



PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission

Tuesday, July 6, 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

July Meeting Minutes - FINAL

Members Present: Amy Anderson, Betty Dominguez, Dike Dame, Elisa Harrigan, Maxine Fitzpatrick

Members Excused: Dan Steffey, Nate McCoy, Sarah Zahn, Shannon Singleton

Staff Present: Kurt Creager, Matthew Tschabold, Cheyenne Sheehan

Guests Present: Jacob Sherman (Lents Floodplain Stabilization), Karl Dinkelspiel (Production Pipeline) Victoria James (Mandatory Relocation), Dory Van Bockel & Sarah Harpole (Broadway Corridor), Jennifer Chang (Bond Planning)

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	Sarah is unable to attend the meeting, so Matthew Tschabold acts as chair. There are three months worth of minutes to approve; March, April, and June 2017. The group votes to approve each month.	
Public Testimony	There is no public testimony.	
Director’s Update	Kurt Creager announces that Shannon Callahan, from Commissioner Saltzman’s office, will be brought to PHB as Assistant Director of Policy and Strategy and will begin August 1 st . Javier Mena will still be responsible for development and asset management for the Bureau. This is due to the bureau’s growth and is meant to strengthen the bureau’s internal capacity. You can read Shannon’s bio here . Her principal initial responsibility will be to ensure that the Framework Plan for the spending of Affordable Housing Bond funds, currently in development, is approved by City Council and to create momentum for a renewal of the bond in 5-years.	

Program Updates and Production Pipeline

Jacob Sherman, of PHB’s Neighborhood Housing Program (NHP) team, presents on the [Lents Floodplain Stabilization Project](#) and provides an information sheet on the [Flood Insurance Savings Program](#).

At the end of the presentation PHAC members had these questions of Jacob:

QUESTION: Aren’t sellers required to disclose that their home is in a flood zone to a new buyer?

ANSWER: On the seller disclosure form there is a question, “Are you in the flood plain” with answer choices of Yes/No/Unknown which gives the seller an opportunity to claim ignorance of being in the floodplain. Jacob thinks there could be an opportunity to remove the “unknown” as an option from that disclosure form at some future point.

QUESTION: Was the flood of 1996 a 100-year flood?

ANSWER: Jacob says it was about a 25-year flood event in Johnson Creek in 1996. The flood of 1964 was perhaps the closest to a 100-year flood, but in Jacob’s conversations with homeowners that lived in the floodplain area at that time, they said the floodwaters did not reach them. The most impacted homeowners, business, and industrial property owners have tended to be the ones closest to Johnson Creek.

QUESTION: Are you working with the Army Corps of Engineers on this?

ANSWER: Jacob answers that they are not working with the Corps in terms of remapping, but will work with them on any physical changes to Johnson Creek and they have been providing some technical assistance on the project.

QUESTION: How was this project resourced?

ANSWER: Jacob explains that when the Mayor and City Council allocated resources to the Oregon Solutions Collaborative the Housing Bureau was given a one-time general fund allocation of \$50K which has been used to get the program started. The City was hearing from community members about the high costs of insurance in the flood plain and concerns about displacement due to those costs.

QUESTION: How will you choose which families will receive the elevation certificate?

ANSWER: Jacob is meeting with staff from [Green Lents](#), PHB Policy staff, and community members to propose and weigh selection criteria.

Karl Dinkelspiel, PHB’s rental development manager, does a PHB Multifamily Development update. There is no handout provided. Recent project milestones include;

- Grand Opening of the Hill Park project on 6/11

- Stark Street Apartments, 156 units was approved by the PHB Investment Committee on 6/15 and subsequently approved by City Council on 6/21
- 6905 N Interstate project was approved by PHB Investment Committee on 6/1 – No Council approval needed
- Ground breaking at 14th & Raleigh took place on 6/16

Dike requested that PHAC should receive an updated report every month with updates to the project pipeline.

Dory Van Bockel presents on Inclusionary Housing (IZ). There is no handout provided. She shares that the Inclusionary Housing Program went into effect on February 1st, 2017. Since then, eight permits that are subject to inclusionary requirements have been issued. Five of those projects are PHB projects, the remaining three projects are private developments being built in the [mixed use zones](#).

Two of those projects have elected to provide inclusionary units onsite at 80% AMI rents. The other project is considering using the build-offsite option because they are planning multiple projects in the area.

The PHB's inclusionary housing team is continuing to test its processes and relationships with the Bureau of Development Services (BDS) and other bureaus who work within the BDS workflow. PHB's team is attending early assistance and pre-application meetings to help developers with projects in the pipeline to navigate how the inclusionary housing requirements will affect their projects as they move forward.

Some projects currently awaiting permitting are the PDC owned property at Broadway and Naito, Disolve Studios in the mixed use zone, and a 15-story tower project in the Central Eastside that is beginning permitting – she doesn't have the exact location today.

