



# Meeting minutes

Meeting: Build Small Coalition  
Date/time: Thursday, January 25, from 10 a.m. to 12 p.m.  
Place: Metro Regional Center, Room 401

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## **Attendees**

Emily Lieb (Metro); Miranda Mishan (Metro); Ted Reid (Metro); Megan Gibb (Metro); Dan Rutzick (City of Hillsboro); Marshall Runkel (City of Portland); Lina Menard (Niche Consulting); Eli Spevak (Orange Splot, LLC); Frankie Lewington (Metro); Steve Pettengill (landscape designer); Candy Jones (Metro); Bandana Shrestha (AARP Oregon); David Burdick (Earth Harmony Habitats); Tim Miller (Enhabit); Rachel Hill (Multnomah County); Elizabeth Decker (Jet Planning)

## **Coalition Member Updates**

Ms. Emily Lieb updated meeting attendees on Metro's work with partner's on an affordable housing measure, a general obligation bond and shared the potential framework for a regional affordable housing bond. She emphasized her commitment to working on the housing bond, and noted that Metro's Ted Reid would be taking on her role in the Build Small Coalition.

Ms. Elizabeth Decker shared that she had been working on the ADU code audit and SB 1051 which was coming into effect this summer. She explained that they were looking at all 27 cities and counties in Metro's jurisdiction, and that they added both a normative and an evaluative section. Ms. Decker noted that very few jurisdictions were clear about their SDC information in defining ADU's, and that it wasn't just planning department's responsibility to be clearer. She added that they were doing interviews in February and would have a toolkit ready by the end of March.

## **SDC Waiver Discussion**

Mr. Marshall Runkel explained that the City of Portland Commissioner Chloe Eudaly was planning to submit an ordinance to indefinitely extend the SDC waiver for ADUs. He spoke to the motivation behind the ordinance that they hoped to make the extended waiver a regulatory part of the city. Mr. Runkel recounted the lack of long term housing in Portland, and noted that this lack of units would be the justification for waiving the SDC. He recalled that they would enact the policy by asking those who want an SDC waiver to sign a covenant that the waiver would be long term. Mr. Runkel added that they could opt out of the waiver at any time by paying the SDC's at the moment that they opt out. He shared that this was the beginning of a longer process, and at the moment they were in conversation with developers and other experts.

Mr. Runkel expressed that they were currently looking for financing mechanisms, as this was something they were lacking with the current vision. He explained that it was difficult to get a loan to build an ADU, and that they were trying to do some innovative work with the lending industry around putting together a loan product for ADU development. Mr. Runkel shared that they were thinking about if there was some kind of platform to remove

friction from the sales process, and drive out stock costs so that ADUs became a real part of the housing strategy. He added that it was important to prioritize funds for the lowest end of the economic spectrum, which required market strategies.

*Member discussion included:*

- Ms. Megan Gibb asked if they had done economic analysis in terms of the development costs and how that would weigh against rents, and if it would have an impact on people's ability to build ADUs. Mr. Runkel conveyed that he had not, but the goal was being public and private benefit, and there was little public benefit in financing an ADU for a short term rental. Ms. Gibb suggested allowing a short term rental for a few initial years, and noted that she was curious about the financial analysis.
- Ms. Lina Menard recounted that many people did short term rentals in the beginning of their ADU process in order to earn back some of the money that they invested in the ADU. She explained that after this short term rental period I would shift to a long term rental or a free rental to friends and family members. Mr. Runkel emphasized that the covenant would ensure that the ADU was not a short term rental, not that it couldn't be used for the owner's personal use.
- Mr. Eli Spevak explained that he was in support of moving away from short term rentals. He conveyed that it was not smart to invest in a short term rental because it's possible that it would not go well. Mr. Spevak added that people could pay the SDC and do short term rental if they wanted to.
- Ms. Candy Jones suggested putting extra funds from taxation back into housing programs. Mr. Runkel explained that earmarking property tax revenue was difficult. He shared that they had refined the process so that they were only assessing against the value associated with the ADU structure, meaning property tax wouldn't rise by thousands of dollars, but rather it was the prorated tax of the additional value of the ADU. Mr. Runkel expressed interest in providing limited tax abatement if there was agreement on an affordability requirement.
- Ms. Lieb raised concerns about restricting SDC waivers to short term rentals. She shared that it would be interesting to track the permit rate and suggested that there would be a drop in permits. Ms. Lieb explained that research showed that most people who use an ADU for Airbnb have a 50% turnover rate. She encouraged Mr. Runkel to consider allowing short term rentals for up to three years before adding the restriction, so that people are able to finance their ADU with a short term rental.
- Mr. Dan Rutzick asked if property tax abatement would be for the whole property or just the ADU. Mr. Runkel recalled that it would be just for the ADU. Mr. Rutzick suggested looking into analysis for abatement for the entire property.
- Mr. Rutzick asked if there would be other tracking aside from tracking who was signing up for a short term rental. Mr. Runkel said there probably would be. Mr. Rutzick asked if there were SDC waivers for basement ADU's and Ms. Menard explained there was not.

