



# PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission  
 Tuesday, January 5, 2015  
 3:00 p.m. – 5:00pm  
 Portland Housing Bureau, Ste. 500  
 421 SW 6<sup>th</sup> Ave.  
 Portland, OR 97204

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

## January Meeting Minutes - Final

**Members Present:** Betty Dominguez, Cobi Lewis, Dike Dame, Elisa Harrigan Sarah Zahn, Thomas Brenneke, Wayne Miya

**Members Excused:** Amy Anderson, Daniel Steffey, Jean DeMaster (LOA), Maxine Fitzpatrick, Nate McCoy, Stephen Green

**Staff Present:** Matthew Tschabold, Cheyenne Sheehan

**Guests Present:** Dory Van Bockel, Andrea Matthiessen

Agenda Item	Discussion Highlights	Outcomes / Next Steps
<b>Call to Order, Roll Call, and Review of November MULTE Hearing minutes and December PHAC minutes.</b>	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.	
<b>Public Testimony</b>	<p><b>Steve Messinetti</b>, CEO of Habitat for Humanity Portland Metro East, makes a statement on behalf of Partners for Affordable Home Ownership. The full statement can be found at <a href="http://www.portlandoregon.gov/phb/article/560860">http://www.portlandoregon.gov/phb/article/560860</a> . He also provides a memo from the Partners for Affordable Home Ownership to Commissioner Saltzman and Director of PHB, Kurt Creager, requesting that 20% of the \$10M increase to PHB’s budget be dedicated to creating new homeowners with General Funds. The full memo can be found at <a href="http://www.portlandoregon.gov/phb/article/560893">http://www.portlandoregon.gov/phb/article/560893</a> .</p> <p>Dike asks what the average need in dollars is for each subsidy and how many families would \$2M assist.</p> <p>Steve answers that subsidies in the range of \$50K - \$80K are needed to help families buy property closer-in it’s a little lower for homes further out in East county.</p>	

Dike asks about the average subsidy needed for townhomes or condos.

Steve answers that the average cost of those is about \$200K and how much of that would need to be subsidized depends on the organization you work with. For Habitat the subsidy would be about \$50K for a family making \$30K per year with Habitat providing the financing. For a family making 65% MFI they could buy a home through Proud Ground with a market rate mortgage provider with a \$50 - \$60K subsidy. Habitat does not use FHA. They self-finance and act as the lender for the homes they build.

Betty was Board President for Habitat at the time Steve was hired and adds that Habitat's mortgage model is a zero interest mortgage and Habitat has the ability to size the mortgage to the buyer's income which allows them much greater flexibility than the average private lender.

Steve adds that other partner organizations do work with families receiving FHA loans and loans through the Oregon Bond Fund.

Tom has always been concerned about the 35% income population and how easy it is for those families to get off track financially. He asks what kind of resources Habitat provides for families suffering financial hardship once they are in the home.

Steve answers that as the lender they can be very flexible, depending on the situation, and offer payment plans if needed, but they work very hard to select families that are ready, who have financial stability and steady incomes, and work to make sure their monthly payment is affordable at no more than 30% of their income.

**Travis Phillips**, the Housing Development Manager at Portland Community Reinvestment Initiatives (PCRI), makes the following statement. He supports Steve's statement about the importance of home ownership for stabilizing low income families, preventing displacement, and freeing up affordable housing rental units. He believes it's an investment that provides benefits throughout the continuum of housing. His statement today is focused on the Multi Unit Limited Tax Exemption (MULTE) programs – he thinks there are a couple of thoughts to consider in the program to make sure they are serving the intended populations as well as possible as well as ideas to align the MULTE with other programs and PHB goals. One of the challenges of the MULTEs is their sunset at 10 years. In talking to neighborhood associations about PCRI's own project is that there is strong potential for displacement of residents at the end of the 10-year period of affordability. Other PHB funding agreements allow for a much longer affordability period. He would like PHAC/PHB to look for solutions that would enable MULTEs to be extended/renewed in order to keep

income qualifying residents in their residences for as long as possible. He also thinks considerations that would allow income qualifying residents to avoid displacement when the affordability term ends are worthwhile i.e. insurance, support, or subsidies to ensure those units can remain affordable while the tenant resides there. He thinks it's great to increase the supply of affordable housing by being involved with the private market but there are disconnects in terms of incentives and opportunities available through the MULTE program and those are available in other ways. Particularly when 80% MFI rents are allowed for MULTE projects those same rent levels aren't available for other affordable housing products despite the fact that those who earn between 60% - 120% are struggling to afford rents in market developments in Portland. He thinks it's important to respond to the needs of residents of Portland who can't afford market rate rents. There is a unique opportunity to ensure that the MULTE programs can serve other community benefits that the City is looking to accomplish and that other developments are required to provide e.g. workforce, minority contractor participation, green building standards, and other thresholds. It's important to bring private partners up to the same standards as our non-profit partners to provide economic opportunity to residents of affordable housing units so that eventually they will be able to move up from affordable housing units.

