



PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission
 Tuesday, April 19, 2016
 2:00 p.m. – 3:00pm
 Portland Housing Bureau, Ste. 500
 421 SW 6th Ave.
 Portland, OR 97204

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

April PHAC MULTE Hearing Minutes - FINAL

Members Present: Betty Dominguez, Sarah Zahn, Maxine Fitzpatrick, Cobi Lewis

Members Excused: Jean DeMaster (LOA), Dike Dame, Elisa Harrigan, Stephen Green, Amy Anderson, Daniel Steffey, Thomas Brenneke, Nate McCoy

Staff Present: Matthew Tschabold, Cheyenne Sheehan, Leslie Goodlow

Guests Present: Dory Van Bockel, Andrea Matthiessen

Agenda Item	Discussion Highlights	Outcomes / Next Steps
<p>Call to Order</p>	<p>Sarah calls meeting to order. Sarah asks if there is public testimony.</p>	
<p>Jarrett St. Condos Presentation and Discussion</p>	<p>Dory Van Bockel presents the Jarrett St. Condos Presentation (beginning on page 5 of the linked document). Jarrett St. Condos is the first Multi-Unit Limited Tax Exemption (MULTE) application for the 2016 \$3M cap. This project is a homeownership project and the exemption applies to all the affordable units for the initial sale to homebuyers up to 100% MFI. The value of the tax exemption will go to the homebuyers for this project.</p> <p>A letter will be sent to the homebuyers two years prior to the expiration of the ten-year tax exemption warning them that there are only two years left on the exemption and reminding them that at the end of the exemption period they will be responsible for taxes on their property. Another letter will be sent one year prior to the exemption expiration.</p> <p>If the homeowner decides to sell at the end of the exemption period, there are no further income restrictions for the unit. During the exemption period if the homeowner sells, the exemption will apply to whomever buys the property as long as it is owner-occupied and there is no income qualification.</p>	

The Preference Policy will not apply to this project since the units will be available prior to the Preference Policy selections being finalized.

The tax exemption for this project will save the home buyer \$1600 -\$1700 per year, per unit.

The site will have offsite prefabrication by the developer so there is minimal opportunity for MWESB contracting on this project. The development company is an emerging small business. PHB is waiving the third party technical assistance requirement because there no opportunity for bidding on a prefab development, but PHB is requiring reporting on contracting without the equity requirement. The developer is working with PHB closely on the sale of each unit.

PHB is exploring the possibility of giving the project a construction loan that would then convert to Down Payment Assistance Loans (DPALs) for these units – they would then be working directly with PHB’s non-profit partners on the sale of the units. There are many more details to be worked out to make this possible, and it is only in the discussion stage at this point. The idea is to provide units to families earning 65-80% MFI. This could also be a way to use ICURA DPAL that is not currently being utilized due to lack of available inventory.

The dollars for the construction loan being proposed have been brought to the table by Proud Ground and the Minority Homeowner Assistance Collaborative (MHAC) which is comprised of NAYA, Hacienda, AAAH, and PCRI. Although the Preference Policy isn’t being triggered by this proposed loan PHB would like the benefit of these units provided to people living in the neighborhood at risk of displacement. The partners bringing the resources are open to identifying households through other partners or any possible mechanisms. If a PHB construction loan is used this will provide longer term affordability (99 years) for these units, but the tax exemption will still expire at the end of 10 years.

These are small units and not family housing which didn’t initially interest the PHB’s partners because they were condos and those don’t address the significant identified need of family sized units, but after looking more closely at the pipelines and who has been served by the DPAL in ICURA over the past three years, the feedback was that there is also a significant need for single person households for seniors, or smaller units for couples.

Maxine thinks that while there was outreach to the partners, there was no outreach to the community on this project – she thinks the community should speak for the community rather than the partners speaking for the community.

Dory continues the presentation with accessibility for the project. There is some discussion on ADA requirements for adaptability and standards for modifying units for accessibility as needed.

Maxine asks again if PHB is doing any work on outreach to displaced residents. Dory answers no, since this project is not falling under the Preference Policy. The units will be ready for sale on September 1st and the Preference Policy selections will not be final.

