



PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission
Tuesday, February 7, 2017
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

February Meeting Minutes - FINAL

Members Present: Amy Anderson, Tom Brenneke, Dike Dame, Betty Dominguez, Elisa Harrigan, Nate McCoy, Shannon Singleton, Sarah Zahn

Members Excused: Cobi Lewis, Dan Steffey, Maxine Fitzpatrick, Stephen Green

Staff Present: Matthew Tschabold, Cheyenne Sheehan

Guests Present: Dory Van Bockel (MULTE)

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	<p>Sarah opens the meeting – quorum is reached. Minutes are not yet available for the January 19th meeting so will be reviewed at the March meeting.</p> <p>Sarah asks for public testimony.</p>	
Public Testimony	<p>Pam Long, a community member, testifies regarding the situation at 333 SW Oak apartments managed by Cascade Management. She has testified before about the management problems. She has since moved out but she is concerned about her friends that still live there. The lady who was in the news recently because she died of hypothermia after being evicted, lived in that building. Pam believes she had a dual diagnosis, but she was kicked out because she couldn't pay the \$300 rent. She was told to move out by Steve, but she wasn't in her right mind, and she ended up dying on the street.</p> <p>Pam thinks it's terrible and many people in that building have died, and will continue to die. She thinks the way they are treated is not human. Pam feels someone needs to step in and review the situation and how the building is managed. She says when people are kicked out, employees of building manager will go through their things and take what they want because they know these</p>	

people don't have relatives or access to legal services. Even if someone has relatives, they only have 14 days to remove the items, yet they can't get access to the apartment even if they do show up, because they aren't listed on the lease. She is glad to be out of that building. She brought her friend Connie today to say some more because she knew the lady that died outside and she still lives in the building.

She brought some documentation of problems that have happened with management and she has signatures from people. She would like the PHAC to read it. She has more if they need it. Pam says they won't do reasonable accommodations and when she had a recent surgery, her doctor gave her a prescription to have her daughter help her, but management wouldn't allow it. Since she had no one to take care of her it caused her to have a second surgery.

ADMIN NOTE: *Cheyenne made Pam's documentation available to the PHAC for review post meeting. The consensus amongst the members was that the tenants should contact Community Alliance of Tenants to help them address their concerns. Matthew will also contact The Executive Director of the agency who owns the property, Northwest Housing Alternatives' Martha McLennan, and share Pam's testimony and documents with her so she is aware of the issues.*

Constance White, a community member, testifies that she has lived at 333 SW Oak for six years. She thinks the manager, Steve doesn't care, he doesn't do anything but collect rents. They don't check on the residents even if they haven't been seen for several days or more. Her friend Karen (the lady who died in January) died in the parking lot across the street from Target because management told her they were raising her rent and she couldn't afford it so they kicked her out. She had mental issues, but Constance went to school with her when they were young. She was an overachiever and did well in school and always had good grades. Constance graduated high school only being able to read at a second grade level.

Constance told the manager Steve about a lady in the lobby in her 70's or 80's who was sleeping in the lobby because she was concerned about her which happened several times. Security agreed that something might be wrong with her, but she subsequently died. Afterwards, management went through her apartment and she saw someone else with some of the lady's jewelry. She helped this lady one time when she had soiled her clothes. Constance becomes emotional when she says didn't know the lady smoked until they opened her apartment, and it was unlivable. Everything was stained from cigarette smoke, but Constance had never smelled it on her.

The second year she lived there, there was a guy who had an apartment near her, but she hadn't seen him for a while so she knocked on his door and asked if he was alright. He said no, but didn't answer. She got down on the dirty carpet so she could look under his door, he said he couldn't find his key. Constance went to see the manager to tell him the man was stuck in his apartment and she

