



PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission
Tuesday, March 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

March Meeting Minutes - FINAL

Members Present: Amy Anderson, Tom Brenneke, Dike Dame, Betty Dominguez, Elisa Harrigan, Maxine Fitzpatrick, Shannon Singleton, Dan Steffey, Sarah Zahn

Members Excused: Stephen Green, Nate McCoy

Staff Present: Matthew Tschabold, Cheyenne Sheehan

Guests Present: Jill Chen and Karl Dinkelspiel (Fast Start)

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. Both the January and February meeting minutes are reviewed.</p> <p>A motion to approve the January minutes is made, seconded, and unanimously approved.</p> <p>In the review of February minutes Elisa asks for a change on page 7 that her question be clarified to read “she asks for clarification of how bond money must be used. She thought it had to be used for new development/construction. Motion to approve the February minutes is made, seconded, and unanimously approved.</p> <p>ADMIN NOTE: This change was subsequently made to the final version of the and posted on the website here.</p> <p>Sarah asks for public testimony.</p>	

Public Testimony	There is no public testimony.	
Fast Start Program	<p>Jill Chen introduces herself as a finance coordinator working at PHB under Karl Dinkelspiel’s management. She came onboard with PHB five or six months ago from her position at PDC as an investment manager. She is presenting an update on the Fast Start program today and is looking for feedback from the PHAC on the program’s development. She begins the Fast Start Presentation and provides an additional handout Fast Start Brief showing the names of the developers who applied for the program as well as some key statistics about the applicants.</p> <p>On slide two Jill explains that PHB has developed a database of information on the applicants and one of the reasons she is presenting to PHAC is to get feedback on data points that the PHAC thinks should be included.</p> <p>Elisa comments that they should have come to PHAC before creating the database and collecting any data which starts a discussion back and forth amongst the members, Jill, and Karl about the timing of this request for PHAC feedback and whether or not it is appropriate or should have happened sooner.</p> <p>Jill explains that in the course of the presentation today she intends to explain what data PHB is currently asking Fast Start applicants to provide and whether the PHAC believes this data is sufficient, or if there is additional data that should be collected prior to rolling out a specific project. The database has not yet been used for anything and this is the first time any public input is being solicited.</p> <p>Jill continues by saying that in the original request for information (RFI) PHB asked for asked for a statement of qualifications, financial statements, and any other information that applicants thought may be useful. Some applicants supplied three pages and one page of financials and other applicants provided their annual reports, audited financials, and lists of their completed projects – so there was a wide range of information offered and she was tasked with trying to standardize the information being gathered in a systematic way in order to make sure the information gathered was useful. She clarifies again that this is the first time they have asked for public comment because the system is not yet ready to use. They are only at the third bullet point on page two of the presentation “Database Reviewed” and are now beginning a public process that will include community input.</p> <p>The goal of the discussion with PHAC is to gather feedback that will be used to fine-tune the process.</p>	

Betty asks about funding scenarios related to the first bullet on slide three, “When projects arise, PHB anticipates selecting a few Fast Starts teams to submit detailed proposals based off meeting key selection criteria”. She wants to know if funding is already dedicated for certain projects under the Fast Start program.

Jill responds that PHB has not settled on any projects in particular that will use the Fast Start program as of yet, but the original intent of the program is that it will be in place for projects that may come up outside of the regular NOFA cycle.

Javier adds that the intent of the program was to get units off the ground faster which is why it was expected that the applicants would have enough capital that they wouldn’t require pre-development loans from PHB prior to moving forward with construction on a project. This program does not do away with the NOFA. This is just another vehicle in addition to the NOFA that is being proposed in order to utilize opportunities that may be available outside of the NOFA cycle. The Fast Start program is before the PHAC because they have done some preliminary work, applications and information on applicants has been received, PHB has some ideas as to how the program may roll out, and they are seeking feedback from the PHAC for their ideas on rolling out the program. There are thirty-one respondents and if PHB has a project available, ideas on how to communicate that, and to which applicants is part of what is being sought. Should notifications go out to all respondents? if not, how will the list of respondents be narrowed and selected, etc.? Nothing in the program has been finalized or completed as of yet.

