio for the Abigail. He will report back to PHAC by the end of the week with more info. ADMIN NOTE: Matt subsequently sent an email to members saying that while the issue was not yet resolved PHB had begun talks with Bridge Housing to find a resolution.</p>
<p>Inclusionary Housing Program Development</p>	<p>Sarah opens the next agenda item.</p> <p>Matthew begins with a brief explanation – the Inclusionary Housing Panel of Experts was convened by Commissioner Saltzman to help develop the mandatory inclusionary housing program. So far there have been two meetings, April and May. The April meeting was an orientation and explanation of what the SB 1533 legislation actually says. The May meeting was a discussion of development prototypes. David Paul Rosen and Associates and EcoNorthwest have been retained by PHB to do the economic and financial feasibility analysis. Through that process they are developing a number of prototypes they are using to</p>	

estimate the feasibility of various mandatory inclusionary housing requirements and incentives the City would need to provide in order to levy requirements. From the content of the May meeting the policy framework was created, which he is sharing with the Commission today. At the June meeting, the economic and financial assumptions going into the models will be presented and the July and August meeting will focus on results of the feasibility study, the demand study, and various components of the analysis. In the Fall Commissioner Saltzman will make his program recommendations. He wants PHAC to have the opportunity today to see and discuss the policy framework and offer any feedback so they can make changes or adjustments as necessary.

Matthew presents the [Inclusionary Housing Policy Framework](#) presentation to the group.

Matthew opens the floor for questions. Questions from the Commission are summarized below along with Matthew's answers;

- When will the program become effective?
 - The program will become effective thirty days after council adopts the plan. The earliest possible council hearing date will be in December.
- Will there be a grace period/transition period for compliance when the program becomes active?
 - These details are still under discussion.
- How will the units created under this program be advertised – will there be any intentionality regarding advertising to underserved populations?
 - This is not an issue being considered by the panel of experts. PHB is looking at the issue – there is currently not one point of contact to find regulated units. PHB looking at developing some standards and one place for listing all City regulated units.
- Is it possible to get the County to launch a portal from their website that could list housing options?
 - PHB is about to release an RFP to source for a website that will list all City regulated affordable units, that would allow applicants to apply for any unit, regardless of property management company. This RFP has been in the works for the past eight months, but because it is related to technology there is more due diligence required by the City's procurement and technology offices. He expects it to be released in the next couple of weeks.

The RFP discussed here was released on June 22nd. To look at the RFP and related documents Go to <https://procure.portlandoregon.gov/bso/external/publicBids.sdo>

	<ul style="list-style-type: none"> ○ The intention is this platform will be used by property managers to list their available units (as required by PHB) and tenants to search and apply for units regardless of property manager with one application. Property managers will lease up from the site. This is a side-note in today’s discussion and not in the purview of the panel of experts. ● What’s the process for collecting feedback both from PHAC and others? <ul style="list-style-type: none"> ○ Matthew can be emailed at matthew.tschabold@portlandoregon.gov . Also the Inclusionary Housing Panel of Experts meetings are open to the public. Meeting schedule and materials can be found at http://www.portlandoregon.gov/phb/70578. Once the Commissioner releases his program recommendation, there will be two legislative processes (through Planning and Sustainability and City Council hearings) where interested members of the public can share feedback. <p>At the close of the topic Betty expresses uneasiness about the 99 year period of affordability, but isn’t specific about the reason. Because the meeting is running behind, she asks that it be put in the minutes to return to at a later discussion.</p> <p>Sarah moves the meeting forward to the next agenda item.</p>	<p>Betty would like to discuss the 99 year affordability period at a later time.</p>
<p>Construction Excise Tax (CET) Proposal</p>	<p>Matthew presents the Affordable Housing Construction Excise Tax Recommendation. The council hearing on this recommendation will be Thursday, June 16th. At 3 PM.</p> <p>Matthew opens the floor for questions. Questions from the Commission are summarized below along with Matthew’s answers;</p> <ul style="list-style-type: none"> ● So 15% of revenue is given to the State for homeownership programs even though the revenue is generated here in Portland, the State can spend this money elsewhere? <ul style="list-style-type: none"> ○ Correct. He thinks of it as the price of getting legislation passed. Kurt’s intention is to try to negotiate something because since the tax is sourced in Portland, he feels it should be re-allocated to Portland or at least to jurisdictions who levy a CET. This will be a negotiation with the Director of OHCS when one is chosen. ● If council chooses to act on the CET at the June 16th Council meeting, when would the tax go into effect? <ul style="list-style-type: none"> ○ The earliest the tax would go into effect is August 1st. 	

