



PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission
 Monday, January 25, 2015
 10:00 am – 12:00am
 Portland Housing Bureau, Ste. 500
 421 SW 6th Ave.
 Portland, OR 97204

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

January 25th PHAC/BAC Meeting Minutes - Final

Members Present: Betty Dominguez, Cobi Lewis, Dike Dame, Elisa Harrigan Sarah Zahn, Thomas Brenneke, Wayne Miya, Maxine Fitzpatrick, Stephen Green, Nate McCoy

Members Excused: Amy Anderson, Daniel Steffey, Jean DeMaster (LOA)

Staff Present: Matthew Tschabold, Mike Johnson, Cheyenne Sheehan, Andrea Matthiessen

Guests Present: Kurt Creager

Agenda Item	Discussion Highlights	Outcomes / Next Steps
Call to Order, Roll Call, and Review of January PHAC minutes.	Sarah calls meeting to order. Cheyenne takes roll – quorum is not met as of 3:00 PM. So approval of minutes is moved to the end of the meeting. Sarah asks if there is public testimony while we wait for additional members to arrive. ADMIN NOTE: See Good of the Order for approval of January 5 th minutes.	
Public Testimony	Ruth Adkins of Oregon ON makes a brief statement. Oregon ON wrote a letter in support of adding funds to PHB’s budget for Homeownership programs. That letter can be found in its entirety here . She is still digesting the current budget documents, but she appreciates that there are additional funds being requested for homebuyer retention and other services related to homeownership in the proposed budget. She also appreciates those funds being made available city-wide and not just in Urban Renewal Areas (URAs). Oregon ON appreciates the hard work of the PHB staff and wants to recognize that even with the increased resources, the need for these programs is dire across the housing continuum. She asks that PHB request additional investment in homeownership development, especially addressing historic racial disparities in homeownership. She wants to make sure that wealth building and complete neighborhoods are accessible to all – this becomes possible with homeownership opportunity. Focus on homeownership has been challenging at the local	

	<p>and state levels because of lack of resources. She asks PHB to continue to look at creative solutions to increasing these resources as part of the housing accessibility work that many organizations are doing currently.</p>	
<p>Director's Budget Comments</p>	<p>Kurt Creager addresses the PHAC/BAC; this being his first City of Portland budget process, he has relied on the good work of PHB staff members to put the proposed budget together. There were many items that were carefully reviewed and considered in creating the proposed budget, with a focus on the long-term sustainability of PHB as well as fulfilling short term commitments. There have been recommended changes to grant funding as well as between ongoing and one-time funding within the Bureau. At the same time this was conceived the Bureau was actively involved in Home For Everyone (HFE) and re-conceptualizing how the policy oversight and management of Homeless Services would be accomplished within the City of Portland and Multnomah County. This leaves a range of options open for decision makers, without assuming any particular course of action since elected officials have yet to make a decision. PHB wants to be flexible enough to provide options.</p> <p>There is new revenue in the budget; Kurt has been concerned about PHB's ability to work outside of URAs to impact housing policy and program development. PHB is making some projections regarding the best way to secure surplus/underutilized land being offered by other bureaus. Currently outside of HOME, CDBG, and URAs there is really no acquisition fund for land use throughout the city.</p> <p>PHB has attempted to be as responsive as possible to the advocacy we've received throughout the year from the East Portland Action Plan (EPAP) and others. PHB had an ambitious goal with respect to rental rehabilitation that has been pared back but he sees it as an ongoing and expanding program rather than a limited program. That is a part of the toolbox that the City needs to get ahead of the speculative curve, especially in East Portland prior to the creation of any Powell/Division URA.</p> <p>There are no questions from the PHAC BAC at this time.</p>	
<p>Budget Worksheet – Base Funding</p>	<p>Mike Johnson presents the Base Funding Budget Worksheet since Matthew is not in attendance at today's meeting. He opens by saying that in the short time since Kurt joined PHB there has been a very robust analysis of the PHB's financial situation. The direction that PHB received from the City Budget Office was that PHB look at its existing spending in addition to making recommendations in the distribution of the additional \$10M in general funds the Bureau received. Mike turns his attention to the PHB 2016-17 Request Budget Worksheet. Mike explains that funds are moving and shifting dramatically this in this proposal more than ever. The average budget for PHB is around \$100M; for 2016-17 it is closer to \$151M.</p>	

PHB received an additional \$10M in its base, \$5M of which is ongoing funds and \$5M of one time funds. There is a lot of programming that has been put into the base. PHB is not asking for ongoing general fund. HFE is trying to make a serious impact on homelessness over the next two year period. The direction from their executive committee for this budget year is to reduce homelessness by 50%. They are looking at one-time money over the next three years to address Portland's homelessness problem.

