



Portland Housing Bureau

Mayor Ted Wheeler • Interim Director Shannon Callahan

Portland Housing Advisory Commission

January 23, 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

January 23, 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, Cameron Herrington, Hannah Holloway, Diane Linn, Nate McCoy, Ed McNamara, Shannon Singleton, Ramsay Weit, Sarah Zahn

Members Excused: Dike Dame, Betty Dominguez, Maxine Fitzpatrick, Elisa Harrigan

Staff Present: Shannon Callahan, Matthew Tschabold, Jennifer Chang, Jessica Conner, Sia Argue, Jacob Sherman, Stacy Jeffries

Guests Present: PHB Managers: Mike Johnson, Karl Dinkelspiel, Dory Van Bockel

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, Roll Call, Minutes	<p>Sarah Zahn called the meeting to order at 3:04 p.m.</p> <p>Quorum was reached, and a motion was made to approve the Jan. 9 meeting minutes. The motion was seconded, and the minutes were unanimously approved.</p>	
2018 – 19 Budget Decision Packages	<p>1:23 – 54:00</p> <p>Sarah Zahn convened the group as the Budget Advisory Committee, and Sia Argue and Jacob Sherman joined the table as PHB staff representatives.</p> <p>PHB Interim Director Shannon Callahan gave an overview of the Bureau’s budget decision packages, which deal with a proposed 5% cut, as well as any add packages the Bureau is requesting for next year and any realignments. The overview included previously unseen information on decision packages from the Joint Office of Homeless Services (“the Joint Office”). While the Joint Office budget resides under the PHB budget,</p>	

Shannon described it as a separate pot of money, and clarified that the Joint Office was also instructed to participate in the 5% cut exercise.

Matt Tschabold, Assistant Director for Policy and Strategy, provided information on one of the Bureau's major requests for funding, which concerns the Office of Rental Services. The request is being made both to continue work the Bureau has been doing and to extend programming. Matt noted that the current FY budget includes an increase from the mayor's office to fund services provided by the Office of Rental Services by nearly double. Education and outreach and legal aid services comprise the bulk of the increase. The following themes have emerged through the Bureau's policy and planning work and stakeholder engagement work over the past 10 – 11 months:

(1) There are insufficient resources, especially for outreach and education services and legal services for landlords and renters in culturally- and language-specific communities. In response, the Bureau is requesting \$1M to fund education and outreach (\$500K) and legal assistance (\$500K) in those communities.

(2) There is a clear expectation from stakeholders, the community, and city council that the Bureau have internal capacity to provide technical assistance when landlords and renters call and need more information about services available or their obligations/rights under the law. The budget request for 2 FTE is for employees who could field questions in person and from a dedicated phone line and email account. The Bureau has been clear with the mayor's office that it doesn't currently have the capacity to engage with the public on this level.

The increased funding for services provided by the mayor's office was on a 1-time basis. The Bureau understands that the mayor's office is interested in maintaining that higher level of service, so our request budget asks that the 1-time funds be converted to ongoing funds.

Finally, there is a \$200K ask related to the rental registration requirement, since the mayor's office is interested in having better data on what rental units exist in the housing market.

Sarah Zahn suggested that the Budget Advisory Committee consider a strategy for how to frame the budget letter; for example, it seems to be more important to secure

ongoing general fund requests than to fight the requested 5% cuts. (Though there was general agreement that any cuts to homeless services were highly undesirable.)

Diane Linn provided comments on the perceived shortcomings of the budget process and expressed the opinion that the City of Portland should be conducting more targeted budget considerations across Bureaus.

Shannon Callahan pointed out that the Bureau's general fund (\$2.8M) is miniscule. While it's undesirable, the Bureau can realistically absorb a 5% cut to that amount.

Diane Linn asked the Commission to consider the issue of whether or not the general fund is sufficient to address a housing crisis of this magnitude.

Ramsay Weit expressed concern over how legal advice would be dispensed from culturally- and linguistically-specific neighborhood offices if the Bureau gets its requested funding for those services. He stressed that paralegals in the community will need some oversight, some resources, and some back-up, and that the program design is going to be important. He expressed the opinion that Legal Aid should be involved.