Dike remembers seeing a report recently that PHB put together that shows the projects and total units in the pipeline as well as projected Inclusionary units. He would like to see a report like that given to the PHAC each month.

There is discussion back and forth between Dike and PHB staff about whether or not that report has been, or can be provided to the PHAC. Cheyenne will research past meetings and see what she can find.

Dike asks if Karl thinks the program will be successful and Karl responds that he thinks the inclusionary program will work. Because of the rush to permit prior to inclusionary housing taking effect, 2017 may be slow for inclusionary units, but he believes it will pick up in 2018 and continue to grow.

Cheyenne will research past meetings to see if a report of pipeline and IZ units has been provided in a past meeting.

Dike comments that it is nice to know that inclusionary zoning hasn't killed development in the City like some cautioned it would before implementation of the program began. He adds that he had a meeting with a developer who recently completed a 200-unit project, that they've been attempting to lease-up for four-months and have only leased 50 units. They are now offering six-weeks free rent to incent leasing. They are also renting units at lower rents than they had initially planned the project. Dike doesn't think this has anything to do with IZ, but has to do with the rental market softening because it is heading toward being overbuilt.

Betty asks how many IZ units will be created in the eight projects Dory talked about today. Dory responds that the five PHB projects will all be 60-80% AMI units. In the other three projects, total IZ units would be around 41 at 80% AMI.

Javier Mena, PHB Assistant Director of Development and Asset Management, presents on the [Fast Start Program](#). This program was designed to expedite construction and development of affordable units.

Based on developer responses to a solicitation for the program which was released in Summer of 2016, PHB went back to respondents for additional information and gathered feedback on the program from PHAC and Oregon ON. Based on the feedback, especially around transparency, PHB has made some changes to the program which are outlined in the handout.

Questions from the PHAC are as follows;

QUESTION: Is the program ready to move forward?

ANSWER: The program itself is ready to move forward but PHB is not ready to make commitments for any of its own sites. Respondents have been asked to provide information to PHB on any project proposals they may have in the next 45 days.

QUESTION: Is PHB planning to set aside dollars for later in the year for City owned site development?

ANSWER: Earlier in the year PHB issued a request for information (RFI) related to preservation of PHB's current portfolio. 16 proposals were received – while there is funding in some URAs for projects, there is not funding available in all URAs. General City resources are also very limited. Also, Bond funds will not be available to use until the Policy Framework has been completed by the [Bond Stakeholder Advisory group](#). At that point they will review to see if any of the proposals would qualify for development under that Framework. Javier anticipates only being able to fund 3-4 proposals at most.

QUESTION: Will this deplete funds that are typically available in each year's NOFA?

ANSWER: Javier responds that at this point, there is no NOFA scheduled because PHB doesn't expect to have any additional TIF resources available in the next 2-3 years.

QUESTION: Can you clarify how this process is different from the regular NOFA process because it sounds very similar.

ANSWER: Javier explains that in a typical NOFA process, PHB is usually the first money invested in the project and then it takes a year or two before all remaining resources are lined up and the project is ready to begin. In this case, for Fast Starts, the developer already has their financing in order from outside sources, and the project is ready to start development without necessarily having funds from PHB or with PHB throwing in some resources at the end.

QUESTION: Have you verified that the developers who originally met the criteria for Fast Start still qualify based on those criteria (\$1M in assets etc.)?

ANSWER: Javier responds that yes, developer information was verified earlier this year and PHB is confident that the developers still qualify, with the exception of one who did not respond to the information request and was removed from the qualified list. The expectation when a developer is selected for a project, is that the City will not provide a predevelopment loan but may need to provide gap financing to start the project. This is the main difference between the NOFA and Fast Start.

QUESTION: PHB has committed to developing housing along the Division Corridor, among other places. How does PHB intend to fund projects like this without a NOFA?

ANSWER: PHB envisions that when buying projects outside of URAs that Bond funds will most likely be used to finance those investments – Fast Start would not be used for these. It is most likely that PHB would buy turn-key projects or develop them itself.

QUESTION: Will the selection criteria use to select developer for Fast Start align closely to what has been used to select NOFA projects?

ANSWER: Javier answer that the selection criteria is being finalized with the Mayor and the focus is more on key priorities; speed of units to market, innovation components, cost containment, and equity. The level of affordability of finished units is also a factor.

QUESTION: Can you explain more about the equity component?

ANSWER: Javier responds that the equity component is about the development itself. The equity model is the same as the general PHB model of at least 20% subcontracting resources going to minority and women-owned businesses, including soft costs. The MWESB history of the general contractor will be looked at as well.

