



**PORTLAND
HOUSING
BUREAU**

**N/NE Neighborhood Housing Strategy
Oversight Committee**

October 12, 2017

6:00 -8:30 pm

New Song Church

2511 NE MLK Jr. Blvd. Portland, OR 97211

✓ = Oversight Committee Action item
▶ = PHB staff member action item

October 2017 Meeting Minutes

Members Present: Sheila Holden, Dr. T. Allen Bethel, Virgie Ruiz, Felica Tripp, Jillian Saurage, Dr. Steven Holt, Dr. Karin Edwards, Cupid Alexander, Triston Dallas, Marlon Holmes

Members Excused: Dr. Lisa Bates

Staff Present: Norma Trujillo, Sawyer Sheldon, Andrea Matthiessen, Dana Ingram, Javier Mena

Agenda Item	Discussion Highlights	Outcomes / Next Steps
Welcome	<p>Dr. Holt welcomes the committee and the public. He reminds the public in attendance that this is a public meeting, and not a public forum. He invites the public to comment on any of the current agenda items. For comments, issues, or concerns not related to the current agenda items, or in today's presentation, please speak with one of the committee members or PHB Staff present, or use the contact information on the business cards provided.</p> <p>Admin Note - Contact information on the business card is as follows: N/NE Neighborhood Housing Strategy 421 SW 6th Ave., Suite 500, Portland, Oregon 97204 Phone: 503.823.1190 Fax: 503.823.2387 Email: NNEstrategy@portlandoregon.gov Web: https://www.portlandoregon.gov/phb/72705</p>	
Recommendation to increase the subsidy from \$80k to \$100k	<p>Andrea says PHB has 3 recommendations that they are bringing to this committee;</p> <ol style="list-style-type: none"> 1.) That the subsidy offered for new constructions units will be based on the evaluation and demonstration of need. 2.) The same level of increase for future Preference Policy rounds 	

3.) That PHB should increase city wide resources for home ownership; allowing low income households or those who have been / are vulnerable to being displaced can search for homes in less expensive areas if they choose.

Dr. Holt asks for clarification on the final point. Andrea says that currently most of PHB's home ownership resources are tied to Urban Renewal Areas (URA). Says most of the money is tied up in NNE, Interstate, and Lents – these are tied to geographic boundaries within the city. Says that PHB has a very small pot to help people with Down Payment Assistant Loans (DPAL) city wide – enough to help about 7 households right now. Says that there has been a lot of feedback that there needs to be more resources with wider availability to give clients a choice of where to live. Dr. Holt asks if she wants to expand the area or to allow for more money? Andrea says that they need to expand the type of dollars that PHB is using. Says that right now PHB is limited to Tax Increment Financing (TIF) money – which is tied to the geographic area – for most of the DPAL's and has very little money not tied to an area. Say that PHB is proposing either a shift in allowing how those funds can be spent, or identifying additional resources that can be used city wide.

Andrea says that PHB has offered DPAL's to help people buy homes and secure private mortgages for home ownership. Says that over the last 5 years those needs have changed with the market. Says that they used to be \$40k, then \$60k, then \$80k and now they are here asking for \$100k. Says that to use TIF 16% must be used to improve the home and the rest may be used as down payment assistance. Says that 4% goes to the community partner helping the buyers, and for support through the transaction such as real estate fees.

Andrea says that \$5M was allocated for homeownership as part of the NNE Housing Strategy. Says that in 2015, 65 households were identified as an achievable goal for homeownership. Says that in FY 2010-2011 the [Area Median Income](#) (AMI or MFI) for their DPAL clients was 56% says that later increased to 65% AMI. Says that the pool of people eligible for the program stayed the same but the amount of people who could get a mortgage and afford it decreased as the housing market inflated. Says that the average purchase price of homes purchased using the DPAL program increased from \$152k in 2010 to \$200k in 2015.

Jillian asks if the numbers are city wide or NNE specific; Andreas says from the Interstate URA.

Andrea says that income is only part of the equation; says that debt has tremendous impact on household mortgage readiness and changes the pool of potential clients that can participate drastically. Says that slide 10 shows a breakdown of what the 42 current Preference Policy households could afford without subsidy or assistance. Says that slide 11 shows those 42 households and the current market based on recent trends; this is the illustrate what the gap is between what people can afford, and what is for sale.

Jillian asks what the development cap is now. Andrea says there isn't one, it has been handled case by case, but that they could adopt one and tie it to the other homeownership subsidies if wanted / needed.

Cupid asks how many individuals could be helped if the increase from \$80k to \$100k too place? Andrea says they would try to identify additional resources to help the 65 they have already committed to; but after that it would be 30 – 55 fewer households served over 5 years.