	<p>could see feces on the floor when she looked under the door. The manager refused to go check on him. Constance feels there is something really wrong when these elderly and disabled people aren't cared for. She thanks the PHAC for listening to her.</p>	
<p>Membership Update</p>	<p>Matthew announces that Cobi Lewis has resigned from PHAC because her position at Wells Fargo requires leadership meetings each month that conflict with the PHAC meeting schedule.</p> <p>Also, as one of his last acts as housing commissioner, Commissioner Saltzman appointed Shannon Singleton of JOIN to the PHAC.</p> <p>Shannon introduces herself – she is currently the Executive Director of JOIN. She worked closely with Commissioner Saltzman on the Executive Committee for the “Yes on Affordable Homes” campaign, she is also the sitting co-chair of the A Home for Everyone Coordinating Board. She was previously a member of PHAC when she worked for Cascadia several years ago. She has also worked at the Portland Housing Bureau as a member of the Ending Homelessness team. She has been privileged to work toward ending homelessness within the government and non-profit sectors for the last ten years in Portland, but has been doing related work for the last twenty years.</p> <p>Matthew adds an additional note about membership, the Mayor’s office is getting up to speed on PHAC and the mandate of PHAC in city code. With the adoption of inclusionary housing, the expansion into supplemental landlord-tenant law, and homeless services through JOHS, PHAC is in need of a code update with respect to what falls under the purview of PHAC versus JOHS and the Coordinating Board. He realizes that this mandate review process was started several months ago but a lot has happened since then and code changes are necessary. The Mayor’s office is also aware that PHAC needs to recruit additional members, but they would like to finalize an update to the mandate prior to beginning a recruitment. Matthew will update the PHAC as more information becomes available.</p>	<p>Matthew will update the PHAC on the PHAC code changes and recruitment as the Mayor’s office makes those decisions.</p>
<p>MULTE Applications Hearing</p>	<p>Dory Van Bockel, PHB Program Coordinator, presents applications for the Multi Unit Limited Tax Exemption (MULTE) program. The presentation includes information for projects at 20th & Quimby, 22nd and Pettygrove, and Syracuse & Leavitt. This information is presented to the PHAC for their questions and review, and an opportunity for the community to hear about the projects prior to them moving forward for approval by City Council.</p> <p>As a reminder the MULTE program is an exemption of property taxes in order to encourage both private and non-profit developers to include affordable units and other public benefits in their projects. In exchange for ten-year affordability, a ten-year tax exemption applies to the newly built structure.</p>	

	<p>The program has gone through some changes in conjunction with the Inclusionary Housing legislation that recently went into effect in Portland. The MULTE was one of the incentives intended to be an offset to the mandatory affordable housing or voluntary options of the mandatory inclusionary housing program. In the interim there are a number of MULTE applications received in the 2016 calendar year. There is also a new cap for foregone revenue in 2017 where the MULTE program can be applied outside of the inclusionary housing requirements for buildings that have submitted building applications that will become vested prior to the new zoning requirements being in effect. She expects to be looking at MULTE applications for additional affordability for development projects that require the minimum inclusionary units where the owner/developer may want to provide additional affordability.</p> <p>Dory states that the guidelines in the MULTE code set the minimum affordability for these units at 60% AMI with an allowance to go up to 80% AMI if the market rate units are 120% AMI or higher.</p> <p>Dike appreciates the foregone revenue estimates in Dory’s presentation, but asks if it is possible to provide that information by project so the PHAC can better understand how much each of these projects costs in foregone revenue.</p> <p>Dory responds that is something that she has included in past presentations and is happy to continue doing. She will provide those amounts to PHAC before the end of the meeting.</p> <p>Pam Long asks if there is a special application for prospective tenants of the affordable units.</p> <p>Dory answers that any affordable units in the building will be managed by the project’s property manager. Additionally, during the ten-year term of the tax exemption, whenever an affordable unit turns-over the property manager would need to lease it to another tenant who meets the income criteria. Documentation is submitted to PHB each year tracking the rent and income of all tenants in the affordable units.</p> <p>Dory provides the requested foregone revenue by project to the PHAC. The members are happy with this and ask if at the end of the year Dory can do a summary of the average cost to buy down a unit. Dory responds that they do an annual report that breaks this information down and she feels she can provide this data in aggregate to the PHAC on an annual basis.</p>	
<p>Housing Bond Implementation</p>	<p>Matthew discusses the Housing Bond Implementation. He does not have a hand out because the Mayor’s office is still putting together a framework for moving forward.</p>	

The Mayor upon taking office instructed PHB to put any use of the Go Bond for Affordable Housing funds on hold pending development of a process or structure by which to engage the community and stakeholders in a strategy and plan for the use of the funds. Staff from PHB has been meeting internally and with staff from the Mayor's office to determine what that process might look like, and are nearing the final stages of a recommendation to the Mayor's office. Within the bond referral the only reference to government in the document was a reference to a five-person bond committee appointed by City Council. The Mayor's office is meeting with other commissioner's to determine their picks for this five-person committee whose responsibility will be to a backward looking fiduciary agent so the City can ensure the funds are being used in accordance with the referral and within the legal parameters the City is required to follow with respect to those bond funds.

