

Housing Committee Minutes of February 12, 2018 Meeting

A meeting of the Portland City Council's Housing Committee (HC) was held on Monday, February 12, 2018 at 5:30 P.M. in Council Chambers of Portland's City Hall. Councilors present at the meeting included Committee members Councilor Kimberly Cook, Councilor Pious Ali, and Councilor Jill Duson, Chair of the Committee. City staff present included Jeff Levine, Planning and Urban Development Department Director, Mary Davis, Housing and Community Development Division Director, and Victoria Volent, Housing Program Manager.

Item 1: Review Housing Policy Proposals

Jeff Levine gives an overview of the policy proposals. Councilor Duson opens to public comment.

Dana Totman: The City has few and limited financial resources to tackle affordable housing challenges; resources are outweighed by the need; critical that funds are used strategically and thoughtfully as possible; every program provides some level of help for some people; gaping hole in policies – to create more affordable units; refers to letter from developers dated June 8, 2016, still feel expansion of housing inventory should be priority; more important than any of the other proposals the committee should support proposals that create more funds for development of new housing; thinks TBRA is the least cost effective, most expensive, in terms of addressing the need; programs with narrow purposes are administratively expensive and inefficient; projects that receive enough local money can leverage money from MSHA; See attached memo from Avesta.

Scott Vonnegut: support community land trust (CLT); committee should strive for a time table to establish a CLT for late this year or early next year; a CLT would have a profound direct and long lasting impact; City should create a GIS system that would identify all city owned land that is accessible to the public and would enable research of property suitable for housing development.

Wendy Cherubini: City focus should be on supply, using resources wisely is critical, such as effective use of city staff; urge council to look at data that gives a comprehensive view on both the city and the county; think about how to target any new revenue to help set goals and report out every year.

Jay Waterman: Excited about the code re-write, in favor of potential changes; focus should be on production; scarce resources, so much need; 2,000 sect 8 vouchers; since 2015 issued 211 vouchers, only 79 able to lease units, the rest not able to find units to rent; Bayside Anchor savings differential between actual rents and market \$171,000/year, \$15.5 m over 90 years; average subsidy for affordable unit is \$15,000, average \$180,000-\$200,000 total development cost per unit; this subsidy is extremely important and leverages 10x in other funding.

Tom Watson, Port Property Management – A for-profit developer; the City should subsidize for profit development; no new for profit projects in the pipeline; cost of development increasing, cost of construction up 15%, interest rates going up. City needs to be willing to cut deals to get people to invest in developing affordable housing (city land at no cost, tax increment financing, etc.)

Sara Ewing-Merrill – Executive Director of Greater Portland Family Promise (GFPF) which works to help with overflow from the City’s family shelter; GFPF has been open since July, 2017 and has served 12 families; we’ve placed 5 families outside of the greater Portland area. Creating more affordable housing in the city and surrounding area is extremely important; hope the committee will make decisions that support creating more affordable housing.

George Rheault: Skeptical that housing solutions will be found; council has to make a decision on what the next 10 year focus will be; last 10-20 years focus has been to depopulate Portland; need to upzone to allow more 3-4 story buildings, taller buildings done right can grow Portland don’t feed stereotypes that this type of building is bad.

Cynthia Cochran: Reminds everyone that Division 30 text amendments need to be applicable on a broader base; can’t build more housing without more density and the increase in density should be spread across various zones throughout city not just on the peninsula; low income housing should not be concentrated in one place (PHA example in East Bayside).

Councilor Duson opens to committee discussion.

Councilor Duson: global concern is to come away with actionable proposals that will impact housing in the city; focus in on a couple of longer term proposals; as well as identify a few on a faster time frame; long term, middle, short term items.

Councilor Cook: may only need one goal with multiple strategies; need to focus limited resources on supply, doing what we can do to impact production of housing units; focus on low income, workforce and the missing middle (starter homes, ownership opportunities for teachers, police officers). Best practice is 80% affordable 20% market rate (workforce demographic); would like city staff to identify city owned property that may be appropriate to use for mix of housing types; use Housing Trust Fund (HTF) to build properties to leverage other funding;

Councilor Ali: CLT, what information do we already have?

