

# Metro | Agenda

Meeting: Equitable Housing Work Group – Meeting #4  
Date: Tuesday, September 29, 2015  
Time: 12 p.m. (noon) to 2 p.m. (*lunch available starting at 11:45 a.m.*)  
Place: Metro Room 370A/B  
Purpose: Provide feedback on data to frame equitable housing challenges/opportunities  
Provide feedback on revised opportunity matrix and proposed case study topics

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- 12:00 p.m. Welcome, meeting purpose, and introductions**  
*Metro Councilors Craig Dirksen and Sam Chase*  
*Working Group members*
- 12:05 p.m. Meeting agenda, logistics, and updates**  
*Kirstin Greene, Cogan Owens Greene*
- 12:10 p.m. Update on Metro’s Regional snapshot on housing and market/regulated housing analyses**  
*Emily Lieb, Metro*  
*Jerry Johnson, Johnson Economics*
  - Feedback on what’s most helpful in building a shared understanding of challenges and opportunities for equitable housing development
- 12:40 p.m. Lessons learned from Kim-Mai Cutler event**  
*Emily Lieb, Metro*  
*Working Group members*
- 12:50 p.m. Update on stakeholder engagement: Developer focus group**  
*Emily Lieb, Metro*  
*Megan Gibb, Metro*
  - Questions and clarifications
- 1:00 p.m. Updated opportunity matrix and proposed case study topics**  
*Emily Lieb, Metro*  
*Ruth Adkins, Oregon ON*
  - Feedback on the revised matrix
  - Feedback on best practices for case studies
- 1:50 p.m. Next Steps**  
*Emily Lieb, Metro*
- 1:55 p.m. Public comments (as time allows)**
- 2:00 p.m. Adjourn**

**Equitable Housing Working Group**

**Wednesday, August 26, 2015**

**10:00 a.m. - noon**

**Metro Regional Center, room 370A/B**

**Working Group Members Present:**

Councilor Sam Chase	Metro
Councilor Craig Dirksen	Metro
Betty Dominguez	Home Forward, Multnomah County
Sheila Greenlaw-Fink	Community Partners for Affordable Housing (CPAH), Washington County
Rachel Loftin	Homebuilders Association of Metro Portland
Alisa Pyszka	Greater Portland Inc
Margaret Salazar	US Department of Housing and Urban Development (HUD)
Alma Flores	City of Milwaukie
Eli Spevak	Orange Splot LLC
Elisa Harrigan	Meyer Memorial Trust
Gordon Jones	Rose Holdings LLC
Bill Van Vliet	Network for Oregon Affordable Housing (NOAH)

**Metro Staff and Guests:**

Emily Lieb	Metro
Megan Gibb	Metro
Laura Dawson Bodner	Metro
Nikolai Ursin	Metro
Ramsey Weit	Community Housing Fund

**Facilitator and Project Partners:**

Kirstin Greene	Cogen Owens Greene
Ruth Adkins	Oregon Opportunity Network

**WELCOME AND INTRODUCTIONS**

Councilor Chase called the meeting to order at 10:06 a.m., welcoming committee members and guests and inviting attendees to introduce themselves. He noted that the construction excise tax is nearing an end and there is now a social equity criteria component. He said that Metro Council met in retreat and discussed equity. Councilor Dirksen added that the big challenges with affordable housing are coordination and finding resources.

**MEETING AGENDA, LOGISTICS AND UPDATES**

Ms Greene introduced the agenda and meeting logistics. She invited the committee to submit edits to the July meeting summary to Emily by the end of the week.

**SUMMARY OF OREGON ON ENGAGEMENT FINDINGS**

Ms Adkins reviewed Oregon Opportunity Network's (Oregon ON) recent work with focus groups and gave an update on the survey and the follow up survey. Findings will be available by the end of the month. Her slide presentation will be posted to the Equitable Housing web page and a link provided to the committee. She talked about respondents, representation within counties, that the need for affordable housing is sometimes questioned and the differences in perception of effectiveness of affordable housing efforts. Survey respondents were self-selected and were primarily from the non-profit sector. Seven developers participated in a focus group. Oregon ON will follow up with another event aimed at gathering additional developer input.