Jill continues by asking if the criteria in [Fast Start Brief](#) is the kind of information the PHAC thinks should be used within the program.

Maxine wants to know how the Fast Start correlates with the City’s equity agenda. Jill responds that the applicants were asked for specific information about equity targets and accomplishments within their projects.

Javier adds that there will be MWESB requirements on the selected developers just like any other projects PHB funds.

Maxine doesn’t feel her question was answered so she restates that she wants to know, not about the respondents, but about the City’s equity agenda in terms of allocation of resources.

Javier responds that the Fast Start program can add an equity filter and use that as a criterion, among others, that can help decide which developer is selected for a project. Jill adds that it could be developed similar to the scoring on the NOFA process, as an example.

Shannon agrees with Maxine and feels that there are requirements in the Fast Start program that are in conflict with the idea of a robust equity agenda. Some of these items might be for example; number of years in real estate development and experience with certain kinds of projects which doesn't take into account the reality of developers who might be minority owned. It's not just about MWESB, it's bigger. She thinks pieces of the criteria could be barriers to a robust equity agenda.

Javier responds that when looking at the list of respondents, he thinks there is a good range of developers but he agrees the list is not balanced toward development organizations within communities of color but there is participation from those. As the selection process is developed that is something that should definitely be taken into account.

Jill adds that there were respondents from communities of color, and others who weren't but they may have had very deep relationships with contractors from communities of color.

Maxine understands that but she thinks this approach makes the assumption that everyone is equally positioned, and that is not the case. She wants to know how PHB can balance that out so that everyone has a fair and equal chance to compete and be recognized as a competitor able and eligible to participate in the Fast Start program.

Javier explains that the impetus and whole purpose for developing the program is to be able to work quickly to get units off the ground, so PHB is looking through that lens to determine whether a developer would be selected whenever an RFP is released through Fast Start. This is one of the drivers of the program. In terms of the overall equity component within a proposal, is also a component that will be reviewed and used to make developer selections. He thinks the real question is figuring out how to get from thirty-one applicants down to a more manageable number for when a specific project is available.

Dan Steffey hopes this isn't the only opportunity to make comment. He thinks there should be a period of time after the meeting and a thoughtful opportunity to comment about the questions the PHAC is being asked to consider. He wasn't prepared to think deeply about this today based on the agenda and would like more time to consider and discuss. He also would appreciate it if PHB takes the data they have gathered and creates a matrix that shows how the applicants fit within categories like equity participation etc. in order to gain a more comprehensive view of the field of candidates being considered. He adds that the question of minority participation seems to only come up in reference to development, he has consistently brought up the point in discussions like this that there are more jobs than just development and construction associated with these projects. There is a whole range of information that should be being asked of respondents in regard to their programs and history with respect to

minority hiring within their company, their subcontractors, their suppliers, etc. Dan feels the two important parts of these questions are the history of the company regarding equity as well as their plan to move forward.

Betty includes ancillary services and soft costs like property managers, janitorial services etc.

Javier clarifies that this is the first round of gathering information – once there is a project that needs to move forward, equity plans and performance will be part of the RFP.

Betty comments that the Fast Start Program was created and publicized before PHAC had ever heard about it. Since the idea is that the program will help quickly develop projects she assumes that developers will be expected to leverage PHB funding and bring their own funds to the project. Regarding LIHTC, 9% tax credits won't be fast enough so 4% credits would have to be used which almost exclusively will create 60% AMI units. She wants to know if there are parameters in the program that dictate affordability. She is concerned based on looking at the list of applicants for the Fast Start that there are firms included that are unknown or barely known in the area, who are for-profit developers who she believes may develop only 60% and up units, collect their developer's fees, and then leave the under 60% AMI development to be borne by non-profits.

