

January 9, 2018 Meeting Minutes (Draft)

Note: Meeting minutes are intended as a meeting summary that records the members present, all motions, resolutions, votes taken, and the general substance of any discussion. If a more detailed record is necessary, full audio recordings of all PHAC meetings are available upon request.

Members Present: Amy Anderson, Betty Dominguez, Elisa Harrigan, Cameron Herrington, Hannah Holloway, Diane Linn, Ed McNamara, Ramsay Weit, Sarah Zahn

Members Excused: Dike Dame, Maxine Fitzpatrick, Nate McCoy, Shannon Singleton, Daniel Steffey

Staff Present: Shannon Callahan, Jessica Conner, Sia Argue, Jacob Sherman, Stacy Jeffries

Guests Present: Ted Wheeler (Mayor), PHB Managers: Mike Johnson, Karl Dinkelspiel, Andrea Matthiessen, Dory Van Bockel, Antoinette Pietka

As always, all PHAC meeting materials are archived on the website at <http://www.portlandoregon.gov/phb/phac> (see “Meeting Schedule & Materials” in the gray block on the left side of the page).

Agenda Item	Discussion Highlights	Outcomes / Next Steps
Call to Order	Sarah Zahn called the meeting to order and introduced Mayor Wheeler.	
Mayor’s Remarks / Discussion	Mayor Ted Wheeler thanked the commissioners, particularly for the budget advisory work they are about to undertake, and informed them that he would be leaning heavily on them this year. He addressed concerns he’s heard raised about why he hasn’t attended PHAC meetings on a regular basis, and questions about his commitment to the work being done. He stated his unequivocal support for the work the Bureau and PHAC are doing, stressing that housing affordability continues to be a top priority for his administration. He expressed optimism about the work the city will be able to do on the Housing Bond in the coming year, as well as satisfaction with work that has been done to date in establishing a pipeline of 1200-ish affordable housing units, with the Bond set to provide an additional 1,300. The mayor wanted to make it clear that Cupid Alexander speaks for him on matters of housing. In the upcoming budget process, he stressed that his primary area of concern is unit production—an easy metric for us to measure, and one that the community will use to judge our progress. He stated that the city council is	

also committed to aggressive goals around permanent supportive housing, which he sees as the best way to address multiple chronically homeless populations. PSH goals include both delivering on the infrastructure (actual housing) and figuring out how to provide services in an environment in which the federal government is “slowly abandoning us.” The mayor says the citizens of Portland have made it clear that they want the homeless crisis addressed, along with the attendant issues of mental health and addiction. Mayor Wheeler emphasized the need for solutions to be data-driven, stressing that we need to know what works and what doesn’t, especially in a resource-constrained environment. He urged the commissioners to help him understand throughout the budget process how we can use data better and smarter to allocate the resources we have most effectively. He thanked the commissioners again and opened the floor to discussion.

Topics discussed with the Mayor include:

A need to coordinate the legislative agenda (both federal and state) with PHAC in a way that could take advantage of the networks the group has in the community and keep the Commission tuned in to what the priorities are going to be in session. (**Ramsay Weit**)

A requested overview of challenges and opportunities related to the current budget cycle (from **Diane Linn**). Among challenges, **Mayor Wheeler** cited the problem that we’re not positioned to deliver services sustainably (significant structural deficit). He mentioned the budget reduction exercise (5%) currently being requested of all city bureaus so he can see how they prioritize their own work.

Preservation of manufactured housing parks (**Cameron Herrington**), and how we as a community should be thinking about preservation, both policy-wise and as a matter of budget.

Unreinforced masonry ordinance (**Mayor Wheeler**) to be taken up by city council this spring. The flash point is older buildings, and finding best formula to get those buildings into compliance in case of an earthquake without driving people out of their homes.

The need to think about the service piece of permanent supportive housing during budget discussions, since the units can’t be successful without it. (**Sarah Zahn**)