**Diane Linn**, Director of Proud Ground and Chair of the Public Policy Committee of Oregon ON. She supports the statements of both Steve Messinetti and Travis Philips. Today she is representing the Oregon ON's Public Policy Committee with her statement. They try to bring together all of the non-profit providers in the housing arena to coordinate with each other, advocate together, share information and promote a shared agenda. They recently met with the PHAC Executive Committee and are looking forward to more communication and a more effective way to share information with PHAC about the challenges they are facing in the community and with all the different agencies throughout the housing continuum. They are looking for ways to work together to meet these extraordinary challenges currently being faced in Portland. The first step is to provide more information about what each organization is doing. They have heard feedback that it seems chaotic and confusing and they would like to provide clarity so PHAC can see how the organizations fit into the continuum and how they work together. She is looking forward to partnering with PHAC going forward. She is also an active member of Partners for Affordable Home Ownership (PAHO) and agrees with every word of Steve's statement. She adds that PAHO does bring leverage to the table in the form of their own subsidy dollars for each organization to match the public commitment and investment. Collectively they have a great track record in serving communities of color, though they can admittedly do better. Proud Ground has had no foreclosures throughout the recession – they can absolutely help families be successful. She adds that the permanent affordability commitment for 60-80% MFI helps prevent displacement. Travis's point about the end of affordability at 10 years is very important –

	<p>they have about three families right now who are facing the end of that window and they are looking forward to working with staff to figure out a better way to calibrate the MULTE so it works better for families. Oregon ON and PAHO adamantly suggest that more investment in homeownership is critical in the community for all the reasons Steve stated. They are here to help implement programs.</p> <p>Betty adds that the 10 year sunset of the MULTE is a topic that the PHAC brought up in the November meeting. She is hoping that is something that can be explored. At the time the developer was interested in extending it if possible. If it's not possible she would hope that there could at least be some assistance in relocation.</p> <p>Sarah closes the public testimony.</p>	
<p><b>MULTE Hearing – 9<sup>th</sup> &amp; Belmont Apartments</b></p>	<p>Dory Van Bockel, Program Coordinator of the MULTE program presents details of the application for the 9<sup>th</sup> &amp; Belmont Apartments. The presentation can be found at <a href="http://www.portlandoregon.gov/phb/article/558928">http://www.portlandoregon.gov/phb/article/558928</a> . At the conclusion of the presentation Dory answers questions from the Commission.</p> <p>QUESTION: Who is the developer? ANSWER: Killian Pacific out of Vancouver, WA.</p> <p>QUESTION: Have they met the standard requirements for the program around accessible units, third party technical assistance provider, and Minority Women and Emerging Small Business (MWESB) contracting? ANSWER: Yes. The approval for the MULTE program is conditional on the developer meeting those requirements. These are elements that are standard in the contract with PHB.</p> <p>QUESTION: Who is the third party technical assistance provider they will be working with? ANSWER: At this point they have not yet been selected – they will work with PHB to choose that provider.</p> <p>QUESTION: What are the parking “machine stalls” and are there parking costs to the residents? ANSWER: Machine stalls are parking stackers. And there will be no parking costs passed on to residents of the affordable units. Parking expenses cannot be mandatory. There is an additional cost for parking, but it is not a required expense of living in the units. The cost is an optional upgrade for cars parked onsite.</p> <p><b>ADMIN NOTE:</b> You can see photos of typical parking stackers <a href="#">here</a>.</p>	

QUESTION: What is the construction schedule?

ANSWER: They would like to start construction as soon as possible. They would like to begin pulling permits within the next several weeks. They are hoping to have this project in service by the beginning of next year.

QUESTION: This building seems light on amenities compared to other MULTE applications this year, why is that?

ANSWER: This lot is small for the number of units being built so there isn't much room for additional community space etc.

QUESTION: How close will this program get to the \$3M cap for 2015?

ANSWER: This one will take us to about \$1.5M and that has been reached in just two months – we didn't begin taking applications until October 2015. There is still one more application in the pipeline for 2015. At the moment there are no applications for the 2016 cap so none of that has been spent yet.

QUESTION: Do you think there will be more applications to fully utilize the cap in 2016?

ANSWER: There are several developers who have expressed interest in applying. Most of those possible projects are within urban renewal areas (URAs) where the cap doesn't apply the same way. We do expect to get a number of applications for 2016.