The Housing Investment Fund reflects the securitization of the Airbnb short term rental revenue which is a stream of about \$1.2M using a conservative estimate for 16-17. There have been no cuts to our current federal funds, CDBG and HOME – there is potentially a slight increase in HOME dollars. There could be a slight reduction in CDBG based on the fact that Portland's poverty is moving East into Gresham. Gresham could get a little more and Portland a little less.

On the worksheet Tax increment funds (TIF) column shows a bit of the TIF lift that PHAC advocated for and ultimately was successful in getting. The Grant Warehouse project will get some of those funds but most of the funds will be available in the next Fall Notice of Funding Availability (NOFA).

PHB is focusing on making funds available outside of URAs, not just because those funds will ultimately end, but there is need outside of URAs. URAs cover less than 15% of the City land area and the Housing Emergency covers the whole city.

Mike walks through the [Request Budget Presentation](#) for the PHAC.

Sarah opens the floor for questions for Mike on the budget presentation.

QUESTION: Since PHB is shifting a lot of the resources CDBG, HOME, TIF to general funds to focus on rental housing, are those one-time or ongoing general funds?

ANSWER: These are shifting to ongoing general funds – this was an opportunity since there were additional general fund resources that the City was interested in investing in housing related issues. One program Mike forgot to mention in his presentation is the Well Housing Rehab Program \$1.5M of ongoing funds will be invested. There are currently approximately 400 properties identified that need some kind of code violation correction. This money would be used to help those building owners get their buildings up to code. At some point if inspections can be done on a more regular basis, a goal of the program, more properties will be identified. This looks like it will be a long-term ongoing program.

Betty comments that as a long-time member of the EPAP, she appreciates the direction that PHB is taking addressing these issues and recognizing the need to expand resources outside of URAs. She applauds Director Creager's and PHB Staff's work along those lines.

Maxine states that budget presentation is very comprehensive and complex. It's difficult to assess the benefit of these investments. Over the years millions of dollars have been invested in all kinds of programs. She wants to know how these investments improved the plight of housing in Portland. She wants to look at things holistically, if PHB invests \$150M in housing, she'd like to see the impact of that investment. How is the needle moving in terms of the issues in the City around housing? She would like a way to look at those impacts each year in order to see if all the dollars being invested are creating a positive impact on households within the city. She's been focusing on homeownership for many years and talking about how when a family buys a home, it frees up a rental unit for another family. But there is never an assessment done on how that homebuyer's household is impacting the City, i.e. through the property taxes they are paying or whether they got a higher paying job.

Mike answers that this is where the City is looking to push Bureaus to giving stronger outcomes analysis. In the last 18 months or so PHB has been working at looking at those kinds of data. The State of Housing Report is a good baseline to build from in an attempt at getting deeper into outcomes. PHB will continue to look at those outcomes and make decisions based off of those outcomes. Mike asks that the group keep pushing PHB for the meaningful data they want to see.

The discussion turns to HFE – a comment is made that it seems like HFE replaces the 10-Year Plan to End Homelessness. It seems like the same effort under a different name.

Mike explains what makes HFE different is the amount of resources the City and County are putting into the program at the same time, and working together. In previous programs, the funding didn't support the goals as well as it does now.

QUESTION: Typically there is about \$1M of Housing Opportunities for Persons with HIV/AIDS (HOPWA) funds, is that number remaining constant?

ANSWER: Yes. That has been the one source of Federal Funding that has remained fairly consistent over the years at around \$1.1M per year.

QUESTION: What did you mean when you mentioned the TIF lift being less of an issue now than it was? Is that because more tax increment is being generated overall?