Matt Tschabold confirmed that the Bureau was willing to share proposed processes for legal aid services with PHAC and the RSC (Rental Services Commission). He noted that the level at which those services are funded will determine the structure.

Shannon Callahan provided the rationale behind the realignment proposed for the East Portland Rental Rehab Program: The Bureau has had 2 years of non-spending on the program, and it hasn't been successful. The current proposal is to move those funds to the small grants homeownership program, aimed at keeping seniors and folks with disabilities in their homes. While this focuses on owners rather than renters, it is an attempt to keep the funding and figure out the program design issues that will eventually allow PHB to put the money back in to rental programs, specifically in East Portland. Shannon also provided a summary of decision packages for single family home repair and additional staffing. **Matt Tschabold** provided clarification on the conversion of limited term policy staff positions to permanent status, effectively reducing the total number of FTE, but making them all permanent positions to create stability.

Sarah Zahn steered the discussion toward the Joint Office budget. Like all other city bureaus, the Joint Office is being asked to do a 5% cut exercise. **Jennifer Chang** and **Mike Johnson** were present to answer questions.

	<p>Mike Johnson broke the Joint Office budget down into 4 components: the 5% reduction, the base budget (\$16.7M, ongoing), \$10.5M funded with 1-time dollars last year, and three requests for additional services. He explained that the request from the Joint Office is for ongoing dollars, which will be over \$28M. The intent is to maintain the current service level.</p> <p>Note: CAL = current appropriation level (what the Joint Office actually has as a budget); costs go up from one year to the next, and that adjustment is the current service level.</p> <p>Jennifer Chang noted that Joint Office staff are still working on finalizing numbers related to several of the packages. PHB staff will forward that information to PHAC when we receive it.</p> <p>Without the add packages, the Joint Office proposal is about a \$28M request (without the 5% cut); plus an additional \$560K for additional packages, or \$28.6M all together, plus market adjustment.</p> <p>Sarah Zahn asked what metrics the Joint Office is planning to release in support of their budget submission.</p> <p>Jennifer Chang cited federal and local metrics, including, but not limited to: number of housing placements; percentage of housing retention at 12 months; the number of people served in shelters; and the length of time spent in a shelter.</p> <p>Shannon Singleton added that diversion dollars were new this year, and went toward keeping people inside and preventing eviction, so those numbers won't register as placements. She also added that all metrics were being examined by race and ethnicity to assess if the system is serving communities of color at the same rate and as well as it's serving white households.</p> <p>Diane Linn asked for impacts of the proposed 5% cuts, in terms of how many people will have access to services; Jennifer Chang noted that the Joint Office is working on those figures.</p> <p>Ramsay Weit raised the issue of supportive housing, and wanted to know what role this budget has in addressing the goal of 300 units of supportive housing. Jennifer Chang noted that there is substantial funding going to the Joint Office allocated specifically for supportive housing, but clarified that there is not a new budget request for that</p>	<p>► Forward information on finalized Joint Office budget numbers to PHAC.</p> <p>► Provide PHAC with information from JOHS on how cuts will affect access to services</p>
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	<p>purpose. She noted that there is planning toward the resolution of 2,000 units over the next 10 years, and that there could be a supplemental budget ask.</p>	
<p>Budget Letter</p>	<p><u>54:01 – 1:23:35</u></p> <p>Matt Tschabold suggested the Commission save some items related to URAs for the February work plan.</p> <p>Cameron Herrington stressed that the existing general fund is not enough to address the scale of the affordable housing crisis.</p> <p>Diane Linn asked that a more comprehensive conversation with the city council about the ultimate needs for affordable homeownership be added to the workplan.</p> <p>Shannon Callahan stressed that this is only the <i>start</i> of the budget process, and that there is the possibility of a 2nd PHAC budget letter.</p> <p>Ed McNamara confirmed his support for more housing, but questioned the need for more funding sources, stating that we’ve already added a lot of resources: TIF has gone from 30% – 45%, and we’ve passed the housing bond, a construction excise tax, and the air bnb tax—he says we need to show we can deliver with what we’ve got before we start making the argument for more.</p> <p>Diane Linn stressed her appreciation for Ed’s participation in a conversation on how to build affordable housing affordably, and agreed there needs to be a discussion about how to best use the resources we have. However, she stressed how little funding we’re dealing with in some really important areas—what amounts to a couple of houses a year in certain neighborhoods. She agreed there’s a lot of money in the system, but pointed out that we’re catching up from a deficit, and facing severe need. She asked what it would really take, in terms of resources, to make a real critical mass difference.</p> <p>Matt Tschabold spoke to process regarding the budget letter. He referenced last year’s budget letter and acknowledged the short timeline. He stressed that the letter is the Commission’s opportunity to highlight key issues to flag for Council, voice concerns they have, and cite items they support or don’t support. Members of the Commission voiced the following items that they would like included in the letter:</p> <p>Hannah Holloway: The proposed realignment for East Portland; how to redirect that funding to renters as originally intended.</p>	<p>► Add discussion of URAs to February work plan</p> <p>► Discuss how to take the issue of affordable homeownership to city council</p>

