

Meeting minutes



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Meeting: Build Small Coalition
Date/time: Thursday, March 28, 2019 10 a.m. – noon
Place: Metro Regional Center, room 401

Attendees

Susan Brown (Umpqua Bank); Beth Gildea (Institute for Sustainable Solutions, PSU); David Burdick (Earth Harmony Habitats); Dan Rutzick (City of Hillsboro); Andrew Morphis (Roost Homes, HBA), Jennifer Donnelly (DLCD), Joe Wykowski (Community Vision), Cameron Herrington (Living Cully), Kate Allen (consultant for ADU equity project), Kol Peterson (Accessory Dwelling Strategies), Lina Menard (Green Hammer), John Miller (Haven Consulting), Adam Zimmerman (Craft 3), Ezra Hammer (HBA), Marshall Runkel (Office of Commissioner Chloe Eudaly, City of Portland), Craig Peterson (called in)

Metro staff: Frankie Lewington, Rebecca Small, Clint Chiavarini, Laura Dawson Bodner

Welcome, Introduction and Member Updates

Frankie Lewington welcomed the group and asked for introductions and member updates.

- Beth Gildea noted that the Institute for Sustainable Solutions is still working on the Urban Sustainability Accelerator ADU project, which is giving personalized advice and consulting to representatives from Seattle, Washington D.C. and Charlottesville, VA to help accelerate ADU development in their cities.
- John Miller noted he previously worked in housing development and is now focusing his consulting business, Haven Consulting, on ADUs as affordable housing.
- Lina Menard noted that Green Hammer is beginning to design a new ADU prototype.
- Andrew Morphis, who leads the Home Performance Council at HBA, noted that his company, Roost Housing, focuses on cost-effective, high-performance small construction.
- Kol Peterson reported that an all-day ADU tour has been scheduled for June 22nd; volunteers are needed. He also noted that the day before the tour, he will be hosting the Accessory Dwelling Academy for practitioners. He is tracking legislation in Oregon, Washington and California. California has 7 pieces of legislation coming forward in June.
- Dan Rutzick noted that Hillsboro is currently conducting a code audit that will look at middle housing. He noted that the city's development codes were developed 20 years ago. The audit report will be completed this spring and will include a series of recommendations for code amendments.
- Dan mentioned that a developer in South Hillsboro will be building multi-generational housing that includes attached ADUs. He also mentioned that in UGB expansion areas, developers are seeing the need for this type of housing and are incorporating it early.
- Dan also noted there are currently a total of 45 ADUs in Hillsboro; 30 were recently approved. SDCs are waived in the City of Hillsboro but this is not publicized; the city is looking into developing a formal policy.
- David Burdick shared articles on alternatives to expensive housing and using community land trusts.
- Adam Zimmerman of Craft3 said his organization is researching a financing vehicle for ADUs.

Presentation: Equity-first, community-based ADU project

- Kate Allen and Cameron Harrington presented on an equity first, community-based ADU project. Kate said a coalition of community development organizations have joined together (PCRI, Hacienda CDC, ROSE CDC, Verde and Craft3) to launch an equity-first, community-based affordable ADU pilot project. The goal of the project is to leverage the partners' existing programs for low income homeowners, and other community outreach, to identify up to 10-15 pilot sites where new ADUs can be developed as an affordable rental for households who make 60 percent of median family income.

Main points of the presentation included:

- There are a lot of lower-income homeowners looking to buy or to rent an affordable unit. This pilot project is looking to address issues like historical displacement and current displacement now occurring due to the increase in rental costs and rising home prices.
- PSU research revealed that 80% of ADU owners are white with at least a college degree. The demographics of ADU renters are the same but are a generation younger. Income-based inequities continue.
- Resources the project has at its disposal include housing development expertise, CDCs with wait lists of income-qualified people, and homeowners with access to stabilization services.
- The group approached Meyer Memorial Trust for planning grant funds to help with project planning and coordination.

The model:

- Targeted geography in three of Portland's most diverse and displacement-vulnerable communities – Lents, Cully and North/Northeast Portland.
- Benefits: homeowner stabilization and wealth building, income for people of color who have been displaced, increased amount of rental housing in neighborhoods to counteract displacement, benefit from the rich fabric of neighborhoods including services, churches etc.
- Would target homeowners making 60% AMI or less
- Goal for building cost: \$100,000 per unit
- Determine gap between loan and reliable income stream and meet it
- The team has the Enhabit ADU design from the A Place For Everyone project, plus 17 other ADU designs
- Make it affordable housing. For example, a \$30,000 subsidy for a 7-10 year affordability period. At end of this period, the ADU would be an asset of the homeowner. Building in incentives to keep the unit affordable.

Issues being worked on and next steps:

- Finance, cost control and an affordability subsidy, construction, tenanting and property management.
- Identifying 10 possible sites where families have expressed interest in home repairs and energy efficiency.
- Rolling out the program to community groups in May.
- The initial goal would be to develop 10-15 ADUs.
- This year, there could be \$1 million in loans (15-year loan term) available. Beyond that, capital partners are needed.

Main comments from the discussion include:

- Suggestion to partner with a land use or zoning professional to help keep soft costs low.

- Suggestion to consider the idea of permanent affordability through a land trust model with a tax incentive for the homeowner.
- The City of Portland has a down payment assistance program that should be looked into.
- Each of the housing non-profits could become a social enterprise with job opportunities.
- The Multnomah County pilot project that built 4 affordable ADUs in the backyards of homeowners had hundreds of inquiries. It would be interesting to look into a policy change to have public affordable housing subsidy dollars available for affordable ADU development.
- Anti-displacement groups support the Residential Infill Project (RIP) but would like to see some policy to ensure that regulated affordable units actually get developed. Currently, there are no meaningful incentives within RIP to provide affordable units.
- It would be good for RIP to include a FAR bonus and other incentives such as waiving SDCs, allowing a property tax exemption as long as the unit is affordable, or if there is going to be new development SDCs, collect the excise tax and have these funds directed to low density zones.
- Suggestion to charge developers a penalty if they redevelop a RIP property and it is not built out to capacity.

Work program update

Frankie reported that the Build Small Live Large summit committee is close to reaching its sponsorship goal. This year's event will take place on Thursday, November 7 at Portland State University and will focus on missing middle and smaller-format housing options. The planning committee is still confirming keynote speakers. Session ideas include re-emerging housing types, SROs, micro units, current legislation, messaging and international models.

Members of the group offered these ideas for the summit:

- Emerald Village in Eugene combines tiny homes with a land trust model.
- Portland City Council adopted a permanent zoning change to protect 7,000 units of missing middle housing (manufactured homes). This could be highlighted at the summit.
- An exploratory and creative design charette on ADUs and tiny homes.

Wrap-up and adjourn

Frankie thanked those in attendance and adjourned the meeting at 11:50 a.m.