Ms Adkins summarized responses from the survey. For the action strategies question, locating a new long term revenue source was the most common response. Overturning the state ban on inclusionary zoning garnered the second largest response. Respondents thought that if Metro offered technical assistance grants, focus could be on one of four areas: advocate/educate, analysis/planning, support for development of different housing types and providing direct funding. Responses on the question of helpful Metro roles included identifying land for affordable housing development, advocating for state and federal policy changes, developing or evaluating tools to incentivize private development, helping establish a land bank system, convening a regional strategy or process to identify land availability and contributing to the ease of putting together funding.

Ms Adkins said that roundtable discussions in Hillsboro, Portland, Tigard, Gresham and Oregon City were well-attended, primarily by jurisdiction staff and non-profit representatives. Discussion at the roundtables centered on barriers, tools jurisdictions use and Metro's potential future role. Common themes that emerged were the urgent need for affordable housing, the lack of funding and land, a need for better coordination and alignment, the lack of political will, interest in eliminating state-wide preemptions, new and emerging housing types, and that Metro should play a role.

**Committee comments included:**

- The problem affects not only low income, but also middle-income residents.
- There is a need for a coordinated effort to identify and secure land for affordable housing.
- There is land available within the UGB but jurisdictions need to prioritize it for affordable housing.
- Land locked cities do not have the benefit of an edge on which to build so that they can increase their tax roles.
- There is a bias here towards the non-profit perspective. We need to build projects that will be on the tax roles to reduce the burden on everyone else. Create tools that focus upon better private sector incentives such as tax abatements and SDC waivers. Include a percentage of affordable housing in every project.
- Does inclusionary zoning refer to condos and home ownership but not rentals? Has this been explored?

**Action:** Research information on the latter issue, especially as it applies to condominium conversions.

Ms Adkins continued, describing the theme of regional coordination and alignment, including determining goals, sharing best practices, sharing data, partnering with the private sector and business communities, and making clear the connections between housing choice, jobs, climate and transportation options. Around the theme of political will, there is a desire for leadership locally and at the state level, an interest in alternative housing types, use of the co-op model of ownership and interest in exploring incentive-based inclusionary zoning. Participants see Metro as an advocate, yet expressed a desire for local control and a flexible approach. Ms Adkins concluded with differences in the three Counties' perspectives.

**Committee comments included:**

- There is a lack of understanding between non-profits and for-profits of the components that go into affordable housing. It would be helpful to have discussions to clarify needs and tools available.
- Work force housing is at the lower end of the spectrum. \$10 - \$15 an hour jobs can qualify for affordable housing. In 2013, 35% of our landlords that accepted Section 8 vouchers raised rents.

In 2014, 40% raised their rents, and already in 2015, 36% of landlords have raised their rents. 16% of renters are rent-burdened at over 50%. Of people using Section 8 vouchers, over 60% are elderly or disabled.

- There is a need to address stereotypes of affordable housing. If the general public knows that the private sector is interested in affordable housing, it could broaden the discussion.

### **GROUP EXERCISE: INITIAL FILTERING OF OPPORTUNITY MATRIX**

Ms Lieb introduced the opportunity matrices. Committee feedback will be translated into a set of recommendations listed by target outcome. She asked the committee to consider three categories: short term (1-2 year opportunities, including strategies that could be supported through a \$25,000 – \$50,000 grant to a local jurisdiction), medium term (up to 3 years and needing more partnership development) and long term (more than 3 years and/or requiring a state legislative change). The committee reviewed each of the four spreadsheets and provided comments.

#### **Committee comments included:**

- Compliments to the staff on the tremendous amount of work done and the organization of the content.