Ramsay Weit: Overall concern is to align various initiatives we have going on in some coherent way. He mentioned the balance between emergency homeless assistance and permanent housing—specifically, permanent supportive housing—and how we’re going to meet those goals. He stressed the need to make a commitment to permanent housing that’s coordinated rather than reactive. He expressed the desire for thoughtfulness in addressing how to reach the goals we’ve already identified for the bond and, generally, how to provide permanent housing.

Cameron Herrington expressed being uncomfortable with supporting a budget request the Commission hasn’t seen in its entirety. He feels they’re being asked to endorse and support something they haven’t really seen.

Jacob Sherman suggested an emphasis on the efficacy of resources and what we’ve observed in terms of small investments helping people retain their homes. He also suggested putting a point on the issue of looming URA expiration, and what happens when TIF starts to disappear.

Diane Linn felt there should be a disclosure about several members of the Commission being new to the budget process. She voiced concern over the lack of a true strategic vision about what we’re trying to produce over the course of time. She felt strongly that homeownership had to be on the list, and that we had to have some authentic conversations about what it means to invest in that goal, broken down into repair and new development. She suggested reporting on progress we’re making in some areas, for example, the N/NE Housing Strategy.

Shannon Singleton would like to see a specific call-out around collaboration with the Joint Office. She advocated for the position of no budget cuts, which she sees as reasonable given the state of emergency around housing and homelessness.

Nate McCoy stressed the need for homeownership and jobs, and pointed out the lack of a nexus between rental housing, job creation, and homeownership. He stressed the need to focus on performance-based investments. He mentioned that Prosper Portland had a lot of major projects coming from the post office work and bond work, and he feels there are a lot of job creation opportunities there.

Ed McNamara echoed Shannon Singleton’s comments about making it a priority to restore the cuts to the Joint Office.

Amy Anderson pointed out the need for specialized housing for those involved in the criminal justice system, as well as those who are duly diagnosed. She sees a gap in the

	<p>way services are provided for folks who are high on the list for mental health and cooccurring addition services, noting that the only residential center will be dismantled in 2019. She also mentioned housing needs for folks coming out of state hospitals, and thinks it would be a good approach to target this issue through the Safety off the Streets program and other program services through the Joint Office. She says this population is falling through the cracks, and that we can't reduce jail populations and improve mental health without sustainable housing. She proposes that we not cut the budget due to the influx of people that will be coming from state hospitals and other critical care environments.</p> <p>Ramsay Weit reiterated the need to think about a strategic vision, and to have continuity sooner rather than later. He stressed the need to develop a strategic plan for the Bureau in a way that reflects permanence, i.e., by hiring a director.</p> <p>Shannon Callahan stressed that the Bureau would be doing strategic planning with PHAC, and that it would be a priority for whomever the director is. She also emphasized that any strategic plan should outlast a director.</p> <p>Diane Linn pointed out that one of the things preventing us from seeing long-term strategically is that things change every election cycle. She stressed the need to develop a community-based vision that the city adopts and the Bureau leads. She also supported no cuts to the Joint Office.</p> <p>Sarah Zahn would like to see support for the staff in the letter and acknowledgement of how hard the Bureau staff works.</p>	
<p>Inclusionary Housing Opt-in Incentive</p>	<p><u>1:24:03 – 1:56:17</u></p> <p>Dory van Bockel reported on her work with the development community to include affordable housing in projects being built. She reported that LOCUS and other developers have approached the city with a few different options to include affordability in the extensive pipeline, noting that there are somewhere in the range of 14,000 units that have come into some form of vesting prior to the inclusionary housing requirements that went into effect last February. She stated that the goal is to capture and activate affordability in any of the units that haven't been built already. She discussed a path toward affordability that's similar to one of the options proposed by LOCUS.</p>	

