



PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission
 Tuesday, July 5th, 2016
 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

July Meeting Minutes - FINAL

Members Present: Amy Anderson, Dike Dame, Elisa Harrigan, Daniel Steffey, Sarah Zahn

Members Excused: Tom Brenneke, Betty Dominguez, Maxine Fitzpatrick, Stephen Green, Cobi Lewis, Nate McCoy

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. Quorum is not reached so June minutes cannot be approved. No other business, Sarah opens the floor to Public Testimony.	
Public Testimony	<p>Susan Emmons, Director of Northwest Pilot Project (NWPP) testifies. She first thanks Matthew for the memo sent out today regarding the income to rent ratios at the Abigail Apartments. She really appreciates the work done here and with the bond. She thinks he's been doing impressive work at PHB. The memo says that Bridge Housing will re-advertise the eight new 30% MFI units and open a new application period for those units. They have clients that were denied during the first application period who would now qualify based on the new 1.5 to 1.0 income to rent ratio. These clients are living in real time and dangling. She requests that PHB go back to Bridge Housing and ask that the people who have already been through the application process and were denied for not meeting income requirements be given a priority in the new application period without having to re-apply.</p> <p>Bobby Weinstock of Northwest Pilot Project (NWPP) passes out their latest newsletter to the Commission and the public. He refers in his remarks to page 13 which shows the income levels of</p>	

	<p>the seniors they work with at NWPP. He asks that the group refer especially to the top row of the chart, the supplemental security Income (SSI) income source. This is the main income source for permanently disabled adults, children, and parents who get SSI. These individuals receive \$733 per month which represents 17% of MFI. There are close to 20,000 recipients of SSI in Multnomah County.</p> <p>Among the 0-30% MFI group, SSI is probably the most common income source. Many people on SSI are at risk of homelessness due to paying rents much higher than their income can support, and many are homeless. In the lowest income group, people of color are overrepresented. Today he is asking if there can be an alignment between City funded homelessness reduction efforts and the policies regarding housing developments that are funded with PHB financing. There are very few housing options for people on SSI and he would like to see these people at least have a chance of qualifying for tax credit and City funded apartments. These families will still end up with a higher than optimal rent burden, but that is much better than having no housing at all.</p> <p>This is why they've been making such a big deal about the income to rent policy. They would like to see it lowered, not just for the Abigail, but for the full PHB portfolio. This will determine if families living on SSI have opportunities at 0-30% units. NWPP would like to see PHB reinstate the policy of income to rent ratios that never exceed 1.5 to 1.0 in City financed buildings which was the policy adopted by PDC. Home Forward went even a step further with a 1.0 to 1.0 income to rent ratio policy. He believes these lower ratios do not put the building owners or managers at risk because SSI is a permanent and constant source of income. He hopes this issue will be on the agenda at a future PHAC meeting.</p> <p>There is no further public testimony.</p>	
<p>Affordable Housing Bond Referral</p>	<p>Matthew Tschabold presents on the GO Bond referral which unanimously passed City Council to be referred to the voters. It is a \$258M bond that equates to about \$.42 cents per \$1,000 of assessed home value which breaks down to about \$75.00 per single family home.</p> <p>Given the constitutional limits on the rate of appreciation of homes throughout the city, often times the assessed value is much lower than the market value which is why the assessed value is being used. The bonds will be issued over 5-7 years with a similar spend down of the dollars.</p> <p>This flyer breaks down the expected yield of the bond which anticipates 1300 units of housing at or below 60% MFI affordable housing, with 600 of those units being at or below 30% MFI – which is due in part to project based Section 8 vouchers provided by Home Forward. PHB is modeling that 50% of these units will be family sized units of 2 or more bedrooms. Since the City and Home Forward will own and operate the units built with these dollars, there should be no issue of Section 8 voucher holders not qualifying for project based units. These vouchers are not choice vouchers.</p>	

The [pie chart](#) shows further detail on our on current 60 year portfolio with 60-80% units, 10-year tax exemption units, and preservation units factored out. The chart shows the bond increasing the portfolio by 1300 units. Most of these units will likely be multi-family rental units. The majority of PHB's portfolio is in buildings between three and six stories high.

