



Portland Housing Bureau

Mayor Ted Wheeler • Interim Director Shannon Callahan

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To: N/NE Neighborhood Housing Strategy Oversight Committee
From: Shannon Callahan, Director
Date: May 3, 2018
RE: N/NE Neighborhood Housing Strategy Oversight Committee Annual Report

The 2017 N/NE Oversight Committee Annual Report highlights both PHB successes and challenges in implementing the N/NE Neighborhood Housing strategy. Since receiving your report in March, PHB has worked to create a plan to both address your concerns and to achieve our goals and commitments to the community under this Strategy.

PHB looks forward to continuing to work with the N/NE Oversight Committee and our community partners to ensure that we are improving our policies and programs to reach our shared goal of successful implementation of the North/Northeast Neighborhood Strategy.

The 2017 Report raises concerns in five primary areas. The following is our summarization and plan to address those concerns.

1. Homeownership: Delays in families becoming homeowners and slow production of new homeownership units.

In January 2016, PHB awarded N/NE homeownership resources to two community partners through a competitive RFP process. The African American Alliance for Homeownership Collaborative (AAAH), a partnership that includes NAYA, Proud Ground, Hacienda and Habitat for Humanity, received \$3.3M and PCRI received \$1.7M to collectively provide 65 homeownership opportunities in the Interstate Urban Renewal Area using the PHB Preference Policy. These partners received the names of households prioritized through the PHB Preference Policy in the fall of 2016. Households were not screened for mortgage-readiness or income eligibility.

Households self-selected which homeownership partner they wanted to work with based on presentations from partners about the homeownership models being offered by their organizations. These decisions were not based on assessments of mortgage-readiness or income eligibility but on the information families were presented with about the various options offered by our partner agencies.

The initial timeline to support the 65 Preference Policy families in becoming homeowners was December 2018 — PHB has since adjusted that timeline to reach our goal by the end of 2019. However, with only 6 households yet to achieve homeownership - our programs, policies and structures required re-examination and reassessment.

At the March Oversight Committee meeting, PHB presented the following homeownership action items:

- *PHB will be providing the N/NE Neighborhood Housing Strategy Oversight Committee **quarterly reports** on the progress of the developments as well as reviewing the mortgage readiness of all families working with our partners.*
- *PHB will be **actively managing the households on the list** with our partners. We will survey preference policy families every six months to ensure they understand information being provided around homeownership opportunities and the associated timelines. PHB and our partners will work to connect individual families with specific units being developed as soon as possible prior to completion of the units.*
- *PHB will be **closely evaluating each individual household on the list** to better understand specific barriers experienced by the households on the list and look for strategies to move families toward homeownership quicker when they are ready including allowing them to work with either contracted partner if it moves them into homeownership on a faster timeline. We will also **actively manage the development of units and facilitating partners through the permitting process.***

In moving forward with these action items, PHB staff began working with PCRI and the AAAH Collaborative in April to conduct onsite assessments of the files of the families on the Preference Policy lists. PHB was not able to determine the mortgage-readiness nor ability to afford and homeownership option for 14 of the 45 households on the active list. *Please see attached results of the onsite assessments.*

After attempting to evaluate the mortgage readiness of individual Preference Policy households and reviewing PHB guidance to partners and policy decisions, it became clearer that to achieve the goal of supporting 65 Preference Policy households in becoming homebuyers, PHB must update our programs, policies and structures in order to successfully meet our shared goals. Therefore, PHB will be making the following modifications to the implementation of N/NE homeownership resources:

- A. Create and assess a single centrally managed list of Preference Policy families**
PHB has asked the Portland Housing Center (PHC) to manage a single list of Preference Policy households. PHC will assess households for readiness and fit against all homeownership options being funded under the N/NE Housing Strategy. To facilitate list management PHC will receive PHB funding with to hire to conduct this work.
- B. Offer clear, consistent, and new options to support successful homeownership**
Because PHB did not screen for income or mortgage readiness when implementing the first round of the Preference Policy, a high percentage of the households currently working with partners are unlikely to become mortgage ready by the end of 2019. If a household on the current list does not have an option they will be ready for or able to afford they will be offered 1) the option to wait for the next round of homeownership options under the preference policy list or, 2) additional sources of homeownership funding in other areas of the City offered either by PHB (Lents URA funds) or products offered by PHC
- C. Identify additional non-URA resources for Preference Policy households**
PHB will be adding 10 additional down payment assistance loans to the strategy which will be available to Preference Policy families who wish to or are able to purchase outside the URA boundaries.