In addition to that PHB has been tasked with creating a policy and decision making framework with respect to the use of bond funds. A preliminary overview of that plan is that a twelve-member body will appointed as follows;

- 1 member appointed by each City Commissioner
- 3 members appointed by the Mayor
- 1 representative from the Welcome Home Coalition
- 1 representative from MACG
- 1 representative from OPAL Environmental Justice
- 2 PHAC members

The three organizations noted above are because PHB will be partnering with them to engage in a community and stakeholder engagement process. To build this policy and decision making framework for the use of funds, this stakeholder advisory committee will meet on a monthly basis over the next two to six months to build the framework and to meet with their organizations/coalitions to focus on community engagement.

MACG was chosen because they have been doing a lot of work on affordable housing and they have a deep network of faith based organizations, community members, and labor organizations that PHB has not worked with deeply in the past.

OPAL Environmental Justice Oregon was chosen for their network of organizations geared toward environmental justice, racial equity, and connections with the community.

The Welcome Home Coalition was chosen due to their leadership role in the affordable housing bond and because of their connections to service providers and stakeholders who work with the populations of community members who are trying to access affordable housing.

The group detailed will meet over a period of up to six months and deliver a framework PHB to use when determining how to spend bond funds. The five-person bond committee will then, from a retrospective standpoint, will begin their work of reviewing bond spending to ensure that PHB has met their fiduciary responsibilities and that spending aligned with the decision making framework.

In addition, PHB is working on a concept by which a smaller group of individuals with representatives from PHAC, the bond oversight committee, and the stakeholder group can meet internally throughout the course of the bond implementation to look at potential acquisitions of land and/or property before PHB goes through due diligence to give a Go/No-Go opinion on whether the acquisition aligns with PHB's stated policy and decision making framework. The idea being these members will not have conflict of interest issues and that by meeting, they can save PHB from spending time and money on projects that don't align with the policy framework.

Detail is still being developed on number of meetings and content of the meetings for the stakeholder group. Meetings with Mayor's office are ongoing. Once development is complete, the process will be made public, appointees will be notified, and meeting notices will be publicized. There will be a memo sent out in the next couple of weeks as the process is finalized, and the memo will be sent to members.

Matthew asks the members if any of them would be interested in being considered for appointment to the stakeholder policy and decision making framework committee. Betty, Amy, and Dike answer affirmatively. Matthew will inform the Mayor's office of their interest.

Shannon is appreciative of the work PHB is doing to put together a thoughtful community engagement process.

Kurt has asked that the Mayor make his appointments by early March because there is a lot of work to do. The Council members all have their appointments in mind and are working together to finalize their appointments and avoid conflicts of interest or the appearance of impropriety in their appointees.

Kurt also adds that PHB is meeting every two weeks with the Office of Management and Finance (OMF) which includes city attorney's office, purchasing, the revenue bureau, the City's debt manager, the CFO, and the CAO to align internal processes which enables land purchases and acquisitions to be done in a seamless manner. He notes this is how the purchase of the Ellington closed yesterday with an inter-fund transfer of \$51M between BDS and PHB brokered through

OMF. This group is important because it allows PHB to get credit at a lower cost than would normally be possible.

Kurt has provided the City Attorney a turn-key purchase agreement outlining the terms and services under which PHB might buy completed projects from private developers. He did this several times throughout the course of previous positions in other states, including Washington. He provided an agreement that was used in Washington and asked that they review it to see how it might work in Oregon. Once that agreement has been finalized with the City Attorney it goes through the internal OMF review group before it goes in front of City Council. He would like to make that sales and purchase agreement available to private developers by June so they can see how they might do business with the City of Portland on the bond revenue.

Elisa asks for clarification of how the bond money must be used. She thought they had to be used for new development/construction.

Kurt clarifies that the City can buy property and newly construct projects. For turn-key, a private developer can build a project to plans and specifications acceptable to the City. They use their own financing and once the project is complete the City can buy it directly. The City is not involved in the design or conceptualization of the project because that would make it a public works project.

