



PORTLAND HOUSING BUREAU

Portland Housing Advisory Commission
Tuesday, September 5, 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

September Meeting Minutes - Draft

Members Present: Amy Anderson, Dike Dame, Betty Dominguez, Maxine Fitzpatrick, Sarah Zahn

Members Excused: Elisa Harrigan, Shannon Singleton, Dan Steffey

Staff Present: Kurt Creager, Matthew Tschabold, Cheyenne Sheehan

Guests Present: Andrea Matthiessen (Program), Karl Dinkelspiel (Production Pipeline) Victoria James (Mandatory Relocation), Michelle DePass (Community Engagement), 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 Schedule & Materials” 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 welcomed everyone and called the meeting to order. Quorum is reached and July minutes were approved.	
Public Testimony	Debbie Aiona of League of Women Voters of Portland testified regarding the lack of 0 – 30% AMI units in Portland. The League is concerned and Ed Blackburn’s piece in the Oregonian reinforced that concern by citing the lack of units at that income level which is a contributing factor to the number of people living on the streets. The League hopes there will be a greater sense of urgency in creating more units at the 0 – 30% level. There was an Oregonian article that mentioned the project on Powell and how there had been a plan to put thirty 0 - 30% units in that project, but that has now been downsized to twenty 0 – 30% units. Also, a few months ago, when Dory Van Bockel came to the PHAC to present on the Post Office Project, Debbie was concerned because she didn’t see any plans to get very low income units into that large development.	
Director’s Update	Kurt Creager, PHB’s Director, recognized PHAC members for their service. He said Mayor Wheeler I impressed by the resolve and commitment of the members to shared success. He announced that PHB is updating its Strategic Plan and provided the 2011 – 2013 Strategic Plan for reference. He said the update will be measurable, actionable, and rigorous rather than aspirational as it was in	

the 2011 – 2013 plan. The Mayor has identified ending homelessness and increasing affordable housing development as top priorities which creates a strategic vision and direction for the plan. The existing plan is being used as a point of departure. Values are being updated with goals toward interagency and community partnerships and data driven decision making. Past attempts to update the plan have stalled due to being overambitious. The plan scope is being narrowed to include three basic themes; (1) continue to build a strong organization, (2) promote equitable programs and services, and (3) undertake policy development and implementation. He hopes to deliver a draft of the updated plan at the next PHAC meeting, and a first draft to the mayor in the next week or two. It is important to have it in place before the 2019 budget process begins. He would like PHAC to guide the bureau as the strategic plan is updated.

Q: Will the PHAC have the opportunity to provide feedback direction on the strategic plan and budget before they go to Council for approval?

A: Kurt answered that yes, PHB would like it to be a useful document that helps guide the development of its budget. PHB is working to do more zero-based budget analysis. Currently the City of Portland doesn't use zero-based budgeting. In the current budget process, new programs are evaluated and scrutinized, but baseline budgeting is not subject to the same level of scrutiny. PHB owes it to itself and the community to be rigorous about budget accomplishments. Zero-based budgeting will likely be applied to funding for JOHS programs, PHB programs, and Subrecipient contracts.

Q: What is zero-based budgeting?

A: Kurt explained that with a zero-based budget every program is looked at each year as if it were a new program. This high level of scrutiny for existing programming means examining the efficacy of all PHB programs, every year, asking questions, and being very open and transparent about program performance. Every year PHB will be asking itself if the current services are the right services, not just whether it is getting good value for its dollars.

Q: How much public input will be requested?

A: Kurt answered that public input will be limited and driven by the Mayor's Office and PHAC. There will be a public engagement piece, but there is a balancing act wherein PHB would like the strategic plan to be understood by the community, but also to understand that it is a tactical direction from the Commissioner in Charge (Mayor Wheeler). Robust community engagement takes time, and the timeline for updating the strategic plan is short.

Sarah suggested that PHB use PHAC to engage the public as the plan is being developed. Kurt agreed with that idea.

