

Portland's Housing Bond

Bond Oversight Committee

December 12, 2017

2:00 -4:00 pm

Portland Housing Bureau

421 SW 6th Ave., Ste. 500

Portland, OR 97204

December 12th, 2017

Meeting Minutes

Members Present: Stephen Green (Chair), Todd Struble, Susan Emmons, Dr. Steven Holt (Facilitator)

Members Excused: Jes Larson (Vice-Chair); Allan Lazo

PHB and Mayor's Office Staff Present: Shannon Callahan, Javier Mena, Karl Dinkelspiel, Jennifer Chang, Cupid Alexander

Agenda Item	Discussion Highlights	Outcomes/Next Steps
Welcome	Dr. Holt welcomes the committee and the public. Roll call is taken for the BOC members, and introductions were made.	
Review/approve minutes from 10/20/17 meeting	Dr. Holt inquired about review and approval of 10/20/17 minutes which were emailed to members last week. Committee members approved minutes. <i>Staff note: Meeting materials located at: https://www.portlandoregon.gov/phb/75828</i>	Committee members approved minutes.
Bureau and Mayor's Office Updates	Shannon announced Kurt Creager's resignation last week as bureau Director and inquired of members had any questions. Todd Struble asked whether she anticipates this will impact the work of the Bond. Shannon responded no, that effective and successful Bond implementation is, and will continue to remain, a top priority of both the bureau and the Mayor's office. PHB has a team of staff, "Team Bond", who will continue to focus on ensuring the policy and development goals of the Bond moves forward. Jennifer Chang briefly updated BOC members of a revised dates for the 2018 quarterly meetings. She will touch base with each member to confirm availability before finalizing. Cupid Alexander requested BOC members consider scheduling one of its future quarterly meetings in a community location during an evening time. The purpose is to provide opportunity for more community members to participate and hear updates regarding the Bond. Both Stephen Green and Todd agreed this is a great idea. Cupid mentioned Mayor Wheeler would like to attend a future meeting with the BOC.	Cupid will work with Jennifer to coordinate to schedule a future meeting in a community location.

<p>Update on Property Acquisition – Request for Interest (RFI)</p>	<p>Shannon referenced the RFI Internal Review Process document, which was approved by the BOC at its last meeting as the process that will be followed in reviewing potential opportunities for the bond.</p> <p>Karl started the “RFI Status and Ellington Update Presentation” with the purpose of the RFI which is to invite property owners to submit opportunities for consideration for Bond investments. The RFI incorporates priorities identified through the Policy Framework, including the consideration of Opportunity score(s), particularly for land acquisitions, and Vulnerability score(s), particularly for building acquisitions. As of today, we received 65 submitted properties (20 of which were land opportunities. We had several examples where multiple properties were submitted by a single owner. Karl then spent time reviewing the RFI document and minimum eligibility criteria.</p> <p>Karl wanted to get feedback from the BOC on the bureau adding lower density (R1 and R2) zoning categories as acceptable under the original RFI. We received this recommendation from some Portland Housing Advisory Committee members and community partners, and it will allow PHB more flexibility to consider potential opportunities and adjacent parcels.</p> <p>Stephen Green asked whether staff request the change in response to a specific property or whether it’s about strategic direction. Shannon said no, it is mainly in thinking how to allow for more flexibility with future considerations.</p> <p>Todd Struble asked for clarification on the relative scale and impact of the codes. Karl gave an example of a 10,000 sf. property zoned R2 will allow up to 5 units, RH allows for up to 40 units. Todd asked if parcels zoned R1/R2 will be able to get us to the minimum 20 units. Karl said yes, one scenario is if the bureau receives a proposal for a couple parcels zoned R1/R2, which when combined, get to the minimum requirements. There is also some work underway through the City’s Better Housing by Design initiative to potentially change the zoning of R1/R2 to become higher density.</p> <p>Stephen mentioned a concern of this issue is neighborhood impact and perception a potential development that would result in a much larger housing development in an area where it is not desired. Still, he doesn’t feel that the City should take anything off the table, as we are considering all opportunities.</p>	<p>BOC members agreed with recommendation to expand R1/R2 zoned properties for consideration.</p>
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	<p>Susan has the same question as Todd regarding the impact of this on housing production– if we include these zoning areas, will we still be able to reach our bond goals. It sounds like we still can get there; we’d just have to be diligent.</p> <p>Todd inquired how building heights and characteristics and concerns of surrounding neighborhood could be addressed as a potential property becomes available.</p> <p>Karl confirmed that the BOC members are comfortable to make the change for staff to include R1/R2 zoned properties in the consideration process. Todd asked if there is a downside to doing so, and Karl mentioned there is not. The internal review committee, and later the BOC, will have opportunities to review and address the items raised as they pertain to each individual property. BOC members agreed with the decision.</p> <p>Shannon reviewed a sample “Purchase and Sale Agreement” document which will be used when PHB makes a formal offer on a property, and if accepted, PHB enters into the negotiation period and due diligence. She wanted to make it available to the BOC to let them know we will be using this process when we want to enter negotiations with prospective sellers. Stephen added that potential buyers also need to understand expectations and timelines when working with the City on real estate transactions.</p> <p>Karl also reiterated the importance of staff having the ability to respond promptly to viable opportunities, given the nature of the real estate market. The bureau will still ensure that opportunities that we pursue align to our framework goals and receives feedback and direction from the internal review group. Staff have discussed possibility of doing a brokerage RFI to focus in our search. We’ll keep the BOC updated on progress, including if there are specific areas where we need to search in. Group discussed a few options for identifying potential properties, including outreach to building owners in the community and having the city look to other bureaus about possible land or buildings.</p> <p>Susan asked if there were any surprises. Karl said some disappointment in lack of geographic diversity, as most submissions were east of 205. Shannon commented this is indicative of the increasing displacement occurring in our communities. Stephen said social capital is needed to be invested in finding the opportunities we need.</p>	
<p>Ellington Apartments and Next Steps</p>	<p>Javier Mena and Jennifer Chang provided a summary of Ellington Apartments, following slides from the “RFI Status and Ellington Update Presentation.” Javier said the city</p>	