ANSWER: Yes. The River District URA used to be the rainmaker for TIF, but it now seems to be the Interstate URA (ICURA). Based on the PDC forecast there are additional funds at the end of ICURA approaching \$7-8M – this is generated from property appreciation. If there is another financial downturn or a housing bubble that drops, then obviously those funds will go down. In Lents we are already seeing some appreciation. In North Macadam URA in addition to a desire to invest more funds in affordable housing there is probably some growth there as well. Some URAs not generating as much income as we would like, Gateway, for example. And of course some of the URAs are due to sunset in 4-5 years. There is a Powell/Division URA currently under discussion, so that's a possibility. There is also the option to extend URAs to meet program needs if necessary, if there is additional capacity. At the end of the day URAs still only cover 15% of the city.

Matthew adds there are discussions of a new URA but PHB is still moving forward with alternate funding sources for affordable housing e.g. the Linkage Fee, Airbnb and other alternative funding sources because resources are needed city wide and not just in URAs.

Nate is still interested in the Work Force side of the issue in Portland. PHB contributes heavily to economic development in communities, and there is a lot of data around the housing initiatives, but when he looks at the worksheet in the Workforce and Microenterprise row, he doesn't see much information. This speaks at a high level about programs and participation, but it doesn't articulate MWESB, the groups PHB is working with, how those dollars are being used or detail any information on the groups being worked with or the break-down of dollars etc. Nate wants to communicate a sense of urgency – he is working with Business Oregon who is the state certifier for MWESB and they are putting forth a workforce emergency, similar to the housing emergency because of a shortage in the trades, people enrolled in apprenticeship programs, etc. He wants to know how \$2.1 M goes to these groups, yet there isn't enough information to assess, even at a high level.

Mike answers that this is only about 1/3 what the city sends over to PDC – but the general fund that goes over isn't a contract that PHB manages, so it makes it difficult to parse out more detailed information. PHB will try to work more closely with the OMF who manages that so we can get a more unified look at what's going on.

Kurt adds that early in his tenure as director at PHB he started looking at the portion of PHB's budget that is passed thru to PDC. In the spirit of the Zero Based Budget process, he started asking the question about the efficacy of workforce development and whether, if the funds were moved to the youth employment area 18-24 year olds, there would be better outcomes. Currently PHB allocates money to PDC, PDC allocates to Worksource, and

Worksource then has people who actually do the work of development with the community. Worksource works with a different age cohort than he thinks would be ideal, but they are leveraging well. He thinks this is an important conversation to keep having, and as Mike mentioned, the Office of Management and Finance (OMF) has their own contractual relationship – which should be managed with PHB funds in more of a cohesive manner. Since the TIF Lift started the conversation of moving money from PDC to PHB for affordable housing, Kurt decided to throttle back a little bit on his idea of going toward a youth employment model and a more robust 18-24 year old placement. His belief is the outcomes are better if you catch people early in their careers. He didn't want to have too many issues in place with PDC at one time and the TIF was a much bigger number that needed PHB's focus. He thinks in a perfect world the same people that manage PHB's allocation resources would manage the City's general fund allocation as well. He doesn't think OMF is ready to go there yet. His definition of a good outcome would be a unitary management of workforce development funds in order to be more thoughtful about how it is focused and targeted.

Nate thinks in the meantime it would be great to get more ancillary information around demographic groups so for next year there is more focus on opportunity impacts on all the different groups. He finds that in the industry some programs work well and others don't. He thinks Kurt is right on with the 18-24 year olds being a good range to target more specifically.

Kurt agrees but doesn't think it will have to wait until next year. He believes PHB can double back on at least the outcomes and evaluate those outcomes prior to Council review so it's available for their decision process.

Antoinette agrees that they can develop the necessary impact data.

Stephen thinks it would be a good idea for PDC to present on the work they are doing with the Economic Opportunity Initiative (EOI). They work with multiple organizations who track demographic data on their programs. Morgan Masterman runs the EOI and they do gather data from their contractors.

Discussion continues on incenting and preparing young people to go into the trades and preparing young people for careers.