Councilor Duson: CLT also priority; asks staff to talk about resources currently available and how those tools are used; Mr. Levine explains that HTF is flexible but will not by itself solve the problem, theme of producing new units is in new comprehensive plan, challenge is producing something that works;

Councilor Cook: because recode is moving forward, some ideas mentioned are already in progress; would like to move forward with haste but is sensitive to work plan for the recode; Mr. Levine explains the recode work plan, phased efforts, Phase I – format, structure, making it readable, policy decisions will need to be made for example definitions are not always the same, definitions of housing types are antiquated; Phase I in 2018;

Councilor Ali: mentioned private developers, any record of private/public collaboration in Portland; 65 Munjoy Street is mentioned as an example;

Councilor Ali: look at city owned land – is this being done and is it accessible to public; Mr. Levine mentions that this is done on an on-going basis; staff will bring some information forward for committee discussion;

Councilor Duson: “A” level proposals - CLT seems to be something the committee agrees on; TBRA - program prepared to respond in emergency situations; Mr. Levine indicates that other resources would have to be involved to increase the current TBRA funding level but increase should not be in federal resources; other resources/local resources would need to be identified;

Councilor Ali: identifies TBRA and housing rehab as priorities;

Councilor Duson: asks staff to do an overview of work done by the Housing and Community Development Division; “B” level proposals – PWD program, condo conversion ordinance analysis; asks whether recode work would be reviewed by the committee, full council? Staff recommendation would be to have council workshop in not too distant future; funds from WEX sale, Councilor Duson hopes that the committee members would advocate for portion of those funds to go to HTF;

Councilor Cook: CLT not familiar with how other cities have done a land trust; support identifying city owned property and what it could be used for; stay flexible in approach in gathering information on property we have to develop housing; would like this added to the work plan; any money made with selling property should be put into HTF;

Councilor Duson: use city owned land to leverage different types of housing, CLT might be one of strategies;

Councilor Cook: how to increase funding to HTF, hotel linkage/impact fee; Mr. Levine explained that commercial linkage fee is used in other communities, would recommend a customized to approach in Portland and focus on hotels, onetime fee when built, not a room tax, could be rolled into impact fee work department is researching;

Councilor Duson: Economic Development Committee is working on the impact fee topic, will they also look at this hotel linkage fee; Mr. Levine explains that this is slightly different, more of an

indirect impact, would need to do a nexus study; this more of a Housing Committee item than the rest of impact fee work;

Councilor Duson: sounds like this is something that should be on the list and staff will provide information on what other communities do with commercial linkage fees.

Committee agrees that they want more information on Housing Advisory Board item. Councilor Duson mentions that we have to do this under the new Tenant Housing Rights Ordinance; would like a reminder of what was passed and suggestions/recommendations to move forward; wants any changes to be done in a very transparent manner.

Councilor Cook: Accessory Dwelling Units (ADU) is that something worth including in work plan, acknowledging that staff is working on this with rezone; an analysis of what has happened with recent changes and how it might work in other zones; staff will provide an update in relation to work with rezone;

Committee wants to hear more about PWD program;

Councilor Duson: strong interest in continuing to be responsive to low income households and tenants; housing first is important to many councilors, moving people out of homelessness into stable housing.

Councilor Ali: asks for infographics on survey feedback;

Item 2: Review Summary of Feedback on Housing Policy Proposals

Discussion included with Item 1 above.

Item 3: Committee Discussion re: 2018 Work Plan

Discussion included with Item 1 above.

Councilor Duson motion to adjourn and Councilor Cook seconded the motion. Motioned approved 3-0. The meeting was adjourned at 8:00 p.m.

Respectfully submitted, Mary Davis



In consideration of recent proposals related to tenant based rental assistance, Avesta has reflected on investments made by the City in affordable housing developments and the ultimate long term financial impact to Portland renters. The City of Portland invested a total of \$1,403,033 into three Avesta projects: Oak Street Lofts (2011), 409 Cumberland (2013) and Thomas Heights (2015). The City's investment bridged a financial gap present in each project's capital stack, thereby facilitating the construction of 112 new residential rental units, of which 101 are affordable.

Each of the three projects utilized Low Income Tax Credits (LIHTC) which required a long-term affordability agreement, 90 years for Oak Street Lofts and 409 Cumberland and 45 years for Thomas Heights. To quantify the impact of the City's funds Avesta calculated the difference between the area market rent, as determined by a third-party appraisal or market study, and the actual rent charged to tenants. The Year One Impact illustrated below is the total savings between market rent and actual rent charged in the first year of each property's operations. Since these properties will remain at below market rents for the life of the affordability restrictions Avesta then calculated the total savings over the life of those restrictions. The City's one-time investment of \$1,403,033 ultimately results in rental expense savings of \$26,033,400, or \$257,756 per unit constructed.

Summary of Impact

Total Monies Invested by City of Portland	\$1,403,033
Total Number of Units Constructed	101
Investment per Unit	\$13,891

Year One Impact

Oak Street Lofts	148,836
409 Cumberland	120,360
Thomas Heights	40,128
Total Year One Impact	309,324

Impact Over Life of Affordability Restrictions

Oak Street Lofts	90 years	13,395,240
409 Cumberland	90 years	10,832,400
Thomas Heights	45 years	1,805,760
Total Impact		26,033,400
Per Unit		257,756

The City's investment nets a far greater financial benefit when leveraged with other funding sources to generate rental units with long-term affordability covenants. The one-time allocation of precious resources will net an 18-fold return while simultaneously avoiding the risk of annual budget shortfalls, inflation, and increased administrative costs.