



# Portland Housing Bureau

Mayor Ted Wheeler • Interim Director Shannon Callahan

Portland Housing Advisory Commission

March 6, 2018

3:00 – 5:00 p.m.

Portland Housing Bureau, Suite 500

421 SW 6th Ave.

Portland, OR 97204

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

## March 6, 2018 Meeting Minutes (Approved)

**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, Cameron Herrington, Hannah Holloway, Diane Linn, Nate McCoy, Ed McNamara, Shannon Singleton, Sarah Zahn

**Members Excused:** Dike Dame, Maxine Fitzpatrick, Ramsay Weit

**Staff Present:** Shannon Callahan, Karl Dinkelspiel, Dory Van Bockel, Tanya Wolfersperger, Jessica Conner, Stacy Jeffries

**Guests Present:** Tyler Bump (Bureau of Planning and Sustainability)

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
<b>Call to Order, Roll Call, Minutes</b>	<p><b>Sarah Zahn</b> called the meeting to order.</p> <p>Quorum was reached, and <b>Nate McCoy</b> made a motion to approve the Jan. 23 meeting minutes. The motion was seconded by <b>Diane Linn</b>, and the minutes were unanimously approved.</p>	
<b>Public Testimony</b>	There was no public testimony.	
<b>Director’s Update</b>	<p><b>2:11 – 18:30</b></p> <p>Apropos of requests received at the PHAC retreat in February, <b>PHB Interim Director Shannon Callahan</b> gave a director’s update that included upcoming council items, general updates, upcoming public meetings, and a production pipeline report.</p> <p><b>Cameron Herrington</b> requested that the director’s update include anything happening at other agencies or at the state or county level that might impact the Commission’s</p>	

	<p>affordable housing work, including any legislation PHB is tracking. He also requested an update on the rental relocation ordinance.</p> <p><b>Shannon's</b> update stressed two key points: one responsive to Cameron's question about mandatory renter relocation assistance, and one regarding incenting the pipeline, a proposal that goes to city council on Wednesday, March 14.</p> <p><u>Regarding mandatory relocation assistance:</u></p> <p>City Council held a 4-hour hearing on Wednesday, February 28, and will take up the issue again on Wednesday, March 7. <b>Shannon</b> provided a quick overview of current exemptions listed in the ordinance.</p> <p><b>Shannon</b> explained that interim administrative rules will need to be adopted to implement the program until permanent administrative rules can be adopted under a formal process. That process would require a draft to be published for 60 days, during which time at least one public hearing would be held before final adoption.</p> <p><b>Nate McCoy</b> returned to the issue of updates and asked that the Commission be apprised of efforts at relationship-building between OHCS and PHB.</p> <p><b>Betty Dominguez</b> expressed hope for greater cooperation and the ability for the Commission to submit a letter listing proposed projects and a preference for which receive funding through OHCS.</p> <p><b>Diane Linn</b> brought up LIFT funding for homeownership, stressing that we need to make sure we're leveraging all available resources.</p>	
<p><b>Housing Bond Presentation</b></p>	<p><u><b>19:20 – 1:11:11</b></u></p> <p><b>Karl Dinkelspiel</b> and <b>Tanya Wolfersperger</b> provided an <a href="#">overview of the housing bond</a> and the work of the stakeholder advisory group. Karl stressed that the policy framework for the housing bond is meant to answer two important questions: (1) What communities do we prioritize, and (2) How do we prioritize them?</p> <p><b>Karl</b> announced that the intergovernmental agreement (IGA) with Home Forward was passed by city council last week, and that they will be handling some of the implementation of the housing bond work for us.</p> <p><b>Karl</b> stressed that PHBs main focal points in terms of production were priority communities and location priorities. He reiterated the importance of stressing racial</p>	

equity, geographic diversity, and a commitment to serving residents earning between 0 – 30% AMI. He pointed out that, while production goals focused on URAs in the past, the bond gives us the ability to be anywhere in the city.

**Karl** announced that the City will be partnering with Home Forward to be the developer and also the asset manager of the buildings it owns/will purchase through the housing bond. He explained the need for PHB to partner with other organizations that know about tenants and what they need. PHB will hire 3<sup>rd</sup>-party property managers, and Home Forward will do the asset management.