<p>Program Updates and Production Pipeline</p>	<p>Dory Van Bockel presented an update on Inclusionary Housing (IH) and provided a Summary of Inclusionary Housing Permits from inception (Feb. 1, 2017) to present.</p> <p>There have been 13 permit applications under review that are subject to IH. Of those, there are 5 PHB projects (353 units) and 8 private development projects (479 units) permitting under IH totaling 832 total units and 81 IH units. The IH units are a mix of 60% and 80% AMI units. Dory anticipates that some of these units will come online before the end of 2017. Most of these projects are outside the central city.</p> <p>Q: What is the per unit cost of incentives for the program? A: Dory answered that the cost of the property tax exemptions has not yet been fully calculated for these projects, but in general (using the typical MULTE tax exemptions as a guide) the foregone revenue outside of the central city would be about \$2,000 per affordable unit, per year. If a project is inside the central city, the tax exemption would be applied to both affordable units and market rate units.</p> <p>For more information on how Inclusionary Housing works, go to https://www.portlandoregon.gov/phb/72698.</p> <p>Javier Mena, PHB Assistant Director, presented an update on Fast Starts. The solicitation for project proposals from qualified Fast Starts respondents closed on August 28th. Nine proposals were received totaling about \$36M in requests. An internal/external review committee will convene to review and rank the proposals based on these factors; (1) Readiness to proceed, (2) Equity, (3) Innovation, and (4) Project Cost. He anticipates a written report to the PHAC on the results of that review will be available by the October meeting.</p> <p>Betty would like more information on who submitted what projects during the solicitation. Javier said that he would be happy to provide, but there just wasn't enough time between the close date and the PHAC meeting.</p> <p>For more information on the Fast Starts program go to https://www.portlandoregon.gov/phb/74793.</p>	<p>Javier will provide a list of proposals submitted under Fast Starts to the PHAC.</p>
<p>Policy Updates</p>	<p>Matthew Tschabold, PHB Equity and Policy Manager, reminded the PHAC that the Bureau's 2018 - 2019 budget development process will begin in October. Each PHAC meeting will have a portion of the agenda dedicated to the budget as the PHAC and two PHB staff representatives will act as the Bureau's Budget Advisory Committee (BAC).</p> <p>Also, PHB is working with the Mayor's office to put together issue sheets for the 2018 legislative short session legislative agenda. The City's Office of Government Relations works with Bureau's and</p>	

City Council Offices from September through December to develop the City's legislative agenda. Council then votes to adopt the agenda. Matthew will be bringing PHB's agenda items to PHAC for feedback prior to submitting to City Council.

Jennifer Chang, Senior Housing Policy Coordinator, reported on the Affordable Housing Bond Stakeholder Advisory Group progress. The first draft of the [Draft Policy Framework](#) has been completed. A quick summary of the timeline of this work;

1. Bond passage in November 2016
2. March 2017 PHB convened the Stakeholder Advisory Group (SAG)
3. From April 2017 through August 2017 the SAG has been meeting regularly to develop the Draft Framework Plan
4. End of August through end of September community engagement to review and gather feedback from the community on the content of the Draft Framework Plan is ongoing
5. Once community engagement is complete, feedback will be compiled and presented to the SAG to use for final edits to the Draft Plan
6. The Final Draft Plan will be presented to City Council for review and adoption in October 2017

For more information on the Affordable Housing Bond, including the Draft Plan, the Plan Summary, meeting materials, meeting recordings, SAG participants etc., visit the home page at <https://www.portlandoregon.gov/phb/74262>.

Q: How will targeted communities access the units?

A: Shannon Callahan, PHB Assistant Director, responded that PHB will be intentional about how the units are marketed and to whom. In the short term, with the Ellington, the first project to use bond funds, PHB is marketing units directly through the homeless family system to develop a direct access pipeline to units at the Ellington. In the long term, conversations are ongoing about how best to target units to the priority populations.

Q: What are next steps?

A: Jennifer responded that staff for the Bond are busy setting up meetings with networks, coalitions, and agencies to present the Draft Framework and gather feedback. She would be happy to hear any additional ideas or thoughts from PHAC members on the Draft Plan and/or bodies to whom the Plan should be distributed. PHB is accepting community feedback through September 23rd after which a final Bond SAG meeting is scheduled to share feedback and make final edits to the Draft Plan. The Final Draft of the Framework Plan is scheduled to go before City Council on October 11th.

	<p>Q: How will opportunities to spend bond funds be evaluated given the necessary balance of production goals with cost goals? How will those trade-offs and decisions be explained to the community?</p> <p>A: Jennifer responded that the work of the group is in identifying and balancing multiple priorities. Some of these decisions were put into the survey as questions to gather broader feedback from the community. The intention is also to clearly state some of these trade-offs in the Draft Plan document itself.</p> <p>Q: Are the goals of the Framework Plan in alignment with the available resources?</p> <p>A: Shannon asked Dike if he would like to answer this since he is part of the Bond SAG. Dike stated that in his opinion he doesn't believe that PHB should be the builder of these units. He thinks the constitutional issues around the lending of credit can be avoided by having PHB buy land and lease it to developers or CDCs with experience building consistently in the Portland market. He doesn't think PHB should be creating a new enterprise to build these units. If it fails, it will be hard for PHB to recover from that broken trust. The goal of 1300 units is admirable but he thinks by buying the land and leasing it, that number can be far exceeded. Dike also suggested that there are many developers who rushed to permit projects ahead of the implementation of IH, whose circumstances may have changed and who are sitting on debt due to a softening rental market and a higher vacancy rate in the city. He thinks PHB should seek out developers whose investors may be getting nervous and offer to buy their land and architectural plans and start building those projects ASAP. Jennifer acknowledged that creative solutions like this are being considered by PHB.</p>	
<p>Green Building Policy</p>	<p>Karl Dinkelspiel introduced Suzanne to the group and explained that PHB has had the development of a Green Building Policy on its agenda for a long time. He explained that PHB has essentially been exempt from the City's green building policy and has been operating under Prosper Portland's policy since PHB's inception. He thanked Suzanne for being the driving force in the creation of a PHB specific green building policy designed for affordable housing development which will apply to PHB and PHB's development partners.</p> <p>Suzanne Zuniga, PHB Construction Coordinator, presented on the PHB's new Affordable Housing Green Building Policy.</p> <p>Definitions for undefined terms in the presentation: EUI=Energy Use Intensity PV = Solar EV= Electric Vehicle Charging IAQ= Indoor Air Quality ETO= Energy Trust of Oregon OHCS=Oregon Housing and Community Services LCCA= Lifecycle Cost Analysis Tool by Earth Advantage</p>	