QUESTION: Has there been feedback from developers on the changes made to the MULTE Program?

ANSWER: The feedback has been largely positive and developers have shared that the changes made do make the program more accessible. There has also been feedback that the program doesn't go far enough to make it more developer-friendly.

QUESTION: Can you give a little more detail on how the third-party technical assistance piece of the program works?

ANSWER: PHB provides to developers a list of organizations who can provide the services, though it's not comprehensive and developers can choose an organization not on the list. Organizations like Metropolitan Contractors Improvement Partnership (MCIP) have been utilized successfully by developers to improve MWESB participation. Some of the services provided by the technical assistance providers are reviewing bids, reviewing any MWESB or equity plan that a developer already has in place and providing feedback, suggesting outreach opportunities, holding open-houses, and other ways to facilitate equity participation in the project.

	<p>QUESTION: Do you have a sense that there have been improvements in the selection of MWESB contractors? ANSWER: The program is so brand new that it's too early to say but it does seem as though the program is on track to show improvement in MWESB participation goals.</p> <p>There is discussion amongst the group on how they look forward to seeing how these projects progress and how successful they will be at outreach to local and minority communities both in contracting and in lease-up. The look forward to future reports on the outcomes.</p> <p>The discussion then turns to how high rents are even in the 80% MFI affordable units – a studio renting for \$1000 is not affordable to many. Many people in the minority community especially, are completely priced out of homes unless they are offered subsidies.</p> <p>There is no public testimony on the MULTE application presented.</p>	
<p><b>Homeownership Program</b></p>	<p>Andrea Matthiessen presents the PHB Homeownership Down Payment Assistance Presentation found at <a href="http://www.portlandoregon.gov/phb/article/560980">http://www.portlandoregon.gov/phb/article/560980</a> . At the conclusion of the presentation Andrea answers questions from the Commission.</p> <p>QUESTION: What work do the community partners do in support of the homeownership program and what sort of data do they provide? ANSWER: Community partners identify households, provide them with education and counseling, ensure that they are mortgage ready and then they give them an award, and the household shops for a loan. Once the household has entered into a contract, PHB does a certification to make sure they are income eligible and wires the funds. The data presented today originates from PHB is very accurate.</p> <p>QUESTION: How many awards were given in FY 2014-2015? ANSWER: 21 households were given awards in FY 14-15. 37 households were given awards in FY 13-14. 22 households in were given awards in FY 12-13. Andrea then refers back to slide 10 of the <a href="#">presentation</a> for detailed information on the FY 14-15 awards.</p> <p>QUESTION: Are there presently any tax exemption programs for existing residential homes? ANSWER: There is one existing tax exemption program through the county for seniors.</p> <p>There is discussion about the DPAL program and how the average amount of assistance for that program equals the subsidy that Habitat needs to serve very low income families in their program.</p>	

The discussion continues around the lack of available inventory and ways that PHB may be able to acquire incentives or tools to increase available inventory to lower income households.

QUESTION: Is the DPAL a grant?

ANSWER: The current structure as of July 1, 2015 is that it is a 30 year, no interest/no payment loan which is due upon the sale of the home if it is sold before the end of the 30 year term. As long as the recipient lives in the home as their primary residence there are no payments and it is forgiven at the end of the 30 years if they still occupy the home.

Dike asks Steve Messinetti to join the Commissioners for discussion regarding condominiums as an option for low-income homeowners. Habitat has a unique program where they absorb costs related to construction defects for 10 years. If that is something that Habitat is willing to continue to do, perhaps they can partner with other groups to help make condos a more viable option for more people.

The discussion continues around the complexities of condos including HOAs, insurance, and construction defects as well as the positive aspects of condos as an affordable option for lower income homeowners and a lower investment option for non-profits. The group asks for Steve's thoughts given Habitat's experience working with condos.

Steve shares that Habitat has 17 different condominium projects sized from 10 – 45 units and they are all successful and working well. One of the challenges currently in working with PHB on those is that PHB doesn't really have a good product designed for home ownership development. If Habitat is able to access the down payment assistance in the beginning of the process to help buy the land for building, as opposed to when the project is done, that would leverage those dollars more effectively from their point of view.

There is more discussion from the group around whether DPAL is the answer to creating homeowners. It is expensive and helps only small numbers of families. Perhaps there are other options that would have more of an impact.