- Ms. Bandana Shrestha expressed agreement with Ms. Lieb's previous comment, and proposed looking at accessibility as criteria for ADU SDC waivers. She asked if the waiver was on a sliding scale.
- Ms. Decker conveyed that adding a covenant would detract from the ADU's flexibility. She raised concerns about the covenant making the process too cumbersome, and emphasized balancing the public and private benefit throughout the discussion.
- Mr. Tim Miller suggested asking people to cover the costs from higher rents of short term rentals in order to create a financing mechanism and decrease the necessity of the waiver. He remarked that more specific regulations could be helpful.
- Ms. Rachel Hill expressed that she was thinking about programs that could help people leverage their equity in their homes. She noted that a significant barrier to building an ADU was the knowledge of how to be your own contractor, and suggested a technology problem to help with this issue. Ms. Hill added that bringing this down to a neighborhood level might allow costs to lower and more building to happen, creating further reaching benefits.
- Ms. Gibb suggested offering a financial product so that supply would not be slowed. She specified that pairing this program with something that people were offering could be a solution.
- Mr. David Burdick asked if there was clarity on enforcing the covenant. He mentioned that he had heard about the city building ADUs for houseless people to live in.
- Mr. Spevak shared that he did not think that ADUs were so closely associated with short term rentals. He suggested a 5 to 10 year prohibition on short term rentals to get the program underway. Mr. Spevak acknowledged that waiving interest over a certain amount of time could make ADUs more accessible.
- Mr. Rutzick asked about the interaction of Section 8 vouchers and ADUs. Ms. Lieb explained that there was a grant given to a non-profit in LA to look at that option and there was a lot of barriers. Mr. Rutzick suggested looking into indefinite SDC waivers.
- Mr. Runkel shared that there was a significant amount of impact on the city because of the rapid changes in development, and expressed his support for a financial product as a financing mechanism. He emphasized the importance of enforcing the covenant, and expressed appreciation for Ms. Shrestha's comment about accessibility, and expressed interest in learning more.
- Ms. Jones recounted personal experience in buying her home, noting that she used a variety of programs. She explained that there was income and education qualifications for a lot of those programs and suggested having similar qualifiers for an ADU builder.

**A Place for You Program/Enhabit**

Ms. Hill and Mr. Miller shared their work in on the Place for You and Enhabit programs, which focused on social impact and living spaces, as well as partnerships with housing organizations.

*Member discussion included:*

- Mr. Burdick asked if Land Trust Alliance was a part of this project. Mr. Miller responded that they could be, and that there were a few options and potential for the single unit lot to become three units or an ownership model.
- Ms. Hill explained that equity was a large part of this project, and that it was hard for people to grow financial wealth when they make the leap from renting an apartment to owning a house. She expressed that this could be an ownership model, and create units that were building blocks for a family's wealth as way to keep them out of poverty.
- Mr. Miller suggested that one of the barriers was to help the housing funding community to move away from the idea that a unit has to be affordable for over 60 years.
- Ms. Hill shared that a bed in a shelter cost \$1,000 per bed per night, showing a great need for a different solution.
- Mr. Rutzick conveyed that this was a great way to help out people who don't have a house, and suggested that even if the incentives became less lucrative then it was likely that many homeowners would still want to help out.
- Mr. Runkel emphasized the importance of a creative platform like this to solve a far reaching problem.
- Mr. Spevak suggested looking at the cost per year of affordability between homeless families living in an ADU versus a shelter, and shared that the costs might not be that different.
- Ms. Hill emphasized that this project was an important way to push back against negative perceptions of people who are homeless.
- Mr. Reid asked if there was infrastructure for support between the hosting family, the neighborhood and the family living in the ADU. Ms. Hill shared that the mobile housing team would provide support and advice but there was not necessarily built in social support.
- Ms. Shrestha asked about the timeline. Mr. Miller recounted that they could have two or three families rotate through five years, and that they were hoping to break ground as soon as possible to address immediate need.
- Mr. Rutzick asked how, beyond local government could the system be tracked over time. Mr. Miller suggested that this could be run by local non-profits, whereas Enhabit's job was the structure and coordination of the project.
- Mr. Reid added that a model that helps amateurs through the process was a great idea.
- Ms. Jones asked if they were doing any retrofit to the front house. Mr. Miller explained they did not, as the houses were selected in partnership with PSU and Multnomah Innovation Lab (MIL) and they said that the lot with the ADU had to be close to schools and other amenities.

- Ms. Jones asked if there had been any discussion about landlords and tenants rights, and Mr. Miller said there had generally been positive discussion on that side.
- Mr. Rutzick emphasized the importance of retrofitting the units for emergency preparedness reasons such as earthquake resistance. He highlighted the need for this when thinking about placing a family in a new home.

**Meeting adjourned at 11:00 AM.**