#### **Local policies and programs**

- Land banking.
- Consider a state housing fund similar to Massachusetts; the state gives authority to buy locally; decisions are made locally.
- Just cause eviction, rent control.
- Zoning type tools –can they target resources to vulnerable areas using tax Increment financing (TIF); this would be a policy (a similar idea is currently listed under local programs on the worksheet).
- Change or development rights is on the spreadsheet but is not under tools.
- ADUs, cottage clusters, corner duplexes, small lot sizes could fall under up zones or rezones if the definition is expanded.
- Family friendly housing – Sitaline – Vancouver is on the list.
- REACH has adopting passive housing design (new and rehabilitated housing) to reduce utility costs.
- High efficiency central boilers to reduce utility costs.
- Jurisdictions sometimes think a one-off project constitutes a policy.
- The top two points are confusing – private development typically pays 60-80% of MFI. Less than 60% is typical for non-profits. On second one, is this talking about property tax exemptions? Waivers and exemptions are not well-explained. Multi-family should refer to property tax. Should say “Qualified projects should include a certain no of...”
- What does equitable TOD mean compared to what Metro’s TOD program does now? This item needs to be moved to another of the matrix charts.
- What would it look like to revise land use policies so they reflect an equity lens?
- Consider a sustainability lens: When updating local building code for new development, require or recommend that solar water heaters and solar panels be included.
- Add requirements for affordable housing to apartment-to-condo conversions. Alternatively, create a funding mechanism for low income tenants.

- The multi-family property tax exemption should be 15 years (private); for non-profits it is forever, but only in the City of Portland. This is difficult to summarize at a regional level. Think about future messaging.
- We could offer grants to jurisdictions to research the feasibility of using one of these tools. However, depending on market conditions and timing, this may not work – “not right now, but maybe in 3 years.”
- Develop property maintenance codes for privately owned substandard housing. Not a high cost, but could go a long way, considering 90% of affordable housing is privately owned and is under-regulated.
- Create landlord licensing, a registration program that is used to provide updates to state law; it can be free or not. The City of Gresham provides this service. Messaging is important.

Mr. Van Vliet gave an introduction to Network for Oregon Affordable Housing’s (NOAH) programs. NOAH’s acquisition loan fund has been going for six to eight years and is structured similarly to the Denver fund. It includes an equity tranche, a semi-equity tranche and a tranche of private capital. Risk tolerance is built into the fund, which was first used to preserve existing federally subsidized housing projects. It also supports land in transit corridors and market to affordable conversion projects. It has been a successful tool in this region. The fund totals \$30 million. \$20 million is private, \$8 million comes from foundations and \$2 million is public capital. The fund includes gap resources to bridge funding, some pre-development loan funds and an energy efficiency financing program for retrofitting existing projects. NOAH has done a lot of work around land banking, including research on how to acquire and hold land and how to dispose of land when it is time to develop. It can be a challenging process to administer. NOAH’s programs do not finance ADUs.

**Collaborative financing and land:**

- Land trust description should include condos and multi-family developments.
- Meyer Memorial Trust is exploring a Real Estate Investment Trust (REIT) option. It will be \$.5 billion to \$1 billion for multi-family housing. It will be different than the Mercy Corps model.
- On limited equity ownership, NOAH has state approval to form co-ops for manufactured home parks and resident-owned communities.
- Add: Public/private partnerships with banks for low interest loans.
- Add: The redevelopment agency serving as the developer.

**Revenue:**

- Adds: The following tools used in economic development could be linked to housing in some way. Community Development Block (CDB) lottery funds, community service fees related to the Enterprise Zone, strategic investment zone program at the County level (especially if related to work force), independent development accounts (IDAs) and leveraging how companies benefit from tax abatements.
- Research how a funding source might address multiple objectives.
- Community service fees occur in the 4<sup>th</sup> and 5<sup>th</sup> years of receiving tax abatement in an enterprise zone.
- Demolition fee for affordable housing.
- In Portland, there is a 30% TIF money set aside in URAs. This may increase to 50% of TIF funds set aside for affordable housing.
- Air BnB tax.

### **Data and Technology:**

- Could opportunity mapping and vulnerability mapping be shown on the same map?
- Provide a map of underutilized or vacant public land.
- Does vulnerability and displacement data include affordability and price levels? We have a lot of rent assistance on the ground, and it is hard to figure out where to use that. Some neighborhoods may have higher opportunity, yet the rent assistance does not match with that area.

Emily shared that Metro is taking a regional look at market housing across subareas.