Javier responds that the reason they are here is to talk to the PHAC about narrowing the list of applicants. Once parameters have been set and a project is ready, proposals will be requested of developers on the list, a committee will review the proposals, and the selection process will be based on that information. Equity, capacity to develop, etc. will all be considered during the selection process. PHB decides the level of affordability, that will not be up to the developer to decide.

Betty asks if PHB will be the sole decision maker on the level of affordability, or there will be some outside review process.

Javier answers that it will vary but there will be some form of public process. He anticipates that Fast Start developers may be used for some of the bond project developments. In regards to bond funds, there will be a framework plan already developed that will provide the guidance in terms of affordability etc.

Betty stresses doing due diligence and a deep vetting process of the firms before putting them on the short list.

Jill responds that as the list is shortened a deeper dive into financials and projects will be done on the developers being considered.

Amy is concerned that in regards to the criteria it doesn't appear that developers were asked about whether they had experience developing units for disabled individuals/families.

Sarah comments that the list appears to be a solid list of qualified developers, many of whom have a history of developing in Portland, some of whom have worked with PHB before. She doesn't think that PHAC is really qualified to help whittle the list down further other than adding to the list of criteria. She thinks the list should be narrowed more as PHB gets more information about upcoming projects and the required experience skills needed for each particular project. Essentially there may end up being a few different lists of developers for different types of projects, but all under the umbrella of Fast Start. Most developers don't want to compete against a list of 30+ developers, but hypothetically would be willing to compete against three others – better odds will strengthen their incentive to work with PHB.

Elisa agrees with Sarah's comment and adds that she is frustrated that PHB didn't come to PHAC earlier in the process of developing Fast Start. She thinks the way the Fast Start was conceived and how contentious it continues to be within the community, more dialogue in advance of developing the program could have ameliorated frustration from the community as well as some of the developers who have applied to the program. She adds that in regards to due diligence, PHB should be mindful of the applicants' time when asking for additional information/data especially if they have an idea that a particular organization will probably be cut. She thinks that PHB should consider supporting smaller organizations by giving heavier weight to the equity piece when narrowing the list. Elisa imagines that some of the developer applicants to Fast Start also manage properties and that looking at the general quality of their portfolio for more information may be helpful in narrowing the field.

Dike asks how much time will be saved by using Fast Start. Javier estimates that it will save approximately 3 to 6 months.

Maxine comments that as a CDC she sees the Fast Start as providing PHB with a legitimate exclusionary process, even more so than it already is. By restricting who can apply for public resources – all to save three to six months. She sees this as a bias process since the opportunities are based upon what PHB sees as performance. This is all based solely on PHB's opinion, which she has witnessed as being biased. In regards to the equity agenda in this, she asks how PHB ensures that everyone has a fair and equal opportunity to participate. The results are predetermined before the process actually even begins by limiting who can apply. She thinks that culturally competent CDCs cannot compete with more sophisticated for-profit

developers. It seems unfair. PHB is a public servant that exists to do work in the community and smaller developers' time is just as valuable as the City's time. PHB doesn't think about how much time and resources it takes a CDC to go through the process and then not get funded. Maxine doesn't think this program is going to accomplish whatever it is that PHB is projecting.

Dike asks as a follow-up question if there are other jurisdictions using a similar program, and if so, how it's working.

Javier answers that he does not know of any – this is a concept that Kurt came up with when PHB was asked to look at ways of bringing affordable units online sooner. He restates that Fast Start is just another tool, NOFAs will still continue to be issued.

Dike makes the suggestion that PHB consider using Fast Start on a trial basis by setting a limited number of projects and then look at the results to see if the reality of time and dollars savings expected is achieved.

Javier agrees and says the initial intent was that the program would be reviewed in three years – Dike thinks that is too long and it should be limited to a low number of projects, like three.

Dike also references Maxine's comments by saying that there are certain developers/contractors who will grow. Chances are they will grow more effectively if they are mentored. He thinks PHB should look out in the community for developers who may not make the cut alone but have potential and can be teamed up with a more seasoned developer in order to learn, gain experience, and help them grow.