	<p>Peer support and wellness specialist certifications and peer-driven employment opportunities: Amy Anderson stressed the need to create a pool of folks to choose from by category based on experience, and to coordinate our efforts with Sharon Meieran and the county, since we’re working with the same populations.</p> <p>Pushing the preservation component, as well as looking at other strategies (like the local voucher program) to get folks off the streets and stabilize their housing, since projects for new units can take years (Elisa Harrigan).</p> <p>Regarding the preservation point: If we have “naturally occurring” affordable housing and can put that housing into permanent status, that action leverages a longer period of affordability than just “treading water.” (Ramsay Weit). It takes incentive for multi-unit landlords to get into that game, but it’s a longer-term solution. Mayor Wheeler asked the Commissioners to help him identify those incentives, so that he can put them in the budget.</p>	
<p>December meeting minutes</p>	<p>Since the members didn’t receive meeting materials until the day before the meeting, and the verbatim minutes are so lengthy, Diane Linn moved for provisional approval, reserving the right to make comments or changes later, after everyone has had time to read them. The motion was seconded and unanimously approved.</p> <p>Sarah Zahn officially convened the group as the Budget Advisory Committee. Jacob Sherman and Sia Argue were in attendance to represent PHB on this Committee. Mike Johnson was in attendance to lead the budget presentation.</p>	
<p>2018 – 2019 Request Budget Development Process</p>	<p>In order to make time for discussion with the mayor, Shannon Callahan gave a welcome and brief remarks in lieu of a director’s update. She outlined three items to go through with the budget: (1) a current-year budget review; (2) examination of a prior year’s performance; and (3) proposed decision packages. To clarify, Shannon stressed that this budget does not include the majority of the Bureau’s development budget, and that the committee will not see any PSH “asks” in this portion of the budget. A supportive housing component will be addressed by PHB and the Joint Office a little later in the budget cycle. Shannon stressed that the mayor’s 5% budget reduction exercise applied to general funds allocation (which is quite small as a percentage of our overall budget).</p> <p>Mike Johnson began the budget discussion with a historic look at our budget, from FY 11 – FY 17. The numbers show that we’re still a TIF-driven organization in terms of the bulk of our funding. Mike pointed out that “other local sources” continue to grow, which</p>	

reflects work over the last 2 years with GO Bond, construction excise tax, and inclusionary housing. Mike expects that 5 years from now the share of TIF funding will be among the smaller funding sources. Compared to the rest of the budget, the general fund discretionary isn't that big, but compared to what it was six years ago, it's a significant increase, with the majority of that money going to homeless services. Mike referenced the [adopted budget for the current year](#), broken up into service areas, noting that we have a tremendous increase in the number of available funding sources just within the last couple of years. General fund covers Office of Rental Services, homeless services, and a portion of PHB's admin services. Mike discussed other local funding sources, including the Housing Investment Fund (and income from affordable housing loans made from that), short term rental and construction excise tax, and new affordable rental homes. He pointed out that the tax increment number is still large (\$64.3M allocated), about as much tax increment as we've had in the budget since the Bureau was created. These funds are allocated for some big projects, including Parcel 3 (close to 1/3 of the \$64.3M), activity in Lents (\$10-12M), the big project in the River District and the Home Forward project (probably \$12M between the two).

Mike referenced an additional budget [spreadsheet dealing with program outcomes and performance](#), which shows the number of individuals served along with strategic targets.

Antoinette Pietka provided grounding on how to read the program outcomes spreadsheet, which includes FY 16-17 actual and FY 16-17 target, with the arrow indicating directionality of the measure and the color indicating if we're meeting the target (green), close to the target (yellow), or not meeting the target (red). The discussion at hand is how this info leads to an 18-19 target (looking at 16-17 performance, what we propose for 17-18, and how that should inform the 18-19 target).

Note: 17-18 has two quarters' worth of data.

53:12

Mike Johnson moved on to a discussion of [Decision Packages](#) in the following areas:

Five percent general fund reduction

Mike pointed out that a 5% cut is about \$140K (5% of the \$2.8M general fund that stays with the Bureau). Suggested reductions include the rental rehab program (what we're funding programmatically), travel and conferences (admin costs), and external materials and services (business operations).

Office of Rental Services

The Bureau is looking to expand its programming in the areas of landlord/tenant and fair housing legal services. The Bureau will also need staff to address technical assistance calls and emails. See the [Office of Rental Services detail sheet](#). (Shannon Callahan)

The existing dearth of attorneys willing to take cases to court is a problem that will be addressed by putting out an RFP and contracting with an organization willing to take the work (more than likely an existing non-profit). (Amy Anderson/Shannon Callahan)

Q: If we have record revenues, how much is going into a rainy day fund, how will that be structured? (Diane Linn)

A: While we have record revenue, we face ongoing budget cuts due to financial obligations out of the city’s control. Much of our homeless dollars are on a 1-time basis, so we face a conversion on the homeless side. If there are places the members think we should be asking for additional money, we welcome those suggestions. (Shannon Callahan)