Kurt adds that HFE has set their goal with respect to reducing homelessness; the City Council's 2035 Comprehensive Plan, while still pending approval, does set a standard that in the future 8% of the housing stock in the City will be permanently affordable,

	<p>notwithstanding the affordable units that the city is currently short – that’s an intended goal. To deal with the backlog it probably makes sense to hit 12% - 15% as affordable. As he conceptualizes new resources that’s the standard he is looking for and thinking about. Within that, the thinking should be the breakdown of what the percentage of home ownership, permanent supportive housing, and affordable rental housing should be within that 12%-15%.</p> <p>Maxine adds that she thinks it would be great to look at what it costs the city to support a family subsisting in poverty versus what it costs to elevate them out of poverty through home ownership, better jobs, and economic opportunity. She wants to look more deeply at generational poverty especially in African American communities.</p> <p>QUESTION: Regarding the \$1.8M increase in home ownership programming; does that number satisfy the request that Ruth from Oregon ON spoke about earlier?</p> <p>ANSWER: Mike defers to Andrea of the PHB Home Repair & Home Ownership programs to answer. She says that the actual dollar amount increase they anticipate is \$500K in new resources. These dollars are more flexible and geographically less limited than in the past. The total budget of \$1.8M includes this \$500K increase.</p> <p>Sarah clarifies that a lot of the shifting dollars are moving from TIF to General Fund which makes them more flexible because there are no limitations on the areas of the city where the funds can be used. There will be a discussion next year on how to prioritize those more flexible dollars.</p> <p>The discussion continues amongst the members around wealth building, home ownership, asset building etc.</p> <p>Sarah moves the meeting forward to Decision Packages.</p>	
<p>2016-17 PHB Decision Packages</p>	<p>Matthew presents the PHB Request Budget Proposal worksheet and discusses next steps. PHB is looking for PHAC’s perspective and guidance on the budget at this point. Both Kurt and Mike have touched on a number of efforts that are underway and have informed the way the budget has developed i.e. the work being done by HFE, EPAP, community organizations involved in displacement and gentrification discussions, the Welcome Home Coalition, MACG, etc. All of these groups bring concerns and PHB has thought deeply about those concerns and how they shape the current budget.</p>	

The overarching themes are;

- Increasing East Portland Investment
- Expansion of Home Ownership Programming City-Wide
- Alignment with Home For Everyone Goals and Strategies

Matthew is looking for PHAC's assistance and feedback in drafting a budget letter to Council with budget recommendations. As a part of that, the City asks for a letter from the PHAC/BAC to make those recommendations clear.

He opens the floor to members regarding what should be included in the letter and the letter will be made available to the members for feedback and changes before being provided to Council.

Feedback from the PHAC includes;

- HFE Funding should be highlighted - it's a large amount of money and a lofty goal
- Express appreciation for the TIF Lift and shifting resources from other bureaus
- Highlighting the need to increase home ownership and increased investment in from the city in future years
- Closer links to workforce development efforts happening in the region
- Special consideration to how housing is thought of in the continuum; from homelessness through to home ownership and how elevating individuals and families opens up units for families coming after
- Highlight the happenings in East Portland and framing in the context of the rental rehab programs being a lower cost way to positively impact the community
- Look at the huge need for housing for families making 30% MFI or below
- Workforce housing should be a continued area of focus and investment
- Better MWESB utilization and accountability throughout all City Bureaus and have PHAC be the body to which PHB is held accountable
- Take a strategic approach to free up money to spend outside of URAs
- Reiterate the Comp Plan goal of 8% -15% of housing stock be affordable to 80% MFI
- Mention efforts around inclusionary zoning and other ways to create revenue streams outside of URAs

Matthew asks if there are specific concerns the members have about the budget.

Feedback includes:

- Coming back next year without having seen forward movement on the program focuses of this budget

	<ul style="list-style-type: none"> • Having PHB and PHAC held accountable for improving the housing emergency in a vacuum when it is an effort that requires the cooperation of many other organizations, bureaus, and programs aligning • Accountability for partner organizations • Ensure the effort to expand home ownership does not fall off the radar <p>Stephen asks if the HFE metric committee can present to the PHAC on outcomes and Mike responds that he's sure someone from HFE can present on that.</p> <p>Matt will draft the letter and send it to PHAC/BAC in an email. Members can add changes or feedback as necessary and work together to make sure everyone agrees on the messages in the letter.</p> <p>Mike closes by saying that this budget is "audacious" and the largest budget PHB has ever had, a large portion \$43M, is directly tied to the Housing Emergency and it is all on the table for Council to consider.</p>	
Good of the Order	January 5 th minutes are approved by the group. There are no further announcements; Sarah calls the meeting to an end.	