Someone asks if this is a second loan on top of the mortgage someone is expected to pay back? Wants to know about homeowner retention for the people who have used this program in the past. Andrea says for DPAL it is a no interest / no payment loan until A.) The house is sold and the loan is paid in that sale or B.) for 30 years. For new development households, they do not pay it back as the equity is more limited and the units are to be affordable for 99 years.

Someone asks where the additional funding would come from to keep this program funded. Andrea says they are hoping to shift some TIFF – LIF funds to this pot of money. The person asks what the implications are for that; Andrea says 50 fewer households will be served.

Marlon asks if the payment at the end of the DPALs 30-year term is a lump sum payment; says it reminds him of the old balloon payment. Andrea says there are a few options. 1.) They can refinance. 2.) They can make monthly payments on the loan. 3.) They have moved, sold the home, and the loan is repaid through the home sale.

	<p>Someone asks what is being done to mediate the market. Javier says that they have little control over the market but if they do not address it then they will be able to help no one.</p> <p>Dr. Holt says that his main concern is that they will be back here in 2 years looking for another increase in the subsidy as the market continues to expand. Says that he wants to get people into homes but that this is circuitous. Javier says that this is the resources they have now. Says that they can at least address the people left in the lurch now while looking for better ways to mitigate this in the future.</p> <p>Dr. Holt goes back a few slides, asks about the 29 people that could still not afford to buy even with the increase. Andrea says they would likely end up in one of the new construction units from Proud Ground or Habitat for Humanity.</p> <p>Dr. Holt asks what leverage the partners are bringing to the table. Andrea says that in the November meeting partners are bringing specific updates to what they are bringing to the table.</p> <p>Felica says that she is worried about the same thing that Marlon is worried about; when you are modifying \$40k or \$60k it is relatively easy but that gets harder after \$100k. Says she is worried that no part of the loan is forgivable. Says that there are other jurisdictions where if the homeowner stays in the house for a certain amount of time parts of the loans are forgivable. Says that balloon payments leave people caught off guard and can lead to people defaulting. Says this is off topic of the subsidy increase but that these silent second loans can greatly hurt these homeowners. Javier says that PHB tries with multiple avenues to not displace homeowners; says that PHB is also a steward of public resources and to keep helping other people they need to recoup some of the money that goes out as well.</p> <p>Virgie asks what happens when these homeowners need repairs on their homes? Andrea says that they can access home repair as early as 12 months after buying their homes. Says that the DPAL loans can come with home improvement dollars, but knows that is not always enough in this market and neighborhood. Says that this is why PHB is excited about new construction homes since they will not need home repair for a good</p>	
--	---	--

bit of time. Javier says that the loans are “silent” meaning there aren’t any payments for 30 years which is what people are worried about.

Felica asks if the DPAL loans are assumable by a family member? Andrea says yes, if they income qualify.

Dr. Bethel says that he is worried that these loans will be an extra \$800+ a month, over 10 years; so that would mean that it would be 40 years before someone can say they own their home. Says that he would like the city to reconsider how they do this so that they can own the home after 35 years or so.

Triston says that he likes the idea of helping the 29 people who are falling short of homeownership; but worries that they are putting people in homes, even if they won’t be able to afford them later.

Shelia asks what the expectation is for adding the payments for the \$100k after 30 years. Javier says that the idea was if the home was sold PHB would recoup the investment since that unit was sold on the market and is no longer affordable. Says that is not a problem with Proud Ground or Habitat’s homes, since they will always be affordable. Javier says that the hope is that after 30 years they are stable and in a better economic situation, and by working with them they will be able to make these repayments affordable. Says PHB’s goal is stabilization and not displacement.

Shelia says that she thinks the loan should be forgivable after a certain amount of time; says that part of the point of the loan is to bring wealth back to the community and a \$100k 30-year silent loan doesn’t build wealth.

Dr. Holt says that is important and wants to defer it until after the issue of the subsidy increase has been addressed.

Jillian asks if homeownership is achievable with the increase; wants to know how many households will be helped.

Andrea says 3 – 6 households will be able to buy homes right now if it is increased, and 29 will not be able to buy a home at all if it is not – roughly, without considering anything like debt. that if the increase isn’t approved in future Preference Policy rounds they will

