



PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission
 Tuesday, October 4, 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

October Meeting Minutes - Final

Members Present: Amy Anderson, Tom Brenneke, Betty Dominguez, Elisa Harrigan, Dan Steffey, Sarah Zahn

Members Excused: Dike Dame, Maxine Fitzpatrick, Stephen Green, Cobi Lewis, Nate McCoy

Staff Present: Matthew Tschabold, Cheyenne Sheehan

Guests Present: Andrea Matthiessen, Karl Dinkelspiel, Bobby Daniels

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
<p>Call to Order, Roll Call, Minutes</p>	<p>Sarah opens the meeting – quorum is not yet reached. Public testimony begins. After public testimony and the Inclusionary Housing Update, quorum is reached. Sarah asks if there are any comments on September's meeting minutes.</p> <p>Matthew would like clarity added on page five regarding the affordable housing bond; that PHB Staff and PHAC Commissioner's cannot use their positions to work for OR against the ballot measure. Cheyenne will update.</p> <p>Elisa was not in attendance at the September meeting, but the minutes show she was. Cheyenne will update.</p> <p>No other changes are suggested. There is a motion to approve the minutes, motion is seconded and minutes are unanimously approved by the group.</p>	<p>Cheyenne made corrections to the September minutes as requested. The final version is now posted online here.</p>
<p>Public Testimony</p>	<p>Veronica Bernier, a community member, testifies on behalf of seniors in the city. She believes they are a mobile group who moves around a lot. The populations have shifted and with aging and ability people are moving to different areas. Places like Laurelhurst Nursing Home are used for</p>	

	<p>seniors and other retirement communities are being used to good effect. Veronica is concerned that in the Hollywood district and other places that seniors aren't getting what they deserve. In the process of budget cutting, visiting nurses and social workers are being lost. She believes this relates to both housing and quality of life. She wants seniors to be comfortable and happy, and she wants seniors to know that people in the community value them. She thinks we need to take notice of them and try to support them so they can age well in place.</p> <p>End of public testimony.</p>	
<p>Inclusionary Housing Update</p>	<p>Matthew presents on the Inclusionary Housing Program Recommendations to the PHAC. At the September PHAC meeting the program recommendations hadn't been released yet, but they were subsequently sent out to all the PHAC members and to the Inclusionary Housing Public listserv.</p> <p>Betty asks what the affordability term is on the affordable units built under the Inclusionary Zoning program. Matthew responds that the policy framework establishes a 99 year term of affordability.</p> <p>Amy asks how much, on average, developers are saving with the 10 year tax exemption and bonuses. She wants to know how much developers are making versus what is coming back to the community.</p> <p>Matthew answers that it depends on what part of the city the units are built, but the average tax exemption on a single unit is about \$2,000.00 per year depending on where it is. The density bonus in the mixed use zone varies because in CM1 developers can go from 1.5 FAR up to 2.5 FAR. With CM2 the base is 2.5 FAR and bonus up to 4.0 FAR and in CM3 the base is 3.0 FAR with bonus up to 5.0 FAR. So while the developer can build more units with bonus FAR, the inclusion rate is on the entire building, base plus the bonus. At times, the full bonus may not be used due to height limitations and/or code/regulatory requirements.</p> <p>Matthew adds that the Panel of Experts (POE) (in regards to slide 5) was asked what would be more ideal incentive-wise for zones with base FAR above 6.0. The reason for this was that 1) there is a lot of developable land at that base FAR around the city and 2) at base FAR you could assume that the majority of sites will be podium and wood construction, but if the bonus were used it would bump it up to steel and concrete which makes the incentive calibration more challenging. The question was posed to the group on what they thought was more valuable as an incentive, a 10-year tax exemption on all residential units or a direct subsidy on a per affordable unit basis and the overwhelming majority of responses from the panel was that they</p>	

preferred the tax exemption rather than direct subsidy. It is not yet finalized, but should be next week.

Next steps for the POE at the Oct 11th meeting – the draft fee-in-lieu schedule and the build off-site option will be discussed. Directly following the POE meeting there is a Planning and Sustainability Commission (PSC) briefing on 10/11 at 1:00 pm. On 10/25 at 4:30 pm, there will be a hearing at the PSC. The work session for the zoning code elements will be at BPS 11/8 at 12:30 pm. From there the final program package will go before City Council in December to determine whether Inclusionary Zoning will be implemented.

Tom asks if the goal is a 100 percent offset to the negative impact of inclusion of affordable units. Matthew answers no, that the city is not committed to a dollar for dollar offset, but they are trying to calibrate it to a reasonable range of the market rate scenarios so as to not negatively impact residential development in the city. Some of the incentives and scenarios are pretty equal to market rate scenarios. The city is being sensitive to residential development goals. He thinks there are issues that have been conflated because of market feasibility. Sarah has done a good job of reminding people that the goal is not to make development feasible that wasn't feasible before.