- Nonprofits are trying to build relationships with private market landlords using business license data. Is there a way to map landlords using business license data? Tap into rental landlord associations, foster relationships.
- There is an app called noappfee.com that pulls together private and rental market information.
- Marketing needs to be considered.
- Track how many times people are filling out rental applications. Centralize fee collection to decrease the amount renters are paying for application fees.

The committee members participated in a dot exercise aimed at prioritizing options within each of the four category areas. Ms Adkins concluded by summarizing the ideas receiving the most responses.

### **UPCOMING MEETING TOPICS AND CLOSING COMMENTS**

Ms Lieb said her team will synthesize information and comments into recommendations and will also initiate a conversation with Metro's equity strategy team. She reviewed upcoming event information, including a presentation and panel discussion with Kim-Mai Cutler scheduled for September 18.

The agenda for the September Equitable Housing Initiative working group meeting will include the technical framework, market data from Jerry Johnson, and an update on feedback from the equity team and private developers. The October 20<sup>th</sup> meeting agenda will include an opportunity to review draft recommendations and a look at draft case studies. At the December meeting, recommendations will be finalized.

### **ADJOURN**

Councilor Dirksen made concluding comments and thanked the committee for their good work. The meeting was adjourned at noon.

Meeting summary respectfully submitted by:

*Laura Dawson Bodner*

Approach	Problem, Strategy/Outcome, and Who Benefits	Tool	Who would implement? Lead partner(s)	Metro Role	Opportunity timeframe <i>Short (1-2 yrs), Medium, (2-3 yrs) Long (3+ yrs)</i>	Impacts Beyond Affordability <i>(positive/negative impacts related to health, environment, economy, equity)</i>	Feasibility <i>(state law and funding barriers; stakeholder interest and political will)</i>
INCREASE OVERALL SUPPLY	<p><b>PROBLEM:</b> Supply is not keeping pace with demand, and the housing being produced by the market doesn't match housing needs.</p> <p><b>STRATEGY/OUTCOME:</b> Eliminate barriers and create incentives to stimulate market-rate housing development -- from multi-family to small-format single-family to other target housing types -- to <b>ensure that overall supply constraints don't limit housing choices.</b></p> <p><b>WHO WOULD BENEFIT:</b> Renters and first-time homebuyers</p>	Increase <b>multi-family zoning capacity</b> near transit.	Jurisdiction planning departments	Provide TA and peer learning opportunities	Short	Supports Climate Smart	
		Identify <b>sites close to transit and analyze development feasibility</b> for affordable housing and other target housing types.	Jurisdiction planning departments	Provide TA and peer learning opportunities	Short	Supports Climate Smart	
		Encourage <b>accessory dwelling units (ADUs)</b> through more flexible design standards, changes to zoning standards, SDC waivers.	Jurisdiction planning departments	Provide TA and peer learning opportunities	Short	Supports inter-generational communities	Broad interest/support
		Create a revolving loan fund for <b>accessory dwelling units (ADUs)</b>	Jurisdiction planning departments	Provide TA and peer learning opportunities	Short	Supports inter-generational communities	Need to engage lenders to understand barriers
		Allow small house " <b>cottage cluster</b> " development by allowing higher densities in subdivisions or planned developments in exchange for house size and bulk limits.	Jurisdiction planning departments	Provide TA and peer learning opportunities	Short	Supports inter-generational communities	Broad interest/support
		Eliminate zoning and code barriers to the development of lower-cost single-family options (i.e. <b>townhomes, duplexes, triplexes, fourplexes</b> ).	Jurisdiction planning departments	Provide TA and peer learning opportunities	Short	Supports family-friendly housing	
		Analyze and modify <b>system development charges (SDCs)</b> to support goals for affordability and target housing types in different locations.	Jurisdiction planning departments	Provide TA and peer learning opportunities	Short		
		Reduce <b>parking requirements</b> in TOD areas.	Jurisdiction planning departments	Provide TA and peer learning opportunities	Short	Supports Climate Smart	Politically controversial; requires support of lenders
	<b>Identify land/strategic sites that could be acquired by local governments</b> and held for affordable housing development.	Jurisdiction planning departments	Provide TA and peer learning opportunities	Short	Could connect to brownfield redevelopment strategy.	Broad support; limited funding	
LEVERAGE GROWTH FOR AFFORDABILITY	<p><b>PROBLEM:</b> The region is undergoing a building boom, but new investments are uneven and aren't benefitting everyone.</p> <p><b>STRATEGY/OUTCOME:</b> Use regulatory and incentive tools to <b>leverage growth for affordable housing.</b></p> <p><b>WHO WOULD BENEFIT:</b> Primarily renters; target household income levels can vary from 0-60% MFI to 60-100% MFI depending on how the program is structured.</p>	Overturn the state ban on <b>inclusionary zoning</b> to allow local governments to require that a certain percentage of units in new market-rate apartments be affordable (typically at the 80% MFI level) and/or that the developer pay into a fund for affordable housing (which would typically be dedicated to 0-60% MFI)	Oregon Housing Alliance	Engage, participate, and support partners	Long		Politically controversial; organized opposition from real estate industry
		Provide a <b>tax abatement</b> if 20% of units are affordable.	Jurisdiction planning departments or housing bureaus	Provide TA and peer learning opportunities	Short		
		Create streamlined <b>density bonuses</b> for including affordable housing in market-rate development (typically at the 60-100% MFI level) and/or paying into a fund for affordable housing (typically dedicated to 0-60% MFI).	Jurisdiction planning departments or housing bureaus	Provide TA and peer learning opportunities	Short		More feasible politically than inclusionary zoning