	<p>The group began discussion on how this green building policy relates to PHB’s updated utility allowance policy currently in development. Matthew noted that the utility allowance policy will come back to PHAC for further review in an upcoming meeting before implementation.</p>	
<p>RiverPlace Parcel 3</p>	<p>Dike commented that he asked Nicole Peterson of Bridge Housing to come to PHAC and present on Parcel 3. He hopes to have developers with projects in the pipeline, come and present them to PHAC with some regularity to have greater transparency and vision around the sort of projects being supported by both public and private funds sources.</p> <p>Nicole Peterson, Development Director for Bridge Housing and Senior Project Manager for the Riverplace Parcel 3 Project, gave background on Bridge Housing and presented on Parcel 3.</p> <p>Bridge Housing originated in San Francisco and was formed in 1983 due to a major anonymous grant given to the San Francisco Foundation to deliver new solutions to the worsening shortage of affordable housing. It was determined that the high cost of housing in the area was Undermining the region’s workforce economy. The San Francisco Foundation decided to use the grant dollars as seed money to start Bridge Housing rather than commission a study. Over the last 34 years, Bridge has developed 17,000 apartment units and has approx. \$3 billion in assets. Bridge continues to hold and manage most of the properties it develops.</p> <p>In July 2013 Bridge started the Portland office and developed the Abigail apartments which was completed in May 2016. They are also working on a preservation/rehab in Hillsboro called Woodland Park, among various projects throughout the city.</p> <p>Q: Why was the decision made to separate the affordable units from the market rate units in into different buildings? Why not mix them together? A: Nicole answered that in the Abigail, which was a mixed income development, putting the market rate units and the affordable units in the same building created financing complexity that challenged their ability to get market rate equity into the project because there are more issues with security for investors. They felt separating the units into different buildings would be cleaner financially and afford a better chance at getting market rate equity at competitive terms.</p> <p>Betty commented that HomeForward has mixed income buildings – if tax credits are used they are only applicable to 60% AMI units anyway. In separating the market rate units from the affordable units in different building it makes it seem separate to the point of segregation which then brings up questions regarding the differences in the units in terms of amenities and quality of materials.</p>	

	<p>Nicole responded that there are benefits to doing it both ways, but when trying to finance mixed income buildings it can present significant challenges. Designing the buildings as separate made it simpler financially. She adds that in terms of construction quality post tension concrete is a very high quality construction type. In terms of finishes, they are being chosen based on what would be appropriate. Issues like durability of materials comes into play for the affordable project but they are trying for similar finishes in each building.</p> <p>This project is pre-inclusionary housing – the MULTE 10-year tax exemption will apply to the whole project.</p> <p>Anticipated construction completion date is August 2019.</p> <p>Q: Were neighborhood amenities like grocery stores, laundry, and gym access considered when planning this many units in this area? It doesn't seem like tenants will have access to these amenities and thinks like this are necessary for the health of the community members.</p> <p>A: Dike answered that the developers spoke with over twenty grocers because the original plan was to put a grocery store on the ground floor of the market rate building. Every grocer they spoke with said to be successful, they must draw customers from a 360-degree radius. The location of Parcel 3 is only 180 degrees because of the river. Dike theorized that a smaller neighborhood grocer will probably become interested in the site once its complete.</p> <p>Because the meeting is running over time, Sarah ends discussion. If people have additional questions, they can contact Nicole directly.</p>	
<p>SW Corridor Project</p>	<p>John Gillam of the Portland Bureau of Transportation, introduced Project Manager, Chris Ford of Metro. Chris presented on the SW Corridor Plan Overview.</p> <p>Chis began by saying that most people think of this as just a light rail project, but there are many other elements. At this time, the light rail line has only been proposed, it is not yet fully planned. Metro has a land use plan about distributing employment and residential lands throughout the region in a way that the region can grow while accommodating a large population while retaining a high quality of life and an urban/rural boundary. The high capacity transit (MAX) that the area enjoys is part of that overall strategy so that people can move in between dense places in a way that supports quality of life.</p> <p>You can find more information on the Southwest Corridor Plan and get involved by going to http://www.oregonmetro.gov/public-projects/southwest-corridor-plan/light-rail-study.</p> <p>Matthew commented that he asked John and Chris to present this information because part of the Housing Bureau's work in partnership with the Bureau of Planning and Sustainability and</p>	

	the city of Tigard on what is being called an Equitable Housing Strategy. PHAC will be asked to weigh in on that strategy in a future meeting.	
Good of the Order	The next meeting of the PHAC is on Tuesday October 10 th . Sarah closes the meeting.	

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