Sarah adds that in looking at the inclusion rate of 10% at 60% MFI with the full tax abatement and the other incentives a developer would recover their lost basis points. A developer needs to not only think of their yield on costs at day one, but over the whole ten year abatement period and into year eleven and beyond. The value of the tax exemption for the first ten years may make the numbers a little better, to compensate for the drop off in year eleven and on. The discussions are full of these kinds of nuances. There will continue to be discussion and unpacking amongst the POE while it looks at the recommendations and the discussions with planning and City Council.

Dan heard a discussion of a high degree of flexibility depending on what the trade-offs are. He thinks flexibility is the key to making an inclusionary program work.

Sarah thinks there will be a discussion of the fee and offsite options. The city has been clear about the fact that they want those options to be less attractive than inclusion of units on site. That is one way there may be the ability to demonstrate flexibility given the city's goal of creating units onsite.

Matthew thinks the other challenge on flexibility is that it's related to zoning code and land use actions. The attorney's office feels there should be a proscribed requirement and incentive package so that every individual moving through the process has the same understanding,

	<p>information, and is offered the same incentive package due to equal application under the law. He adds that the city is putting things like the inclusion rate in the zoning code, because legally it has to be in the zoning code and there is a longer and more robust process to change the zoning code. The fee schedule, and incentive packages will be in Title 30 so those can be modified by City Council if needed.</p>	
<p>Program Equity Performance</p>	<p>Andrea and Bobby present on program equity performance.</p> <p>Andrea begins by passing out a handout called 2015-16 NHP Construction Equity Data – it was not made available prior to the meeting. The handout provided focuses on PHAC’s request for construction contractor equity data and the emphasis is on the two Neighborhood Housing Program’s (NHP) single family home repair programs. There are two additional programs for which data has not been provided; the Lead Hazard Reduction Grant Program, and the Home Repair Portion of the Down Payment Assistance Loans, because data for those two programs was not readily available.</p> <p>The handout information shows the dollars invested in the community in the form of construction contracts and is broken down to show the dollar amounts provided to minority contractors. She explains that in the larger context for the Home Repair Grant program specifically, the funding of \$972,447.00 is the total funding to contractors in the community but the actual contract amounts for those community organizations is almost twice that. The reason is because those are service programs, those dollars are going to expenses like staff, operating overhead, eligibility intake for the households, doing home assessments, writing scopes of work etc.</p> <p>The total budget for these programs is one amount, the dollars committed to households is another amount, and the dollar amount committed to contractors in the community is another amount. She focused on the dollar amounts where there is a legally binding contract with a contractor. The single family programs at PHB don’t report to the city’s procurement bureau. PHB staff manually collect that info from the contractor directly, and the info is entered into a spreadsheet.</p> <p>Andrea continues by saying the data presented in the handout defines minority contractors as contractors who self-identify as minority contractors. They may or may not be certified MWESB contractors and many of the certified MWESB contractors working with the programs are women owned or emerging small businesses. Part of that is because the average loan amount is</p>	

\$35K and includes multiple specialty trades, typically they are very small contractors. While they are encouraged to become certified, there is not always willingness to go that route.

Next time NHP comes back to the PHAC with equity data they would like to provide disaggregated race/ethnicity data as well as self-identified, versus certified MWESB contractors.

Sarah asks how many contracts this data represents.

Andrea approximates eleven contracts for the NNE Interstate TIF and general fund, for Lents, it represents two, and for Interstate TIF, it's three.

Dan thinks it would be useful to break the data out by category and wonders whether there are other requirements that are waived for small contractors.

Andrea agrees and says that the contractors are required to be CCB insured and have their RRB certification.

Elisa asks if the contractors are selected by homeowners or by PHB.

Andrea says for the loan program PHB staff generally select from and/or provide to the homeowner, an existing list of contractors the Bureau has worked with over the past several years. PHB works with the city's contractor development program as well. They also work with contractors from Tony Jones' [MCIP](#) and Nate McCoy's [NAMC-OR](#). Because it's a loan program, homeowners can also choose their own contractor. On the grant side, the list is available to community partners, but they also have relationships with their own contractors. These are generally under \$10K contract jobs.

Bobby Daniels, a Senior Construction Coordinator with PHB, presents on the MWESB performance data for the PHB portfolio of multi-family housing using [PHB MWESB Performance Data presentation](#) and [PHB MWESB Performance Tables](#). The aspirational goal for MWESB participation in PHB projects is 20%.

Slide 4 is the apprenticeship program by racial group. Elisa asks the difference between apprenticeships and journey level. Bobby explains that there is a number of hours of on the job training required before an apprentice becomes a journey and there is a substantial pay differential.

ADMIN NOTE: An article clarifying the differences between apprentices and journeymen can be found here <http://work.chron.com/difference-between-journeyman-apprentice-15642.html> - there are related articles by trade linked within the article.