Now that PHB has signed the IGA with Home Forward, we’re about to start the early development pieces for the property at 30<sup>th</sup> and Powell. The approach will include engaging the community and listening to any concerns they may have.

**Hannah Holloway** noted that PHB’s engagement with communities near potential bond-funded sites has been incomplete. She expressed that there is need for the Bureau to engage outside of—and with groups not typically represented at—neighborhood association meetings, particularly if PHB wants to engage the bond framework’s priority communities in these discussions on siting and local desire for new units.

**Karl** and **Shannon Callahan** provided an overview on Bureau process regarding the acquisition of new land/properties: The Bond Oversight Committee (BOC)—a formal body appointed by the city commissioners—has fiduciary responsibility for the Bureau’s expenditures. On a rotating basis, and in collaboration with PHB staff, two members of the BOC are involved in the process of evaluating properties for purchase. This process is internal and confidential, so that others don’t know we’re looking at a property.

**Shannon** stressed that we do not move forward toward a formal purchase and sale agreement without the agreement of everyone on the committee.

**Karl** explained the process of locating potential properties. In addition to putting out an RFI detailing what kinds of properties we’re interested in, brokers, community members, and owners are also approaching us. The initial RFI identified 80 – 100 properties. Several dropped out, and an initial screening narrowed the list down to 14, with 3 finalists remaining.

There are three additional properties that we are in contract on (two are buildings; one is land acquisition), and we expect to close on all three.

**Betty Dominguez** stressed the need to create affordable housing East of 122nd, a need she saw through her work with EPAP.

**Karl** repeated the need to spread the investment around the city, and **Shannon** stressed the importance of geographic diversity, pointing out that places like SE Portland are also in a desert of equal housing opportunity. She added that she would also like the Bureau to focus some energy on SW and North Portland.

In response to **Betty's** concerns, **Shannon** said she anticipates that the Bureau will be doing more in East Portland, in places like the Cully neighborhood. She stressed we're doing as much balancing as we can.

The next topic of discussion was The Ellington apartments, which are our first look at what happens when we buy a building and some of the tenants are over income. It's been over a year since the property was purchased, and we haven't taken any action against over-income tenants; we've found tenants stay for about a year and then move out.

The discussion then returned to the property at 30<sup>th</sup> and Powell, which we will use bond funds to develop. The acre-sized property received high opportunity and vulnerability scores, and the IGA with Home Forward is our vehicle to turn the property from a vacant lot into a building. Physical modeling suggests we can produce about 200 units, and the next step is to procure a design team to show us what it would look like from an architect's perspective.

**Amy Anderson** pointed out that additional advantages to the property at 30<sup>th</sup> and Powell were its proximity to Multnomah SE Health Clinic (on 34<sup>th</sup> and Powell), and Asian Health Services across the street, which includes a dental clinic, and adds value to potential residents, who would have those clinics in walking distance.

As far as the timeline of future projects are concerned, **Karl** stressed that our goal is to get acquisitions done sooner rather than later, because prices are going up.

There was additional discussion regarding how to keep costs down, and how to determine if the projected costs are reasonable. The Bureau will explore the option of modular/manufactured housing.

**Jennifer Chang** provided comments on process related to screening criteria: Currently staff are in the process of reviewing feedback on the draft criteria. This includes comments received from service providers, housing owners, property management