	<p>There are no more questions and Sarah moves the meeting forward to the MULTE applications hearing.</p>	
<p>Multiple Unit Limited Tax Exemption (MULTE) Applications Hearing</p>	<p>Dory Van Bockel, PHB’s MULTE Program Coordinator, presents seven MULTE applications in her presentation.</p> <p>Dory opens the floor for questions. Questions from the Commission are summarized below along with Dory’s answers;</p> <ul style="list-style-type: none"> • Where is community feedback on these projects typically posted, and what do you do with neighborhood feedback on these projects? <ul style="list-style-type: none"> ○ The neighborhoods don’t communicate directly with PHB, they would give feedback directly to the developer since these projects are not funded by PHB. The public also has the opportunity to comment at these MULTE hearings. Notice is sent out to the list serve three weeks ahead of hearing. • Does the MULTE program have a meeting with potential developers wishing to use the MULTE program where PHB can lay out the requirements and expectations of the program regarding number of units, MWESB contracting goals, etc.? <ul style="list-style-type: none"> ○ Dory holds an individual pre-application meeting with all applicants to the program and PHB staff. To date there have been no large meetings where all developers are invited to hear about the program. The pre-application meeting is intended to help address questions, concerns, and program requirements. • What is the outreach plan for the affordable units in these projects? <ul style="list-style-type: none"> ○ PHB asks the developers to work with them on outreach efforts and lease-up. PHB generally works with the developer when lease-up time comes to put them in touch with PHB’s non-profit partners who have clients awaiting affordable housing opportunities. • The PHAC has expressed concern before regarding the brevity of the 10-year affordability agreement. Has any change been made to the program to help get tenants ready for the end of the affordable period, like extended notice or relocation funds? <ul style="list-style-type: none"> ○ The only change to the program documents since the update last fall is to require a six-month notice ahead of the end of the affordability period or if the tenant becomes over-income. 	

- Are the program’s MWESB goals specific to construction of the project or can it be a live-work unit?
 - It is specific to the construction of the project.
- Are there parameters or encouragement to use sustainable building practices, energy efficiency, etc.?
 - No, not specially.
- Since Koz 216X SW Yamhill is considered a “micro” apartment development, what is the average square footage of the units?
 - Average square footage is 315 sq. ft. This project is providing some specially built furniture in these units because of the small dimensions. While small, these units do have kitchens and bathrooms.
- Are these developers local?
 - WDC is a local developer. Koz Development is out of Seattle. Holland Development is out of Vancouver, WA. Guardian is local as well.
- Regarding the Vancouver Ave. Apartments that are coming back to change their restricted unit from 60% MFI to 80% MFI, who is the developer?
 - Marathon Development
- What’s the reason that Marathon is raising the MFI to 80% on the restricted units?
 - They underestimated their tax burden on the land itself. Based on that, the market changes, discussions with their lender, and a more precise estimate of the value of the MULTE tax exemption, they felt that the returns at 60% MFI no longer worked for their project. They have already signed a regulatory agreement and they are asking for a formal amendment to make the regulated units 80% MFI which is why this project is coming back to the PHAC.
- What has been the response from the community since Marathon made a commitment to the community for 60% MFI units and now they are changing that?
 - PHB hasn’t heard much response from the community but since this project is in the N/NE neighborhood which makes it fall under PHB’s N/NE Neighborhood Housing Strategy area
 - Marathon has agreed that when it’s time to lease-up they will participate in the Preference Policy.

- Is there anything that PHB can do to keep those units at 60% MFI or below, like direct funding or subsidies? There is a big difference between 60% and 80% MFI rents, about \$300.
 - Probably not at this time, but going forward, looking at the inclusionary housing model and layering different incentives together there will be opportunity for PHB to consider program changes more deeply.
 - Even if PHB could provide direct funding, the MULTE program has only a 10-year affordability agreement, while direct funding includes a 60 year term of affordability, per City code. This would mean getting an exemption from City code to allow for a direct financing program with only a 10-year affordability period.
 - In general the private market finds the 60 year affordability term less attractive.

- Regarding income to rent ratios on these MULTE projects are there requirements set by the program?
 - The MULTE currently has no requirements regarding income to rent ratios – that is a decision for the developers/property managers to set their screening criteria. This is something that PHB can explore exerting more control over through additional program guidelines in the future. It’s important to limit requirements that can affect engagement in the program. If there are too many requirements, developers won’t use the program, which is what precipitated last year’s revision of the program.

- Would it be possible to reduce the number of regulated units so rather than having 27 units at 80% MFI there are fewer regulated units, but at 60%?
 - Hypothetically, the math might work, but the requirement in the current program is that 20% of the total units be regulated affordable. The current City code is not written with an option to reduce the total number of affordable units in order to bring down the MFI’s.