There is a question about whether NOAH has a funding program that is similar to Habitat's, focused on land acquisition. The group debates whether that program is geared toward home ownership or rentals. Kurt clarifies that there is nothing in PHB's agreement with NOAH that would preclude them from loaning to affordable housing developers who provide single family ownership opportunities. He believes they are in conversation with a few organizations currently. The terms have to do with the cost of funds, 4 years and 2% interest only payments, which is attractive to some. [Eli Spevak](#) of [Orange Splott LLC](#) has

been talking with NOAH about using that fund for ADU ownership hybrids he has developed. This is a kind of back door way to allow ADU's because Portland doesn't currently allow lot splits of ADUs. Metro has been promoting the NOAH revolving loan fund as a way to increase their level of effort, so we may see more money going into that fund. There are also other resources that have been allocated to N/NE Portland (an additional \$5M) that is being announced this week. Lease purchase hybrids that would allow an intermediate owner, such as PHB or a CDC financial institution, resulting in an ownership in 3-5 years is something that should be investigated as an option. There is agreement amongst everyone that there is a supply problem and there are practical limits to that.

There is a question about what is being done to control gentrification in Lents and East Portland. Kurt answers that there is a proposal in the 2016-2017 draft budget for both single family and multifamily resources specifically in East Portland. The goal is to get ahead of the curve on the Powell/Division URA and not wait until revenue starts flowing because by the time revenue flows there has already been speculation. Part of this plan may involve a serious look at mobile home park preservation as another form of ownership for lower income families. Kurt adds that the City needs a resilient policy that applies to the back end of the current business cycle. Had PHB been positioned in 2008 to take advantage of the discount on real property to which it was entitled we would be in a much better position today.

The discussion then turns toward the status of surplus property, especially ODOT and TriMet surplus property on the East side. Kurt explains that PHB is talking with TriMet regularly, especially on the Interstate Corridor and there are purchases coming up. The City will make an offer to purchase every piece of land that comes up as surplus. PHB will get first look among the bureaus before they are offered on the open market. The current source of funding is the housing investment fund, which is short term revenue from the transient lodging tax.

Cobi shares that Wells Fargo is sponsoring a conference on January 29<sup>th</sup> about mobile home development. Ecotrust is hosting at their offices and CASA is taking the lead on it. They are discussing funding models and the options available – this is an all-day event. The discussion continues regarding the pros and cons of mobile home parks as part of the solution for the housing crisis.

Kurt adds that the City would like to have right-of-first refusal for any mass evictions caused by sale whether or not it's a mobile home park or a multifamily complex. In most cases you get 90-120 days to match the offer – an intermediate owner would be needed for this to allow residents time to organize and HomeForward would be an ideal intermediate owner.

Cobi will forward the invitation to Cheyenne for the Mobile Home Development conference and she will forward it to PHAC members.



	<p>Snohomish County and King County housing authorities have done quite a few of these successfully. He doesn't think either one of them sees themselves as the appropriate long term owner, but it needs a holding company to give residents time to get organized.</p> <p>Elisa asks about the FY 14-15 DPAL awards. There were 21 awards and she wonders if there was money left on the table that wasn't awarded. Andrea answers that there was more than enough demand from mortgage ready households, but the problem was the lack of inventory. There have been resources left on the table because there are households who have been awarded funds, but they have not been able to find a home that is affordable for them. PHB has closed four DPAL awards in Interstate URA in the past six months. In previous years PHB would have seen greater volume.</p> <p>In response to a question about how the DPAL resources have changed in FY 15-16 and FY 16-17 Andrea responds by referencing the pie chart on slide three of the presentation. If you remove the \$1M of NNE Housing Strategy funds, the budget for 14-15 and 15-16 don't look that different except that it doesn't capture the way the resources carry over from fiscal year to fiscal year. The base resources haven't changed all that much in the past 5 years.</p>	
<p><b>Good of the Order</b></p>	<p>The November MULTE Hearing minutes and minutes from the December PHAC meeting are reviewed. Betty corrects that she was not in attendance at the December meeting. There is a motion to approve both sets of minutes which is seconded and carried.</p> <p>Matthew details next steps for the budget. City Budget Office (CBO) requires that request budgets be submitted for Council review on Feb.1<sup>st</sup>, 2016 after having been reviewed by each Bureau's BAC. Normally PHB would have submitted a request budget for PHAC BAC review in January, but there are still budget discussions continuing within PHB which is why there are no budget presentations at this meeting. Cheyenne will poll the group on another meeting date for the BAC in January to look at PHB's budget requests and get input from the BAC on what they feel is important to put into the budget recommendation letter to the Mayor and Council that staff will draft.</p> <p>City budget hearings are in March and April and the council approval hearing is in May. Adopted budget will happen in June.</p>	<p>Cheyenne will poll the group to add a budget meeting in January and schedule another PHAC/BAC.</p>