1:08:51

Realignment item—East Portland Programming

Overview from Mike Johnson discussed the realignment item on East Portland Programming; specifically, taking a rental rehab program and reprogramming it to home repair—a solid, successful program. This is a good example of the Bureau being aggressive in trying to get money outside of URAs. When they began, home improvement programs were funded primarily with tax increment funding, with some CDBG funding brought in. While you can use CDBG funding city-wide, you have to stay in low-moderate income areas, with low-moderate income families. This means there are limits within certain locations, which leaves large portions of the city where we don’t have resources to do things like home repair. There is continuing need for this service, and Mike emphasized the importance of making decision makers aware that we need general fund to provide these services city-wide, because even URAs expire.

Discussion items include:

Q: Ed McNamara asked if we could use loan repayments as program income that doesn't have the block grant restrictions, and what PHB's position on loan repayments from TIF is—is it also program income that's unrestricted, or are they still restricted to the URAs?

A: HUD regulations indicate that income off of loans from HUD money do fall under the same rules as the original loan dollars, and the legal advice we've received from the city attorney's office is that the same holds true for TIF dollars. A question for the future is what happens when the debt in the URA is paid off, and we (and Prosper Portland) still have income from some loans from that. At that point, those funds could *potentially* be made available anywhere in the city. (We'll have to see what the lawyers say.) **(Mike Johnson)**

Shannon Callahan introduced **Andrea Matthiessen**, the program manager on this project, explaining that, while the program may not have been successful in its current incarnation, we want to have a successful program in East Portland. Shannon noted that members of the East Portland Action Plan had raised specific concerns about equity issues, in terms of renters v. owners in East Portland. She stressed that we don't want to move the rental rehab program off the table, but we might want to do something different next year to utilize those funds.

1:13:45

Andrea Matthiessen responded to equity concerns. In discussions with EPAP, there was concern that realignment of the program would result in serving fewer households from communities of color. The rental rehab program proposed to stabilize renters, whereas the realignment proposes to stabilize homeowners. The Bureau looked at data on who is living in East Portland, which indicate approx. 7,000 homeowners from communities of color, and about 11,500 renters from that population. The realignment will serve about double the number that the rental rehab program would be serving, since the rental rehab program had a much higher per unit cost (\$25K as opposed to \$6K). Andrea and her team plan to have an additional conversation with folks from the EPAP to make sure these findings clear, and see if they still have concerns. **Betty Dominguez** (who has been involved in these conversations) completely agrees with the direction PHB wants to go with this, emphasizing that there was never any guarantee that we could specifically target communities of color with the

rental rehab program; it was up to the private market to come to us and ask for those funds. She stresses the importance of preserving homeownership for vulnerable, low-income folks who can't take on repairs themselves.

Suggestion for directing these funds where they were originally slated to go (to renters): Coordinate these funds with landlord/tenant legal services that are going to be contracted for, so that as lawyers are working with low-income tenants of color and uncovering code violations, the rehab funds could be used as leverage in a legal case to improve buildings, as a way for landlords to avoid legal liability for code violations. (**Cameron Herrington**)

Andrea Matthiessen replied that it's clear that private rental owners are not interested in engaging with this program in a voluntary way.

Additional suggestion: Make \$25K per unit available as rehab funds (**Cameron Herrington**)

Betty Dominguez points out that acquisition rehab is an extremely expensive proposition, and that this amount of money would not be enough to acquire, much less rehab, rental units.

An additional suggestion (from **Elisa Harrigan**) was to make a small pot of money available for piloting different strategies aimed at incentivizing private landlords to undertake rehab projects. She agreed with repurposing the current funds, but would like to know if there's a way to set aside a small amount for piloting a different strategy, something tied more to supporting private landlords where there's someone with a voucher and maybe a couple of habitability issues. She suggests a \$2K-\$5K rehab for the unit.

The need to preserve "naturally occurring units"—work needs to be done to come up with incentives that bite. Something to incent landlord to do some of this work. (**Ramsay Weit**)

Elisa Harrigan stresses the importance of piloting some activities this year, stressing that we'll lose opportunities if we wait; rents are going up, people are being displaced. She suggests a figure of \$20K for a pilot activity/project.

Betty Dominguez suggests finding out how many landlords have applied to be Section 8 landlords (all vouchers are out; they're not pulling from a Section 8

waitlist); she doesn't know that there are a lot of landlords wanting to pass habitability standards to be Section 8.