	<p>need to prescribe applicants debt to income ratios and not be able to cast the wide net they can cast now; the applicants will have to be mortgage ready and meet these criteria.</p> <p>Jillian asks of the 42 how many are expected to use DPAL and how many are expected to buy from partners. Dana says that PCRI is serving 19 (new construction), and 23 through AAAH (multiple). Jillian asks how we will serve the 65 households from this Preference Policy round? Leslie says PHB will serve fewer in future Preference Policy rounds.</p> <p>Felicia asks if this is a sustainable model? Andrea says no, TIFF – Lift is temporary, and can be extended, but it is not forever.</p> <p>Dr. Holt asks the partners present if they would like to add anything.</p> <p>Steven Messinetti from Habitat for Humanity says that the subsidy increase will allow the program to serve the intended recipients for this program; they are the highest qualified, most preference points, and lower income. Says that the increase makes filling the gap more feasible. Says that without it they would have to drop people on the lower end and add people on the higher income end.</p> <p>Diane Linn of Proud Ground says that this program was intended to help families that have been displaced from the neighborhood. Says that back when this was in committee it was said that the goal was to serve the most impacted communities. Says the way to do that is to increase the subsidy and get people into homes.</p> <p>Travis Phillips from PCRI says that this program was designed to help those who have been most negatively impacted by investments in NNE. Says that this resource is critically important to serve the population with the greatest need. Says that the people in their time line still have some steps to complete to be mortgage ready, but they are making progress. Says he is optimistic that they will be ready when the homes are ready.</p> <p>Cupid asks how they explain a silent second mortgage to their clients; wants to know what their response has been.</p>	
--	---	--

Andrea Debnam with PCRI says that people are desperate to own a home, says that they explain what the loan is and how it works but that people just want the home so they aren't thinking about 30 years from now.

Dr. Holt wants to know what the timeline is for people to get into homes. Diane Linn says that they are hung up by decision makers. Says that is why these sorts of meetings are so important because they need the decision to be made so they are start breaking ground.

Dr. Bethel says that in a way they are still dreaming because the developers won't break ground until next summer, plus 6-8 months to build – that means people aren't in homes until 2 years from now. Says that condos can be dangerous with condo fees, and that to a lot of people condos are just long-term apartments; says that they need people who are in the state of mind that they want a condo. Says many of these people were displaced from single family homes and that a condo isn't the same to them.

Diane says that the units are family sized and that they are working on changing people's perceptions of home. Says that condos are the fastest way to get people into homes right now.

Travis says PCRI is ready to break ground this year; says the timeline matches when people will be mortgage ready because none of them are mortgage ready right now.

Shelia says her biggest concern is that she is hearing a lot of concerns about whether they are helping the people they thought they would be. Says that the piece that gets to her is that even with the subsidy it may still be hard to find people who can afford to buy the units.

Steven says that they have the families, but it may be a year or so out until they can buy a house; so, building homes will buy them time to become mortgage ready.

Jillian says what she is hearing is that these projects won't get built without the subsidy? Asks how many more homeowners are they creating when they increase the subsidy. Steven says that if they don't increase the subsidy they will shift who they can serve. Says they will lose bottom half of people – those with the greatest need – and be able to help people with higher incomes. Jillian says that the reason they are in this mess in

because they didn't anticipate the mix of incomes that would come in via the Preference Policy; asks that if those trends persist how many people will be housed by the end of 2018 – the original deadline. 4 for sure, more if they can partner with private developers – but income levels, rising costs, and the market make it untenable without the increase. Jillian asks what the projection is to meet the 62-homeowner goal. Steven says probably 2019.

Leslie says that some of the units aren't funded by the \$5M for homeownership; some are NOFA's or other projects and aren't tied to that 2018 timeline.

Dr. Holt says that tonight's discussion is the subsidy issue. He asks the committee for their votes;

Jillian: Yes – Says she feels backed into a corner but that it has been described to her that they will not be able to serve the households if this doesn't pass, and that is the reason she is here.

Cupid: Abstain – Says the intent of the Preference Policy is to help the most impacted in the community.

Dr. Edwards: Yes – Says that she wants people to have access to homeownership; says this feels like a stop gap that works for right now.

Triston: Yes – Says that he has reservations but hopes the calculations are carefully made and that this isn't a stop gap.

Shelia: Yes – Says she has reservations but wants to see folks get served; with the caveat that there is more discussion around the how.

Dr. Bethel: Yes – Says he is still worried about the silent loan part and wants to see the city and providers begin to plan how the clients will work on that.

Felica: Yes – Says that in this URA homeownership is especially hard. Wants the committee to work more on the policy part.

Marlon: No – Wants to know the average sales price is in the URA; Jillian says \$440k.

	<p>Virgie: Yes – Says she is excited to help people in this gap and if this is how it happens, fine.</p> <p>Dr. Bates: Absent</p> <p>Dr. Holt: Yes – Thanks the committee for their time and energy. Says they need to address the silent loan part.</p> <p>Yes: 8 No: 1 Absent: 1 Abstain: 1</p> <p>The vote passes and will now move on to the mayor with the committee’s recommendation.</p>	
Public Comment	None.	
Wrap-Up	<p>Dr. Holt thanks the community and the committee for their time and for coming. Reminds the audience that these meetings are available on cable channel 30 and on YouTube.</p> <p>Next meeting November 12, 2017.</p>	