Discussion regarding how the financing and process of the City buying existing buildings continues. The high points are;

- PHB can bring down rents by buying market rate buildings with 100% equity financing
- PHB can choose to apply a [HUD 221 \(d\)\(4\)](#) loan on the project
- The cost of buying turn-key projects can make good sense depending on the project's location within the city
- Turn-key projects require the private developer to design, bid, and build the project at their own expense and sell it upon completion of the Certificate of Occupancy
- The purchase and sales agreement for a turn-key agreement is contingent upon agreement to an attachment of specifications that can include specs like door locks, faucets, cabinets, door faces, floor coverings etc. The private developer can decide if that is what they want to build or not
- PHB is of the belief that [BOLI wages](#) will apply according to recent case law and depending on the building typology
- Regarding procurement of and MWESB oversight on turn-key projects, there will be three screens on that issue 1) Internal OMF group which is charged with implementing

council policy in this regard will see it before it goes to 2) The Bond Fund Stakeholder Advisory group that Matthew described and 3) the Bond Oversight Committee

- The bond was structured so that acquisition and rehab would occur first and that in year three, four, and five new construction will apply at the same time Inclusionary Housing compelled private developers to vest three times the normal volume of multifamily permits in the city. The City doesn't believe all of those projects will be built as many of them were predicated on low interest rates and 2016 building costs.
- There is not currently any set aside ensuring that projects will be built outside of the central city. Geographic location, cost per unit, etc. will determine where units are built – and it's a policy call that the oversight committee group will be make as the policy framework is built
- The original assumptions that PHB modeled for the bond were 70% new construction and 30% acquisition and rehab, but these assumptions were never embedded in the offering to voters, so that can easily be reconfigured by the policy framework
- The goal for the bond funds is to get the most of the dollars available and that will be the focus of the committee
- The bond offering committed the City to 1300 units and the goal is to exceed that number
- Of that 1300 units 100% after to be at 60% AMI or below and 600 units have to be at 30% AMI or below. 400 of that 600 units will most likely be paired to Home Forward project based rental assistance vouchers
- The Ellington purchase allowed the City to gain family sized units and HUD resources will be leveraged in the form of the rehab loan for that project
- The bond funds can be leveraged with Federal government loans/funds, but per the Oregon constitution bond funds cannot be leveraged with artificial entities e.g. corporations, CDCs, partnerships, trusts, LLCs, and non-profit organizations, etc.
- Once a property is acquired, the City can put debt on the property as needed
- The Ellington appraised at \$46,090,000.00. PHB paid \$47M and will put \$20M in debt on it through HUD (for property improvements) because they have the best 40-year financing available and because it's for affordable housing the City will get their best interest rate
- The Ellington has approximately \$37M in bond funds invested
- The Oregon constitution does not allow a municipality to lend its credit which is why the bond funds can't be used by artificial entities – it can be changed at the State Legislature and many people inside and outside of government are discussing the possibility of changing that in the constitution which would have a big impact on the use of bond funds – this change would have to be done by a referral to voters

	<ul style="list-style-type: none"> ○ PHB is not permitted to take any action where its attorney's advise that there is no legal authority to do so ○ There is an opinion at the State level that this constitutional provision may not apply to State bonds ○ Some of PHB's partner organizations asked for legal opinions about this particular constitutional provision and there are attorneys who disagree with the City's bond Counsel but PHB is not in a position to oppose the City's bond attorney. As long as the City's bond counsel has this legal opinion, PHB is bound to it. When a bond counsel applied their legal opinion, they are attesting that the bonds are tax exempt. If the bonds turn out not to be tax exempt, then their errors and omissions insurance has to make up the difference, so the bond counsel are careful to render a legal opinion that is defensible ○ This was written into the constitution to prevent cities from giveaways to railroads in order to get a railroad through their town <p>Kurt doesn't think that PHB will have done its job if the goal of 1300 units isn't significantly exceeded. PHB wants to demonstrate that these funds are worthy of ongoing voter support. PHB's principal focus is to perform above expectations. Equity outcomes will be reported separately for bond projects than other PHB programs so that they are discreet and identifiable. There will likely be a separate capital projects manager for bond funded projects. PHB has asked the City Attorney to track their costs separately from other bureau services and commissioner services for GO bond funded projects so there is a transparent cost allocation over the life of the program.</p> <p>Sarah closes the topic by saying that given the current restrictions on use of the bond funds, PHB and should continue to think about how to engage its non-profit partners who have worked with the City over many years building great projects.</p>	
<p>Mandatory Renter Relocation Legislation</p>	<p>Matthew recaps that on Thursday City Council adopted the mandatory relocation assistance ordinance. He also provides the Mandatory Relocation Assistance for Renters memo (this is policy information on what was adopted and he stresses that this is not a legal interpretation of the ordinance and should not be considered as such) and the Exhibit A showing the changes to title 30 that are included adding the relocation assistance details to the members.</p> <p>With respect to what passed the ordinance was co-sponsored by Commissioner Eudaly and Mayor Wheeler. The memo gives a general outline of requirements. In summary, for the duration of the housing emergency, which expires at midnight on 10/7/17, there is a requirement for property owners of more than one unit in the City of Portland to provide relocation assistance under certain conditions.</p>	