The importance of honoring the work of advocacy groups and communicating with them to find out what works: This will help make the case for a greater investment (make investments in a strategic way to get the outcomes we're looking for). **(Diane Linn)**

Outcomes for repair programs have been particularly successful: well over 80% of participants are in their homes a minimum of 12 months later. **(Andrea Matthiessen)**

1:31:15

Next item: Anti-Displacement and Single Family Home Repair

Overview from Andrea Matthiessen: This Decision package originated in some of the Bureau's conversations about work in the Southwest Corridor, which highlighted the potential displacement of low-income homeowners in that area and the predatory real estate speculation already going on. However, the Bureau didn't want a proposal that was limited to that geography, since there are geographies across the city experiencing similar displacement/gentrification.

The Bureau is proposing a city-wide request for home repair resources (\$500K of ongoing general fund). We know that a little bit of money (an average of \$6K per unit) goes a long way, addressing not only repair needs, but also psychological stressors that might lead a homeowner to accept an all-cash, under-value offer from a developer. This proposal hopes to serve a minimum of 83 low-income homeowners outside of URAs. Stressing the need for these services, Andrea pointed out that there is a waiting list of about 270 households.

The focus of this program is for seniors and people with disabilities, with 15% flexibility for folks outside this demographic. When repair needs are greater than \$6K, they're kicked back to the Bureau to provide a loan (instead of a grant).

Elisa Harrigan wanted to know if there was any way to target some of this funding specifically for the SW Corridor. **Andrea** agrees that there is need in that area, but that need also exists in other areas that are quickly gentrifying as transit is enhanced. At this point, it feels more equitable from the Bureau's perspective to make sure there's a more geographic broadening of access. **Elisa**

***Data on home repair programs will be made available for the next meeting, including a breakdown of the percentage of renters and percentage of homeowners who are people of color in East Portland.**

	<p>asks that the Bureau think about this, since there isn't currently a strategy to stabilize low-income homeowners in the SW Corridor.</p> <p>1:39:10</p> <p><u>Next item: staffing changes</u></p> <p>Mike Johnson: The Bureau will be charging a couple of different positions to the Housing Bond, amounting to several hundred thousand dollars. Only city council can create permanent positions; we're in the process of converting a limited term position to permanent.</p> <p>Ramsay Weit wanted to know if the Bond Oversight Committee weighed in on this.</p> <p>Shannon Callahan pointed out that the bond has a 7% administrative cap that we can't exceed. In addition, there is concern that if we don't request positions in this budget, we won't have another opportunity. With the workload added to the Bureau in terms of development and the bond, we've only added one position. Shannon expressed concern about capacity issues at the Bureau, and its ability to deliver services. She emphasized that if we don't request funding for positions now, we'll be 6 months behind the ball.</p>	
<p>Public Testimony</p>	<p>1:46:45 – 1:50:23: Testimony from Veronica, which includes comments on housing health and safety, and a variety of other topics.</p>	
<p>Good of the Order</p>	<p>The next meeting scheduled for January 23rd and will be a focused continuation of discussion around budget submittal.</p> <p>For the next meeting, commissioners will have a full rolled-out budget to review. There will also be a follow-up to the locus discussion and a proposal for incenting developers who came in before inclusionary zoning; Dory Van Bockel has been working on this with her team and will have something for the January 23rd meeting.</p> <p>Cameron Herrington (as a new commissioner) asked for an overview of the commission's responsibility vis-à-vis the budget process going forward.</p>	

Sarah Zahn explained that the role of PHAC is to advise and provide feedback. Once a decision is made on a package and a budget to be submitted, PHAC traditionally writes a support letter to the mayor emphasizing certain points about the budget.

Mike Johnson provided the commission with a budget timeline: At the end of January, he will turn in the request budget. The City Budget Office asks questions of the Bureau and then writes an extensive review of our budget to provide to commissioners and the general public. There will be a series of work sessions with counsel on different Bureau budgets in mid-late March. Additional public meetings are also held in March. The mayor spends most of April preparing a proposed budget, which is rolled out in early May, followed by additional hearings, including one with public testimony. In mid-May the council votes on the approved budget (citizen advisors also involved, get a vote). The adopted budget (which the five members of the council vote on) comes out in early June.

Shannon Callahan noted that there are no new development funding requests in this budget. She stressed that the Bureau is happy to provide data and interact with PHAC in any way that helps provide answers to their specific questions.

Sarah Zahn closed the meeting.