Cameron Herrington urged the Bureau to explore how to offer some of the same incentives for buildings smaller than 20 units and get some affordable units into those;

Diane Linn pointed out that 10 years of affordability just wasn't that much, and asked what we're paying for the amount of affordability we get. Her question was what's going to get developers on board to move forward, but not cost taxpayers too much for not enough benefit? Additionally, she asked what happened to those renters when the units go market value.

Sarah Zahn pointed out that when we were at full velocity with the MULTE program, we never hit our cap. (currently \$3M a year for a rolling 5 year period)

Shannon Callahan pointed out that if we don't have incentives available under the inclusionary housing program, we can't require the affordable units. We want to make sure we haven't hit the cap if a development comes in under IZ, because under IZ we get 99 years of affordability, and under this proposal we only get 10.

Nate McCoy addressed the issue of lease-ups and the 20% units; specifically, he asked if we were getting a diverse group of people into those units. He expressed concern that, in his personal experience, developers usually advertise in the same places—and those places aren't in communities of color. He'd like to see more information on developments that are completed and what that lease-up looks like. He pointed out that expectations aren't made clear to developers from day 1. Going back to his earlier comments on performance-based investments, he stressed the importance of finding out who's benefitting from the funding dollars, and of following through to see if a lease-up plan worked or not.

Diane Linn followed up on Nate's comments by stressing that there are opportunities for more partnerships with the non-profit housing centers. She said we should make it easier for developers to reach diverse populations, and provide those resources directly to them.

Shannon Callahan suggested that the Commission might need an update on the One App Oregon platform, which is required for developers in our regulated portfolio (those who receive direct financing and incentives) and gives the Bureau control of how they market.

Nate McCoy repeated his request to see some data that would indicate whether or not we're getting what we want—out of One App Oregon, or any other platform—in terms of housing for communities of color.

► Provide PHAC with an update on the One App Oregon platform;
 ✓ In turn, PHAC can provide the Bureau with feedback.

	<p>Shannon Singleton stressed the need for alignment between dollars going in to the Joint Office and potential workforce and economic opportunities. She pointed out that the retention services being provided through the Joint Office are extremely attractive to the people operating these developments. She said It’s not just about MULTE—particularly not 80% units—but that a lot of folks are moving out of homelessness and into 60% units, where they’ll have access to some support services, so she thinks there could be better alignment there.</p> <p>Dory van Bockel summarized the next steps, which are to take the Commission’s feedback back to the mayor’s office and decide whether we move forward with taking an ordinance to Council.</p> <p>Sarah Zahn asked the group if they felt comfortable with PHB taking this forward to the mayor’s office.</p> <p>Diane Linn stated that we’re losing opportunities by the day to get this in front of developers, and that it’s a one-off for that group. She reiterated the need to make a concerted effort to make the units available to people of color.</p> <p>Cameron Herrington requested that the topic of incentivizing affordable units in projects that are under the 20-unit threshold be added to the February retreat.</p> <p>Sarah Zahn noted that the Commission seemed comfortable with moving the plan forward, and gave the okay for Dory to take PHACs approval to the mayor’s office.</p>	<p>✓ ► Addition to Feb. retreat agenda: incentivizing affordable units in projects under the 20-unit threshold</p>
Public Testimony	There was no public testimony.	
Good of the Order	<p>The regular February meeting (Feb. 6) will be canceled due to the all-day retreat and work session on Friday, February 16. The second half of the day will be public meeting.</p> <p>Sarah Zahn closed the meeting.</p>	