	<p>Elisa expresses concern about how compliant the developers and general contractors will be with MWESB goals, and whether they are capable of meeting those goals without significant support from PHB. She thinks that not only should the past history of compliance be looked at, but also that the developer and general contractor have a solid plan in place to meet the MWESB goals.</p> <p>Maxine expresses concern that MWESB is such an inclusive term that it doesn't really express the goal. She thinks the percentages within MWESB should be disaggregated to see exactly what kinds of businesses are being used to meet the 20% goal. She also doesn't understand why the equity goals seem specific only to contractors, and do not seem to apply much to who gets the housing once complete or who develops the housing – it seems to her that contracting is the only focus of the equity goals.</p> <p>Javier explains that on the Fast Start development list there are four or five organizations from communities of color. It would be an issue to say that at least one of these organizations has to be able to develop a project. The biggest priority for Fast Start is to deliver as many units, for as little investment, as quickly as possible.</p> <p>The group asks Javier to share the final selection criteria to them when it has been approved by the Mayor's office.</p>	<p>Javier will share the final selection criteria with PHAC once it is finalized with the Mayor.</p>
<p>Broadway Corridor Plan</p>	<p>Matthew moves to the Broadway Corridor Plan up in the agenda because the presenter, Dory Van Bockel, has to leave the meeting early. Dory presents on the Broadway Corridor Project. Sarah Harpole, the project manager for the Broadway Corridor with Prosper Portland is also in attendance to answer questions as needed.</p> <p>Matthew adds some historical context by saying that PHB became a co-owner of the Post Office site as a result of the TIF Lift process. Since there weren't urban renewal funds available in each URA, the co-ownership of the Post Office site was offered by PDC (now known as Prosper Portland) as a way to complete the agreement.</p> <p>High points of the conversation include;</p> <ul style="list-style-type: none"> • 0 – 30% AMI units will be possible in the PHB section of the development • Parking will mostly be on-street permit parking • There is a possibility that some underground parking will be available • Approximately 4,000 jobs will be created by this project • The post office itself will move to East Portland 	

	<p>Matthew closes the topic by saying that PHB is involved in 2 large scale planning efforts presently, 1) the Broadway Corridor and 2) the SW Corridor. In a coming meeting Metro will brief the PHAC on the SW Corridor project.</p>	
<p>Policy Updates</p>	<p>Matthew Tschabold does the policy updates;</p> <ol style="list-style-type: none"> 1. Affordable Housing Bond – the Stakeholder Advisory Group (Bond SAG) continues to meet to create the framework for the spending of bond funds. The Bond Oversight Committee (BOC) had their first meeting this morning. A draft Policy Framework is expected to be complete by mid-August. When the draft is complete, a thorough community engagement process will begin to consider changes to the framework before it goes to City Council in October to be finalized. Once complete PHB will implement that framework in the spending of bond funds. 2. Mandatory Relocation Assistance Technical Advisory Group – The ordinance will go back to City Council next week to make technical, and some substantive changes that the group has been working on over the last few months. 3. Utility Allowance Policy - When this was brought to PHAC in April, there were some concerns that the members brought up. There have been changes made to the policy and it will be presented to PHAC again at the August meeting. PHB is no longer considering a retroactive application of the policy because of the affect it will have on some tenant’s rents; by lowering the utility allowance, it effectively raises the rent. 4. HB 2004 – This is the house bill that would transform State Landlord Tenant Law from a no-cause standard to a just-cause standard under certain conditions. While discussions are ongoing, at this point the City does not anticipate this bill will move forward out of the Senate this session. <p>Matthew anticipates that a poll will go out soon to find a date for a PHAC retreat sometime in September or October. The retreat is typically used to develop a 12 – 18-month work plan for the PHAC as well as discuss the role of PHAC as seen by the Mayor’s office and PHB. He expects a representative of the Mayor’s office will attend the retreat as well as any new members chosen during the current recruitment.</p>	
<p>PHAC Charter Changes and Recruitment</p>	<p>Matthew shares the PHAC City Code Draft Changes. This draft was created about a year ago, over the course of a couple of meetings with the PHAC. Due to the volume of work at council during that time as Mayor Hales was finishing his term it never went before council for approval. The recruitment for new PHAC members will open Tuesday July 11th, 2017. At some point in the next few months, changes to PHAC Charter will go before council for finalization.</p>	

	Matthew asks the PHAC to review the charter and let him know if there are additional changes they would like to see.	
Renter Owner Services Advisory Commission	Matthew shares that the Mayor will announce establishment of the Renter Owner Services Advisory Commission (ROSAC) on July 11 th as well. This permanent advisory body will advise the new Office of Renter Owner Services within PHB which will focus on landlord tenant law, landlord tenant services, renter protections, rental registrations etc. PHB will staff the advisory body and that advisory body will update PHAC on a regular basis. PHAC will retain the function of the primary advisory body to PHB and continue as the Bureau's Budget Advisory Committee (BAC). The rationale for the creation of this new body is since landlord tenant law is so technical in nature, it would be important to have representatives with background in landlord tenant law. There is a provision in the code being added that prohibits any member serving on both the PHAC and the ROSAC. A notice for a dual recruitment (PHAC and ROSAC) will go out next week.	
Good of the Order	The next meeting of the PHAC is on Tuesday August 1 st . Matthew closes the meeting.	