Dike thinks there is a PR problem here and that PHB needs to decide their ultimate goal. Is it to serve the people who most need assistance by providing housing at the lowest MFI possible, or is it to get more units in the pipeline at a higher MFI. If it’s to serve the lowest income people, these programs should support that goal.

The meeting has gone over time. But there is one more person who would like to provide testimony. Sarah opens the floor.

Public Testimony

Tony Jones, Director of Metropolitan Contractors Improvement Partnership (MCIP) makes the following statement; They work in conjunction with NAMC-OR and they do training and technical assistance focused on MWESB contractors. They are one of PHB’s third party technical assistance providers for the MULTE and other programs and they help developers meet aspirational targets relating to MWESB participation in contracting opportunities. He is here to provide feedback on how he thinks have been going.

On the positive side, MCIP has been approached by five different developers for assistance on five different projects; Marathon, Guardian, WDC, Fairfield, and one other developer that they declined to work with. One thing that is good for his contractors is private sector involvement - MCIP works a lot with agencies and organizations that have publicly funded projects. Being able to point their contractors to these opportunities is positive. Even though it is very early in the process, he is encouraged by some of the first procurements with Marathon – there are three minority contractors who have not worked with them in the past that are working on their projects. There are also other bidders who are bidding on significant packages, he is looking forward to seeing the outcomes. There have been good initial results with WDC – they have projects that are just the right size for many of his contractors. MCIP had a technical workshop with WDC a couple of weeks ago and there was very good attendance by potential contractors. WDC has followed MCIP’s lead in terms of recommendations in structuring the bid process allowing plenty of time for firms to bid. Since many of the developers that Dory mentioned are local, some of them already have strong relationships with MWESB contractors, and some have not been certified with the State so MCIP is assisting them with gaining those certifications.

Some improvements needed – when developers first talk to them, they are often unfamiliar with the concept of diversity in contracting. MCIP sees their role as walking them through the process. Tony points out that private bids work much differently than the public bid process. Private bidders don’t have as many requirements or documents, bid dates can be “squishy” etc. MCIP works with them on the importance of communicating with sub-contractors - whether the project is public or private the sub-contractor needs all the information necessary to bid the project.

Sub-contractors not being allowed enough time to submit their proposals for the bid process in is an issue that has been a concern, but it’s gotten better.

MCIP recently met with PHB about a couple of these items and the challenges that they are experiencing. He thinks that Dory, Andrea, and Bobby of PHB speak to the developers very clearly about the aspirational goals of the program, some developers are a little slow to grasp the details. He is encouraged by PHB’s clarity to developers they work with regarding MWESB goals and expectations. MCIP works to be very clear as well and that one of their goals is balance. They would like to see developers working with businesses across the spectrum of MWESB designations.

	<p>He want to comment also on the conversation that took place earlier in the meeting. Tony has an educational and experience background in affordable housing, he even worked for Kurt at one point. He appreciates Dike’s comment regarding who PHB is trying to serve. He thinks PHB needs to set some overall targets on unit affordability mixes. He has a friend who recently had to move because his rent went up \$300 per month and now it’s a hardship for them. If there were more units available, maybe they wouldn’t be struggling as much. He thinks as many 60% MFI and below units that PHB can get is the highest and best use of affordable housing dollars.</p> <p>Dike comments that when Williams and Dame has done projects under the Project Apprenticeship Agreement at the South Waterfront, one of the reasons they’ve had success is because they push their subcontractors to subcontract work. He is alluding to the “right-sized” projects that Tony mentioned. If the projects are small enough for smaller contractors to handle that’s a positive. Thinking that way on the larger projects is important. For example, Oregon Electric subcontracts part of their work to a smaller contractor.</p> <p>Tony agrees, but says he would need help from PHB to make a push like that. He can bring it up, but if it isn’t a requirement set by the Bureau, he doesn’t have the power to implement something like that. This can only work if the funder makes it clear that that’s what they want to happen. His experience is that having strong accountability requirements is what can build the success of this program. He thinks if PHB takes a strong stance as a regulatory body to developers, it helps MCIP do their work more effectively.</p> <p>This conversation continues with several members of the group throwing out comments. The PHAC is generally pleased with the level of participation Tony is getting with so many developers. They ask if Tony would be willing to come back to the PHAC and make another report sometime in the next year with program results and his thoughts. He said he would be happy to do that.</p> <p>The discussion continues with Tony and PHAC members regarding the ways to work best in partnership and the lack of workforce development and apprenticeship programs currently in the MWESB contracting goals.</p> <p>The meeting is well over time so Sarah tables the discussion for now.</p>	
Good of the Order	Sarah adjourns the meeting. The next meeting is July 5 th , 2016 at PHB.	