We will make those available to the families who will be mortgage ready and able to income qualify to purchase a home on the private market by the end of 2018. Based on the homeownership market data below compared with the incomes of the 65 families currently working with homeownership partners, PHB recommends these resources support families in buying in more affordable locations where their mortgages will be lower than in N/NE neighborhoods.

The limited geography of the urban renewal area limits the number of available homes for purchase at all price points, and significantly limits those at price points that preference policy households could afford. By expanding the geographic area in which the a household may use a down-payment assistance loan, there is an increased likelihood for success. Below is a table demonstrating 2017 sales transactions in the URA, the broader N/NE area, and the City as a whole.

<i>Geography</i>	<i>2017 Sales</i>	<i>Average Price</i>	<i>Sales Under \$350,000</i>
<i>Interstate URA</i>	<i>547</i>	<i>\$410,991</i>	<i>111</i>
<i>N/NE Portland</i>	<i>1,328</i>	<i>\$522,059</i>	<i>308</i>
<i>Portland</i>	<i>10,455</i>	<i>\$468,526</i>	<i>3,666</i>

PHB will continue to track and report on the progress of homeownership units being developed with N/NE resources. This includes units being offered under the first Preference Policy round as well as those currently in the pipeline to be developed for the second Preference policy round that may need to be partially filled by households on the current list of Preference Policy families.

First Preference Policy Round

	Organization	Project	Units	Estimated Completion Date
Round 1	AAAH Collaborative	Olin	12	July 2019
		Kilpatrick Phase 1	12	December 2019
	PCRI	Williams	4	November 2018
		Blandena	6	January 2019
		Arlington	1	March 2019
		Alberta	3	May 2019
		Mallory	2	June 2019
		Winchell	6	May 2019
TOTAL			46	

Second Preference Policy Round

	Organization	Project	Units	Estimated Completion Date
Round 2	Proud Ground	502 N Interstate	48	
	Habitat	Kilpatrick Phase 2	18	
TOTAL			66	

D. Preference Policy: Requests from partners not to use the Preference Policy and misinformation regarding the policy.

The Preference Policy is required for homeownership and rental housing opportunities. This requirement is a condition of receiving funding. PHB will be increasing direct contact with preference policy families through regular communication and we will be further clarifying collective roles and expectations regarding the policy with our partners.

E. Down Payment Assistance Loan Structure: The Committee recommends a loan that is forgiven over the course of 30 years.

PHB agrees and will be recommending a new down payment assistance loan structure that is fully forgiven at year 30, with a phased forgiveness starting at year 15. PHB reviewed other loan structures both regionally and nationally, and applied an equity lens to its analysis. PHB is proposing a modified structure which it reviewed with the Portland Housing Advisory Commission (PHAC) meeting at its May 1st meeting and will review with the N/NE Oversight Committee on May 8th. PHB had intended to bring the proposed changes to the Portland City Council at the end of May, however, PHAC requested to review this again at its June meeting. *Please see attached memo.*

F. Home Repair Loan: Budgeted amounts do not match the outcomes and fewer communities of color are benefitting this year than last.

PHB budgeted an amount for home repair loans in 16/17 that did not match staff capacity. We have aligned our yearly budgeted amount to capacity and are projecting 50 home repair loans in N/NE in FY 18/19. We have not reduced our overall goal of 80 Home Repair Loans under the strategy, but have adjusted our yearly outcomes to reflect staff capacity. We expect to achieve approximately 20 Home Repair loans each fiscal year.

We are also working to improve delivery and efficiency of home repair loan program in consultation with the City's Budget Office. Importantly, we will also reinstitute proven community outreach strategies to reach communities of color. This includes better utilizing faith community networks and convening gatherings in the N/NE community where long time neighborhood homeowners live to support them in enrolling in the home repair loan program.

G. REACH/Argyle Development: Change in proposed development from NOFA.

Due to funding challenges and increased construction costs, REACH has proposed changes to their Argyle development. REACH and PHB will present an update on the development, financing and development options at the N/NE Neighborhood Housing Strategy Oversight Committee in May. Notably, REACH has submitted an application for state funding for the project, we anticipated the results of that application would be known by May but we do not expect to know the results of the state funding round until June.

We will also be providing you with quarterly reports on our progress, which is included in your materials for the May meeting. Our hope is to alert you, and ourselves of any issues we are facing in achieving our shared goals in a timely manner to allow us time to course correct, if necessary.

Thank you for your advice and monitoring of our policies, programs and outcomes – your work is of central importance to our achieving our commitments under this strategy.