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CREATE RESOURCES AND FUNDING FOR AFFORDABLE HOUSING	<p><b>PROBLEM:</b> Federal resources to support affordable housing are on the decline, and available resources to support development of new regulated affordable housing are not flexible enough.</p> <p><b>STRATEGY/OUTCOME:</b> Create new funding, financing, and land acquisition tools to <b>support the development of affordable housing.</b></p> <p><b>WHO WOULD BENEFIT:</b> Low to moderate income renters; typically limited to households making less than 60% of median income</p>	Identify <b>publically owned surplus land</b> (cities, counties, schools, DOTs, utilities, etc.) and make it available for affordable housing.	Jurisdiction planning departments and housing staff	Provide TA grants to interested local jurisdictions	Short	Cost-effective strategy; resource already exists.	Requires development feasibility analysis
		Create/expand <b>equitable TOD revolving loan fund</b> to support equitable transit oriented development (TOD) and layer public, private, and philanthropic resources for greater impact.	Potential partners include NOAH Fund, Community Housing Fund, Enterprise, Metro TOD program	Catalytic partnerships and investments	Medium	Supports Climate Smart	NOAH has a revolving loan fund, but it's under-utilized. Need to understand how to better target funding to gaps/needs.
		Create a regional <b>land bank to acquire and preserve land for affordable housing development.</b> Could work in conjunction with a community land trust model to ensure long-term affordability.	Unclear; Regional Brownfields Coalition is exploring next steps.	Catalytic partnerships and investments	Medium	Helps to reduce concentrations of poverty and prevent displacement.	State enabling legislation passed; need to develop partnerships/business strategy. Getting properties on the tax roll is part of the justification.
		Create <b>dedicated funding</b> streams (i.e., bonds, taxes, impact fee, etc.) to support affordable housing development. Potential tools identified include: tax increment financing, general obligation bonds, linkage/impact fee, dining tax, property tax levy, real estate transfer tax, permit fee for affordable housing, construction excise tax, lottery-backed bonds, Strategic Investment Program, and Enterprise Zones Community Service Fee, short-term rental tax, marijuana tax, payroll tax, demolition fee.	Welcome Home Coalition; Oregon Housing Alliance	Engage, participate, and support partners	Medium		Strong support from advocacy groups; Politically controversial; ability to demonstrate a clear nexus is key.
		Create a <b>revolving loan fund for accessory dwelling units (ADUs)</b>		Catalytic partnerships and investments	Medium		
MITIGATE DISPLACEMENT AND STABILIZE COMMUNITIES	<p><b>PROBLEM:</b> Rapidly rising prices are pushing rents out of reach in the most in-demand neighborhoods. As a result, the region is seeing growing concentrations of poverty in areas with lower access to opportunity and higher transportation costs.</p> <p><b>STRATEGY/OUTCOME:</b> Create regulatory/incentive tools and investments strategies to <b>mitigate market-based displacement of rental tenants and support rental and ownership options in high-opportunity communities.</b></p> <p><b>WHO WOULD BENEFIT:</b> Renters and homebuyers (varies based on tool)</p>	Create <b>shared investments strategies</b> along transit corridors to ensure that affordable housing investments are coordinated with transit expansion.	Jurisdictions, Trimet, Metro, funding partners	Catalytic partnerships and investments	Medium	Supports Climate Smart	Metro's Investment Areas program is working on this.
		Create strategies to support the <b>acquisition/rehab of market-rate apartment buildings and conversion to regulated affordable housing.</b>	Proud Ground; NOAH; MMT; HUD	Catalytic partnerships and investments	Medium	More cost-effective to renovate existing buildings than to build new.	Flexible funding sources.
		Eliminate barriers to the creation of <b>limited equity cooperative</b> housing, which empowers residents to own a share of their housing.		Engage, participate, and support partners	Medium	Supports income mobility by providing opportunities for acquiring wealth	May require state law changes; requires coordination with nonprofit housing orgs and/or community land trusts
		Establish <b>apartment-to-condo conversion regulations.</b> These could include a requirement that a certain percentage of units be affordable and/or that the developer pay into a fund for affordable housing	Jurisdictions	Engage, participate, and support partners	Short		May be more politically feasible now since few condo conversions happening yet (but will); unclear whether state ban on inclusionary zoning or condo laws apply.