Sarah comments that it's too bad that the project couldn't be timed to align with the Preference Policy.

Dory adds that if there are delays in the project construction, there is a possibility that could be reevaluated.

Leslie wants to know, since the units won't be available until September, why the Preference Policy can't be used.

Andrea answers that the dollars being used for this project are not resources that trigger the Preference Policy and that final selections for the Preference Policy won't be ready until mid-September. Also, in initial conversations with the developer the timeline was that units would be ready for sale prior to September. Units will begin being assembled in as little as four-weeks and they would like to start selling units prior to completion.

Leslie's concerns are that these units will be going into ICURA with no MWESB contracting requirements and not under the Preference Policy. When this project was brought before the NNE Oversight Committee they were told that it would be subject to the Preference Policy and there was no mention of waiving MWESB requirements. With these changes she thinks the NNE Oversight Committee will have significant concerns on these matters.

Maxine agrees with Leslie and adds that particularly in Interstate where there has been significant displacement, using Interstate resources with no deliberate effort to address displacement this project looks like it will just serve newcomers to the community as opposed to addressing the commitment to address displacement. Also, these smaller units are not an identified priority housing type. She wants to have additional conversations with the NNE Oversight Committee, because if what they want is not being addressed and adhered to by the Bureau, then there is no need for them to be there. It doesn't feel right to her.

Sarah adds that it's one thing to focus on the MULTE which is City wide and not specific to any particular URA. But when the discussion turns to using ICURA resources there will be concern by the NNE Oversight Committee, and there should be concern around the use of those resources for a project that does not adhere to the Preference Policy, at the very least. She believes this is a perfect opportunity for the Preference Policy to be applied – she doesn't want to stand in the

way of new production, but if PHB is considering using URA resources, the NNE Oversight Committee should be a part of that conversation.

As a clarification Sarah explains that the Interstate URA TIF only comes into play when discussing using DPAL for this project. MULTE funds come from foregone revenue.

There is group consensus that this is an appropriate use of the MULTE program and the approval is moving forward, and any further discussion of the DPAL portion should be tabled at this meeting and discussed with the NNE Oversight Committee.

Andrea clarifies that Interstate TIF dollars cannot be applied to a new construction project as DPAL; because it is TIF it has to go into the project as a construction loan now. This is an issue of timing. If DPAL was just being provided at the back end in September it would be more possible to make the timing work with the Preference Policy. Because the units will be built, probably in August and the developer wants to pre-sell them, without the construction loan the project will be lost as affordable.

Maxine restates that this is a temporary use of TIF dollars for sticks and bricks as a construction loan to make it eligible for TIF as DPAL.

Andrea explains that is correct, TIF cannot be used for DPAL in a new construction project – it has to be invested in the development phase of the project.

Sarah sums up that there are timing issues that need to be worked out. If Interstate TIF is going to be used it has to be used as a construction loan. If you are looking at it as resource for down payment assistance that makes the dollars more flexible.

Andrea adds that there are other resources that can be used for DPAL, but then can't be used for new construction unless it's by a non-profit developer. This has been looked at from so many different angles. The developer doesn't need the construction loan to complete the project, but it's the only way to buy the price down for the homebuyer to 65% MFI.

Betty says this conversation is out of the scope of the meeting today which is just to hear the details of the MULTE application. There is more to be worked out later, but she thinks it should be done sooner rather than later so that the developer's timelines are not impacted too much. She thinks this could warrant a discussion with the NNE Oversight Committee ahead of the next planned meeting on May 26th.

	<p>Sarah's sense is this is a good use of the MULTE and she would like to see it tied to the Preference Policy so it addresses displacement, but those are issues for another day.</p> <p>Dory goes back to the presentation and details amenities, parking and transportation for the project.</p> <p>Dory gives an update on 2016 MULTE applications that will be heard at the next MULTE hearing.</p>	
Public Testimony	There is no public testimony.	
Meeting Adjourned	Sarah adjourns the meeting. The next meeting of the PHAC will be at the regularly scheduled monthly meeting on May 3rd. 2016.	