	<p>acquired the Ellington in 2017, through a quick due diligence and acquisition process. The location, size of the property, and vulnerable of tenants if sold in the open market, were key factors in the city’s decision to acquire it. Affinity Property Management has been overseeing the property since July 1, 2017 (<i>see presentation for more details.</i>) Javier and Jennifer opened the floor for questions.</p> <p>Stephen inquired whether households who income qualify for 30% or 60% are given opportunities to have their rents adjusted. Javier confirmed as incomes and current rents are reviewed, we’ll be able to make those adjustments.</p> <p>Susan asked about the 28 households placed in the 0-30% AMI units without vouchers. Javier said there is no debt on the property, so we are able to lower rents. He also adds this property has been in transition for the last several years due to the owner making changes to move people out.</p> <p>Susan asked about tracking referrals from community agencies. Jennifer said Affinity is currently tracking the organizations from which they receive referrals from. Todd has recommendations to add to the targeted outreach list. Jennifer said to send those contacts to her.</p> <p>Todd asked if this process to partner with and outreach to community agencies will be used for all future bond housing. Jennifer responded, yes this is our intention to work closely with community partners because the housing under the Bond is to be made accessible to the priority communities identified. Shannon added the caveat that some housing communities may have very specific programming or services tied to it, as will in the case of housing for survivor.</p> <p>Todd mentioned geographic preference. There may be legal or fair housing considerations, however, are there options we can consider to reach out and/or work to somehow prioritize households who are currently in the neighborhood and facing imminent displacement? Javier said it’s about targeted outreach and getting information out when opportunities before available.</p> <p>Shannon wanted to draw attention to next steps on Ellington- PHB has been acting as an asset manager since acquiring, which is a function the bureau historically has not taken on. PHB is in the process of working on an Intergovernmental Agreement with Home</p>	
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	<p>Forward to oversee this role for us, and potentially the rest of the Bond portfolio going forward. This would not change our bond policy framework, however, Shannon wanted to make the committee aware we are working on this.</p> <p>Susan asked if Home Forward would be taking over for Affinity, or stepping in to oversee Affinity’s work. Shannon confirmed the latter. Home Forward would providing oversight of the property management companies because of their expertise and knowledge.</p> <p>Stephen asked if there will be potential blow-back from other organizations who potentially could do asset management? Shannon said some people may think there could be roles, however, the option is quite limited as we are looking for an entity to manage the whole portfolio and which also needs to have a government partner. She wanted to ensure the committee was informed of this and will keep the group updated.</p> <p>Susan asked about the bureau’s and Home Forward’s roles in developing the screening criteria. Jennifer said bureau staff will develop the initial draft with guidance from Home Forward. Afterwards, the draft will be released for public comment, including to the BOC, and will go back to the BOC prior to finalization. Susan also inquired about the timeline for allocating vouchers. Javier and Shannon said Home Forward is working to determine the timeline based on federal requirements.</p>	
Public Testimony	No public comments.	
Wrap-Up	<p>Susan made a comment applauding the good work of staff in moving the work forward. She said the work is in good hands.</p> <p>Leslie asked about notifications for when the waitlist opens for Ellington, to assess how well the process is going, and if it is being implemented as intended; Jennifer, Shannon, Javier said we have set the process and tracking with Affinity; glad to follow-up additional items which are needed.</p> <p>Dr. Holt concluded the meeting. Next BOC meeting is scheduled for February 1, 2018. More details will be forthcoming.</p>	