Amy is concerned about the effect of the additional tax on low income home owners who cannot afford to pay the additional \$75.00 per year. She also wonders if people who are currently on property tax exemptions will retain the exemption on the additional tax on their home's assessed value if the bond passes the voters. She is adamantly opposed to levying new taxes on poor homeowners who are already struggling to keep their homes. She mentions how the art tax being applied to everyone created an undue burden on low income people and she doesn't want to see this repeated.

Matthew explains that the \$75.00 estimate was based on the median assessed value of single family homes in Portland, some will pay less and some will pay more. If the bond is adopted by the voters, he believes homeowners who have a tax exemption, will continue to be exempt from new property taxes until their tax exempt status ends. The additional tax will be levied against all property owners regardless of income unless they are on a tax exemption program.

Elisa explains that this tax is much different than the art tax. The art tax was levied on a specific amount per person and was not based on property values. The bond being discussed today would be based on a property's assessed value. She feels that the majority of homeowners are not in the lowest income brackets. This bond, in comparison to property taxes, is a very small amount of money per household.

Matthew will get more information on what is included in the methodology and confirm whether or not homeowners who currently receive property tax exemptions due to their income, will be exempt from the additional tax created by the bond.

Matthew goes on to say that at this point PHB staff, as well as all members of the PHAC, and the PHAC as a body, cannot take a position on whether the bond is a good or bad thing. Matthew explains that he is not legally able, as an employee of the City and in accordance with City election law, to take a position on the bond now that there has been a referral by City Council. All members of City Boards and Commissions are held to the same limitations, as they are considered public officials when serving when serving in their roles, and are not entitled to take a position either way on the bond within their role as a commissioner.

Matthew will get more information on whether or not homeowners who currently receive property tax exemptions due to their income, will be exempt from the additional tax created by the bond.

If any of the PHAC members, as private citizens, want to work for or against the bond measure, they are permitted to do so, but it is not permitted to attach their position as a PHAC Commissioner to that endorsement or opposition to the measure.

Going forward, if the proponents or opponents of the measure would like to come and present to the PHAC, they are only permitted to do so if the opposing side is also invited to present to the Commission.

As a PHB staff member, he is now very limited as to what he can say about the measure. He can provide factual information and walk through estimated revenue yields etc., but he is not able to answer questions that are non-informational or would force him to state a position for or against the measure. Both the City Auditor's Office and the City Attorney's office have offered to come and speak to the PHAC about election law if the Commissioners would like. There is also information on election law at the City's website at <http://www.portlandoregon.gov/auditor/27118>.

Elisa asks for more detail on the pie chart; she wants to make sure she understands it fully. She asks if the top 4 slices are funds that are already committed and the bottom is showing additional units that would be created if the CET and the bond go forward, but there could potentially be overlap between the folks being served in the top slices and in the bottom slices.

Matthew agrees, there could be overlap and explains that the top four slices are services traditionally associated with PHB's homeless services contracts and those households may overlap as some of the folks being served in the top portion, may also be living in one of PHB's current regulated units. Matthew clarifies that in PHB's current portfolio there are actually between 13,000 – 14,000 units, in the pie chart it only shows 11,634 because all the units in the portfolio above 60% MFI and all the 10-year tax exempted units, have been factored out.

Sarah asks why (Tax Increment Financing) TIF isn't represented in the pie as an ongoing source of funds since it is still producing units.

Matthew explains that it was part of the pie in an earlier iteration, but it seemed to cause a lot of confusion for people so it was removed.

Sarah asks what PHB's role in the bond campaign is.

Matthew explains that PHB has no role in the bond going forward. If asked, PHB can provide information and data it has gathered as a resource for opponents or proponents of the bond after materials have been cleared through the City Attorney's office, the Auditor's office, and the Secretary of State's office.

Dan asks what PHB's role will be if the bond is approved by the voters.

Matthew answers that the Oregon Constitution has a provision when it comes to General Obligation (GO) bonds/debt that prevents the State or local jurisdictions from using their full faith and credit to the benefit of an artificial entity. Which means that the City cannot issue bonds for something and then turn over the asset to a for-profit or non-profit entity. So the City will need to retain ownership of the buildings that are acquired or constructed with bond revenue. Within the lifetime of the bond the City cannot sell or dispose of those buildings to an artificial entity.

There are several more questions from the members on the rules of bond revenue, but Matthew explains that he is not an expert and that those questions would have to go to bond counsel. The City doesn't retain a bond counsel at all times, just when they need one in preparation for a bond referral or limited to a set of bonds.