	<p>companies, fair housing and legal aid. We plan to provide an update and revised version to the Bond Oversight Committee meeting at their April 5 meeting.</p> <p><b>Nate McCoy</b> asked if there had been criteria for commercial space allocation, to which <b>Karl</b> responded that we just can't afford commercial space. We expect some ground-floor community space, but if that space is meant to be commercial, we can't use the bond to pay for it.</p>	
<p><b>IH Program Update</b></p>	<p><u><b>1:13:06 – 1:47:15</b></u></p> <p><b>Dory Van Bockel</b> (Portland Housing Bureau) and <b>Tyler Bump</b> (Bureau of Planning and Sustainability) gave an <a href="#">overview of the inclusionary housing program</a>, which passed its one-year milestone in February.</p> <p>In that one year, there have been 17 projects subject to IH; 12 from the private market, and 5 that are PHB projects. These are primarily studio and 1-bedroom units outside of the city center. <b>Shannon Callahan</b> stressed the importance of looking at inclusionary housing in light of what else is going on in the market, and also of reexamining the policy over time.</p> <p><b>Ed McNamara</b> asked if attempts had been made to track permit activity in surrounding jurisdictions to see what's happening with development in those markets, and also if there had been significant change in permits for developments with fewer than 20 units.</p> <p><b>Tyler Bump</b> replied that yes, they have started having those conversations with colleagues in suburban jurisdictions, specifically in work they're doing with Metro right now. In a three-year review of permits issued for 15 to 19-unit projects, they have not seen an increase in building permits issued. This doesn't necessarily mean more applications for permits aren't coming in; they just haven't yet seen an increase in permits issued.</p> <p><b>Sarah Zahn</b> asked what feedback we'd received from developers of projects that are moving forward about what has made inclusionary housing work for them. <b>Dory Van Bockel</b> indicated that feedback has varied, but several developers have definitely cited the parking exemption, due to the degree of expense that parking adds to a project.</p> <p><b>Ed McNamara</b> pointed out that IH should be an easy sell outside the central city, because rents are already as low as 85 – 87% of AMI, so lowering them to 80% AMI to get a parking exemption or some density bonus shouldn't be too much of a problem.</p>	

	<p><b>Sarah</b> asked what the next steps might be—in terms of change, recalibration, and discussions to be had—since we’re not seeing the activity we hoped to see in the central city.</p> <p><b>Shannon</b> pointed out that the plan was to look at the program two years in and make an assessment at that time. One additional point about the central city: we’re in the middle of a central city 2035 update plan, which is a land use plan that has the potential to increase building heights and floor-area ratios for a lot of buildings in the central city. Some developers may be waiting until that happens to apply for permits.</p> <p><b>Ed</b> agreed that two years is a good time frame for assessment of the IH program, and cautioned that it’s too early to tout the program as a success at this stage. What we’re not clear about is how many units <i>didn’t</i> get built because of IH. If some of the drop-off <a href="#">in Tyler’s memo</a> is due to IH, it’s a huge hit to affordability.</p> <p><b>Shannon</b> said something important we have to grapple with as a city is what we’re willing to trade for affordability.</p> <p><b>Tyler Bump</b> reiterated that we’re in the middle of the Central City 2035 process, as <b>Shannon</b> mentioned, and one of the things they’ve been instructed to do is look at potential additional FAR bonus in the central city to support the IH goals and affordable housing. In addition, there is a multi-dwelling project called <i>Better Housing by Design</i>, which some of the Commissioners are working on, and we’re trying to use height and density to better support affordable housing goals.</p>	
<p><b>Good of the Order</b></p>	<p><b>Cameron Herrington</b> and <b>Amy Anderson</b> had questions regarding how Commissioners might add items to the agenda after they review the meeting materials; there was some confusion over how this should be done.</p> <p><b>Shannon Callahan</b> pointed out that there are staffing issues to consider with some of the Commissioners’ requests to add agenda items, and that some requests could require substantial prep time. She suggested that we revisit the topic as an agenda item at the next general meeting.</p> <p><b>Cameron Herrington</b> suggested that 10 minutes be added to the agenda on a regular basis to discuss administrative process issues.</p> <p><b>Diane Linn, Amy Anderson, and Cameron Herrington</b> had questions about how the Executive Committee was chosen.</p>	<p>► Revisit the topic of how Commissioners might add agenda items</p> <p>► Research how Executive Committee members are chosen.</p>

	<p><b>Shannon Callahan</b> suggested adding discussion about the interplay with the Joint Office of Homeless Services to the April agenda. <b>Amy Anderson</b> concurred, and was especially interested in the IGA and delineation of responsibilities.</p> <p><b>Shannon Callahan</b> closed the meeting.</p>	<p>► Interplay with the Joint Office to be added to April agenda</p>
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