Approach	Problem, Strategy/Outcome, and Who Benefits	Tool	Who would implement? Lead partner(s)	Metro Role	Opportunity timeframe Short (1-2 yrs), Medium, (2-3 yrs) Long (3+ yrs)	Impacts Beyond Affordability (positive/negative impacts related to health, environment, economy, equity)	Feasibility (state law and funding barriers; stakeholder interest and political will)
STABILIZE COMMUNITIES	<p><b>PROBLEM:</b> In areas with low market demand and "unintentional affordable housing," some older rental stock suffers from lack of maintenance.</p> <p><b>STRATEGY/OUTCOME:</b> Stimulate investment to <b>improve the quality of "unintentional" affordable housing.</b></p> <p><b>WHO WOULD BENEFIT:</b> Primarily renters making &lt;60% or &lt;80% of median income.</p>	Implement <b>property maintenance codes and landlord licensing.</b>	Jurisdiction planning departments and/or counties	Provide TA and peer learning opportunities	Short	Supports public health outcomes; could be linked to retrofit incentive programs	Start-up funding and economies of scale for inspection programs
	<p><b>PROBLEM:</b> There's a lot of data out there about housing, but it isn't organized in a way that is useful to policymakers and individual households.</p> <p><b>STRATEGY/OUTCOME:</b> Create new data/technology tools to <b>inform policy, advocacy, and individual households' decisions about where to live.</b></p> <p><b>WHO WOULD BENEFIT:</b> Policymakers and households seeking housing.</p>	<p>Create a <b>housing + transportation cost calculator</b> with a user-friendly interface.</p> <p>Develop <b>opportunity/vulnerability maps</b> to inform local planning, policy, and fair housing efforts.</p>	<p>Metro, Technology Association of Oregon, TriMet</p> <p>Metro with input from partner agencies</p>	<p>Develop and manage tool</p> <p>Develop and manage tool</p>	<p>Short</p> <p>Short</p>	<p>Supports Climate Smart; could lay foundation for location-efficient mortgages</p> <p>Helps to reduce concentrations of poverty and prevent displacement.</p>	<p>Requires ongoing data regarding market rents/prices</p>

The following tools were discussed but not included on this prioritized list because they rated low on the "opportunity" (i.e. feasibility/impact) scale:

**Local Policies and Programs:**

- Restrictive covenants for permanent affordability
- Transfer of development rights
- Rent control / rent stabilization
- Just cause evictions
- Targeting tax increment financing to vulnerable areas
- Strategies to lower utility costs

**Collaborative financing and land:**

- Credit enhancement
- Community savings program

**Data/Technology:**

- Map of underutilized/vacant land
- Map of private landlords/noappfee.com