Javier agrees in terms of partnerships but says that it would be very difficult for the City to tell organizations that they have to partner with someone else. PHB encourages partnerships, especially through the NOFA and those partnerships are often scored well.

Shannon says that the City has asked organizations to partner on homeless services, so it isn't unprecedented. She appreciates the comments that Maxine made and agrees. She also asks where the criteria of "experience with target populations" came from. Also, she would not include resident services and PSH as target populations.

Jill clarifies that the question was more whether or not the developer had ever provided those services as many had not.

Dike thinks it might be a good idea to send a list of a few different projects e.g. a rehab, vacant land, a demolition project etc. to the applicants, and then let them self-select out. If they are

	<p>interested in one or more of the projects, they can send their qualifications if not, they won't respond.</p> <p>The conversation is wrapped up when Javier states that he hopes to establish another broad developer meeting later in the month. After that meeting, and based on feedback from today's meeting, PHAC would like to see Fast Start presented again in its final version, before being rolled out publicly.</p> <p>ADMIN NOTE: This is a lengthy discussion that is paraphrased quite a bit in these notes. To listen to the discussion in its entirety please send an email request to cheyenne.sheehan@portlandoregon.gov and she will provide it in an audio file.</p>	<p>PHB will bring Fast Start back to the PHAC for a final review before rolling out the program.</p>
<p>State Legislative Update</p>	<p>Matthew provides a legislative update on House Bill 2004 which recently had a hearing and is under consideration. He recognizes that not everyone is experienced at reading legislation and he explains a bit about how the bill is laid out, as follows;</p> <ul style="list-style-type: none"> • HB 2004 eliminates the No Cause legal standard for eviction and establishes a For Cause standard • On the bottom of page one and top of second page, lines 1-20 effectively eliminates in state landlord tenant law, the ability for landlords to evict for No Cause and replaces that standard with a For Cause standard and describes the acceptable tenant causes for eviction (with certain exceptions) • On Page two beginning on line 44 through page three line 19, establishes the landlord based reasons that allow eviction of a renter • On page three line 24 through 28 explains a requirement for the landlord choosing to terminate tenancy for one of the landlord based reasons, they would then be required to provide relocation assistance – relocation assistance is defined at the start of the legislation on page one, lines 16 & 17 • On page three, beginning on line 41 through line 12 on page four, explains the landlord exemptions to the previously state rules • Mayor Wheeler went to Salem to testify in support of the bill. <p>This bill has had a hearing, but has not had a work session, and is being debated on the House side of the State Legislature right now. If you would like to continue reading through the bill, note that language in italics is set to be eliminated from State statute and bold lettering are additions to the language in State statute.</p> <p>If the bill moves forward the House Committee on Human Services and Housing would need to hold a work session on the legislation and propose any amendments. If it comes out of committee without a subsequent referral, it would then be moved to the floor of the House for</p>	

	<p>a vote. If passed, it then moves to the Senate where it would be assigned to a committee for review. If changes to the legislation are needed they would be reconciled on the House side.</p> <p>Matthew will keep the PHAC informed of major legislation related to housing policy on an ongoing basis. If PHAC has questions about any specific piece of legislation, he can contact the City's government relations team for updates.</p>	
Production Pipeline Update	<p>Karl Dinkelspiel provides a handout of the PHB Production Pipeline for the group to review – there is no discussion.</p>	
Good of the Order	<p>Sarah asks if there are any other items for discussion.</p> <p>Amy shares that as of April 1st the contract for the local service provider for Lifeline Phones (sometimes called Obama Phones) will end and many phones for the individuals using them will be shut off. They can reapply for a phone through the Oregon Utility Commission, by going to this website http://www.puc.state.or.us/Pages/rspf/otap.aspx or calling the Oregon Public Utilities Commission at 800.456.0858. You can also apply by going here. Amy wants the PHAC to know that thousands of people are losing their phone access and these phones are often the only way houseless people can access their service providers – she wants to help get the word out.</p> <p>Sarah closes the meeting. The next meeting of the PHAC will be April 4th, 2017.</p>	