	<p>Amy asks about the chart in the packet versus the information on slide five of the presentation. She noticed that the Hispanic population shows a high level of participation in the trades, while the African American population participation level is very low. She wonders what can PHB do to increase minority participation in the trades.</p> <p>Bobby explains that while there is not currently a professional services minority requirement but an MWESB requirement, which is a broader category. He and the other construction coordinators have been working on outreach and looking to assist firms with getting certified to work on city projects. They have heard feedback from many small contractors that the paperwork requirements are too much. They focus on reaching out to specific minority groups, by attending NAMC and OAME meetings and events, among others.</p> <p>Amy adds that the data on supervisory positions seems to show it's heavily weighted toward Caucasians.</p> <p>Betty refers to a discussion PHAC had with PDC during a meeting several months ago where the same issue was discussed. In PDC's workforce programs they were graduating minorities into retail positions at a much higher rate than into the trades. PHAC talked about forming a subcommittee, but it only met once. It has to start with training.</p> <p>Amy agrees, it takes from five to ten years of training/education to become a journeyman which puts a person in a higher income bracket.</p> <p>Dan is happy with the data presented today. He says it's clear to see where opportunities to improve exist. PHAC members are interested in moving this work forward. He noticed in the materials presented today that the largest amount of contracting went to a single company, and they have the worst performance. He wants to know when making funds and incentives available to grantees, what is the performance of those grantees. He thinks we should look at the entire system.</p> <p>Betty agrees and says that the more people in living wage jobs, the less the Housing Authority has to do to house them.</p> <p>Elisa thinks it would be good to bring Tony Jones from MCIP back to PHAC. He said previously that there are some of the larger projects that MWESB contractors may not be ready to build, but that they could work on smaller projects, or with a larger contractor on a piece of a larger job. She want to know his perspective on bridging that pipeline more effectively. The data that's missing from this is how many certified African American or other minority contractors there are total, versus how many are being used on city projects. That could help put the data into</p>	<p>Schedule a PHAC subcommittee meeting related to equity and the trades</p>
--	---	--

	<p>perspective. Elisa appreciates the data and gives a good place to start. She is hopeful that PHB and PHAC can figure out their role in improving MWESB participation. She certainly doesn't want to overwhelm staff, contractors, or Sub recipients with data requirements and it's important to balance those needs. Partners may be able to help provide data to support program recommendations.</p> <p>Dan agrees growing capacity is important and there are ways it can be done like breaking larger jobs into smaller pieces so smaller contractors can be involved. He also thinks PHAC may need a refresher on their role in this work and whether it's possible for the group to drive policy.</p> <p>Sarah thinks next steps may be to invite Tony Jones to a future PHAC meeting to get his thoughts. Also next steps for the subcommittee to work with PHB in a meaningful way without overstepping PHAC's mandate.</p> <p>Elisa thinks it may be more effective for the subcommittee to meet with Tony and then move forward from there by having the subcommittee report back to the PHAC Executive Team or the whole PHAC.</p> <p>The whole group expresses gratitude for the information today, they felt it was well organized and helpful.</p>	<p>Invite Tony Jones to a future PHAC subcommittee or PHAC ET meeting to discuss MWESB participation in PHB programs, growing minority participation in the trades, and PHAC's role in improving PHB equity data and minority participation</p>
<p>Fast Start Program</p>	<p>Fast Start Program – Javier Mena is out, so Karl Dinkelspiel presents the Fast Start Program presentation.</p> <p>Betty asks if the liquidity requirement was met by all applicants. Karl responds that no, there were applicants that did not meet that requirement. Of the 31 applicants, only 19 met the liquidity requirement of \$1M in unrestricted cash assets.</p> <p>Elisa asks about the process to determine the evaluation methodology. Karl responds that there will be a second cut done by PHB staff. Jill Chen on his staff is doing the work of reading all of the applications. When complete, his staff will meet to discuss her results. There is not a step planned beyond internal review at this point.</p> <p>Sarah asks if there is a goal for the final number finalists for the list. Karl responds that there is not a goal related to number. Since the program is dependent on parcels that PHB owns or will own, it limits the number of available projects to a handful, but it's yet to be determined but he approximates about 12 parcels over the next 5 years.</p>	

	<p>Elisa would like to see more than an internal staff review deciding who makes the final list; Javier committed to as much when he initially presented the Fast Start to the PHAC at the August meeting. She thinks PHAC may be able to provide support and feedback. She has concerns about the \$1M reserves requirements since cash reserves tend to be fluid and can change dramatically over time. She wants to see clear methodology on this evaluation and selection.</p> <p>Dan heard speculation about creating tiers in the final list which would allow organizations of all sizes to participate.</p> <p>Karl agrees there are organizations of all capacities who have applied and there may be a way to organize the list by project size, location, or other factors.</p> <p>Karl adds that the ability of an organization to bring a site to PHB is challenged by PHB's available resources. Unsolicited proposals from developers come in every week. Up until now there has not been a way, other than the NOFA, to accept those developments – this is one of the reasons the Fast Start Program was created. The main restriction is around availability of funds.</p> <p>Betty hopes there is a way to prioritize funds by area etc.</p> <p>There are no additional questions from the PHAC.</p>	
<p>Good of the Order</p>	<p>Sarah closes the meeting by saying that the Consolidated Plan hearing will follow the PHAC meeting directly at 5:30 pm and invites members to stay for that.</p> <p>The next meeting of the PHAC will take place on November 1st, 2016.</p>	