Exemptions included in the ordinance include;

- Property owners who temporarily rent out their primary residence for a period of time not to exceed three years
- Owners of a single rental unit
- Owners who rent property on a weekly basis

Relocation assistance is triggered when;

- A property owner terminates a lease or rental agreement without cause
- A property owner increases the rent 10% or more in a 12-month period of time AND the renter chooses to move because they can no longer afford the rent

The ordinance became effective as of Feb 2nd, 2017 and it is linked to the housing emergency which goes through Oct. 6, 2017 unless Council chooses to extend it. It is also effective retroactively if a tenant received a no-cause eviction or rent increase of 10% or more within 89 days of the effective date of 2/2/17. The property owner then has the choice to either rescind the no-cause eviction, lower the rent increase, or pay the relocation assistance if the renter chooses to move out. The landlord is not responsible for finding the tenant new housing, only for paying the assistance amount.

PHB has no role in this ordinance with the exception of an amendment that was added to the ordinance by Commissioner Fish stating that a stakeholder advisory group will be convened to review the legislation and come back to council with needed short term changes that don't conflict with the policy direction. And to review the policy generally and return to council sometime this summer before council considers the extension of the Housing State of Emergency and/or the extension of the relocation policy, to give recommendations to the council on the policy.

Commissioner Fish is interested in having the stakeholder group meet monthly, and including a public meeting process. The Committee members will be appointed and will work through a work plan in the next two to six months and hear public feedback. Details of the stakeholder committee are still to be determined.

Shannon would like to see homeless service providers included in the committee as unintended consequences of this relocation program are already being seen in the form of property managers and landlords who are no longer willing to rent to people coming out of homeless services for fear that they won't be able to evict them as needed which is making housing placement more challenging for many.

	<p>PHAC members interested in appointments to this stakeholder committee are Amy, Shannon, and Elisa.</p> <p>The stakeholder’s committee will also most likely include member of Portland Tenants United, Portland Tenants Union, Community Alliance of Tenants, Multi Family Northwest, Rental Housing Association of Oregon, PHAC, and other representatives to be determined.</p>	
Production Pipeline Update	<p>Matthew gives a brief update on the PHB Production Pipeline.</p> <p>Elisa asks how the impact of OHCS not releasing NOFA funds this year might affect the production pipeline in general.</p> <p>Javier responds that PHB set aside some resources realizing there was a change in the market, but it won’t be enough based on what has happened recently with Federal funding changes. PHB is interested in having a conversation with OHCS and working together more closely in the interest of having a greater understanding of driving forces and more fluidity between the agencies. PHB is meeting with its partners, almost on a daily basis, to try and address the gap that has come up.</p> <p>Elisa is interested in hearing solid information as it becomes available as well as the development strategy as it becomes finalized. Elisa explains for those who don’t know that OHCS issued an email last week saying they may not issue a NOFA this year and that is probably the largest source of funding to develop affordable properties in Oregon because tax credits are deeply undervalued currently due to tax breaks planned by the current Presidential Administration.</p>	
Good of the Order	<p>Pam Long asks what the next steps are in regards to her issues. Cheyenne will take her paperwork and pass it along to members and they will try and offer advice for next steps. Sarah adjourns the meeting.</p>	