Dan asks about PHB's policy in respect to bond revenue and social equity. He notes that in March the PHAC appointed a subcommittee to look at data related to PHB programs and social equity, but it hasn't really gotten started yet. He still wants to see data about where funds are being used and the results in construction, operation, and management of the affordable housing portfolio.

Matthew thinks Dan's suggestion is appropriate. The resources that would be made available should the voters approve the bond referral would be subject to the same policy framework that currently exists in PHB's rental development program which has hard cost MWESB goals and will soon have soft cost MWESB goals.

Dike states that none of the properties that will be built from the bond will have leverage, they will have no debt and will be built using cash only.

Matthew explains that tax credits cannot be used because that requires creation of an artificial entity. The 1300 unit model was done with the assumption of no debt, but there is an option for the City to take out debt itself to provide some amount of leverage.

Dike asks if anything built with this revenue is built using cash only, how is the operating income spent.

Kurt explains that PHB will put as much of the internal cash flow into underwriting units to be affordable to people at 30% MFI and under, as possible. Half the units will be 60% MFI and below, and the other half will be 30% MFI and below and underwritten by cash flow income.

	<p>Kurt goes into more detail about how he expects the bond program would work to increase PHB’s portfolio of acquisition, rehab, and new units and explains how PHB will work closely with Home Forward who will manage some projects and provide project based Section 8 vouchers to ensure permanent affordability.</p> <p>In regards to the acquisition of property with bond revenue Kurt expects there will be a general call to acquire available properties in the marketplace. The City would like to work with portfolio managers and do multi-property development for volume discounts. As the development pipeline is configured PHB wants to focus on high opportunity areas around transit and planned transit stations. If properties can be acquired that are unbuilt but have land use approval entitlements and building permits that would be ideal. Flexibility is key. If the bonds are tax exempt they have to be spent within three years which means the project would have to be identified no later than the date the bond is issued. On taxable bonds, the three year term does not apply which makes them more flexible. The Bureau has modeled a plan of half taxable and half tax-exempt bonds. All revenue should be allocated within five years, with the spend down over eight years.</p> <p>The conversation turns back to equity and concerns over MWESB goals in contracting and employment on City projects.</p> <p>Dan reiterates the need for data on what PHB programs are producing as far as contracting and employment opportunities across the board. He states that everyone is having difficulty finding employees, and he thinks ideally the City should have a training program preparing people to move into maintenance, operations, and construction jobs, among others. This is why the data is necessary, so those voids can be filled.</p> <p>Amy asks if the reports they requested regarding MWESB and equity data in PHB programs was ever provided.</p> <p>Matthew responds that there have been reports sent to the PHAC on rental development fairly regularly on the percentage of development funds that are allocated to MWESB sub contractors. He can resend the reports to PHAC if needed. There has also been a report specific to the single family home repair program and there has been a subcommittee formed that has met once. More meetings of the subcommittee need to be held so they can come back to PHAC with recommendations.</p> <p>Dan would like data on the last 4 or 5 NOFAs, with the projects PHB funded identified, and look at the outcomes of each NOFA period from construction, soft costs, operations, how many owners are looking to fill positions with a social equity lens etc. He wants to see what has happened in the past and see how that changes or influences the criteria for future awards.</p>	<p>Matthew will resend the MWESB reports sent out previously to the PHAC.</p>
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	<p>Matthew responds that that report was already sent out to the group several months ago. He will either resend that report to the commission or send out the latest report, based on what's available. He thinks the report is segregated out, but he doesn't think it contains the operations and maintenance costs for each of the buildings.</p> <p>Amy is concerned about follow-up and oversight of PHB owned projects regarding examples like the rent to income ratios and other operations related issues, including MWESB participation at all levels of development for City housing projects.</p> <p>Dike would like this added to the agenda to discuss for August's meeting.</p> <p>Elisa adds that in the report that was sent out previously, the PHAC got the information that they requested, it just doesn't go back as far as the group might like because some of the data has only recently been requested to be collected. Once the reports are received she encourages members to look at the information carefully, and if there is additional data they would like to see in future, then they should make it known. There has to be a starting place, because the current contracts don't obligate the contractors to provide certain data in their reports to PHB. PHAC should continue to push PHB to require additional data from contractors, but it may take a while to get everything the commission wants.</p> <p>Sarah agrees with Dan the PHAC should encourage workforce training and hiring in agency agreements and do more proactive planning around it as well as overlaying any programs with an equity lens.</p> <p>Elisa agrees and states that she felt it was useful to hear from Tony of MCIP at last month's meeting. He had explained that for smaller contractors, they may not be ready to work on a 60 unit building, but may be able to work on a 15-20 unit building and it is important to look at the data and identify where the gaps are in order to improve MWESB program participation.</p> <p>Matthew wraps up by reiterating that PHAC members are not legally allowed to take a position on the bond.</p>	<p>Matthew said it is possible to add this to next month's agenda.</p>
<p>Inclusionary Housing Program Development Update</p>	<p>Matthew begins by turning the group to a memo from Eco Northwest. There have been three meetings of the Inclusionary Housing Panel of Experts. At the last meeting they looked at the underlying financial and quantitative assumptions that would go in to the development prototypes which is what are shown in the tables.</p> <p>The tables in the memo are already out of date due to additional feedback at the last meeting – adjustments have been made but not yet published. The consultant team is in the process of</p>	

	<p>modifying their underlying assumptions. The assumptions will be paired with the development prototypes and they will run two analyses for the July and August meetings 1) the Nexus Study to illustrate the Nexus between the demand for affordable housing and the level of commercial/residential development in the city and 2) the financial feasibility analysis. At that point there will be considerations offered for the structure of the program.</p> <p>They are trying to be deliberate and make sure that every key stage in the program development process happens in view of the public. In the next couple of meetings the findings will come out which will inform the program’s structure and Commissioner Saltzman will make his program recommendations in the fall based on this public process and results of the analysis.</p> <p>If the PHAC has any issues with the assumptions, they can email Matthew at matthew.tschabold@portlandoregon.gov.</p> <p>Information on who is on the Panel of Experts, the meeting schedule, and all meeting materials related to the Inclusionary Housing Panel of Experts can be found on their web page at http://www.portlandoregon.gov/phb/70578 .</p>	
<p>Multiple Unit Limited Tax Exemption (MULTE) Applications Hearing</p>	<p>Dory Van Bockel, PHB’s MULTE Program Coordinator, presents two MULTE applications in her presentation.</p> <p>At the end of Dory’s presentation there is additional time so Dory asks if there is additional public testimony.</p>	
<p>Public Testimony</p>	<p>Sharon Maxwell asks about technical assistance for the MULTE program. She wants to know who is offered technical assistance.</p> <p>Dory answers that the technical assistance is for developers who are receiving the tax exemption for their development. As part of the benefit of receiving the exemption the developer is required to pay for a third party technical assistance provider. They enter into contract with an entity like MCIP in order to meet MWESB participation goals for the program.</p> <p>Sharon asks if technical assistance can be provided to a new developer looking to participate in developing projects with the City.</p> <p>Dory explains that the developers building the projects are required to pay for the technical assistance to advise them specifically. The tax exemption program is open to any developer who would like to participate, regardless of size.</p>	

	<p>Dan adds that a company like MCIP is not in the market to provide development assistance. Their goal is to help developers find MWESB vendors, contractors etc. who can help them to meet the City's equity goals.</p> <p>Sharon asks whether landowners and developers who were existing along the Mississippi, Alberta, and Williams corridors, for example if the City would have provided technical assistance to them though this program they could have done just what has happened with some of those properties. She wants to know if that can be considered in this program.</p> <p>Dory explains that the MULTE program has no direct funding associated with it, it is a tax exemption only. While the need that Sharon is speaking of is valid, it cannot be addressed through the MULTE. Dollars for that would have to be budget identified through the budget process and City Council.</p> <p>Matthew asks Sharon if she is asking about developing market rate or affordable units. She answers both. Matthew explains, for development of affordable units, questions can be directed to PHB. Market rate units are not in PHB's mandate.</p> <p>Veronica wants to find out what it would take for her to get into an affordable apartment. She is supportive of the City and its efforts. She loves Commissioner Fish and Saltzman. She wants the City to support people in affordable housing.</p>	
<p>Good of the Order</p>	<p>Matthew asks someone to volunteer as Chair for the next meeting as Sarah will be out. Elisa volunteers.</p> <p>Sarah adjourns the meeting. The next meeting is August 2nd, 2016 at PHB.</p>	