

Housing Affordability and Homelessness Task Force



Meeting #3 Summary

July 25, 2018 | 6:00 – 8:30 p.m.
Development Services Building, Auditorium
150 Beaver Creek Road, Oregon City.

Attendees:

Name

Bart Berquist
Cole Merkel
Jane Leo
Graham Phalen
Katrina Holland (on the phone)
Kari Lyons
Commissioner Nancy Ide
Patti Jay
Shelley Yoder
Councilor Wilda Parks

Affiliation

PDX Living
Clackamas County Citizen Representative
Portland Metro Association of Realtors
Clackamas County Sheriff's Office
Community Alliance of Tenants
Welcome Home Coalition
Oregon City Commissioner
Clackamas County Citizen Representative
Providence Health and Services
City of Milwaukie/EDC Chair

County staff

Dan Chandler
Jill Smith
Jennifer Hughes
Julie Larson
Vahid Brown

County Commissioners

Commissioner Sonya Fischer

Facilitator

Anne Presentin, EnviroIssues
Emma Sagor, EnviroIssues

Guests

Ruth Adkins, Kaiser Permanente

Apologies – Alma Flores, Anna Geller, Chris Scherer, Dave Carboneau, Jerald Johnson, Pastor Jesse Christopherson, Ken Fisher, Larry Didway, Nate Ember, Nina Carlson, Rob Hawthorne, Shelly Mead, Tracy Dannen Grace, Yelena Voznyuk

Welcome and opening remarks

Dan Chandler, Assistant County Administrator, welcomed task force members and guests. He thanked task force members for their contributions at the last meeting.

Mr. Chandler explained that this meeting will feature a guest presentation by EcoNorthwest focused on the tools cities, counties and other partners can use to address housing affordability concerns.

Anne Pressentin, facilitator, reviewed the agenda. She explained the workshop session of this meeting's agenda will focus on refining and prioritizing objectives and actions within two focus areas: *services, shelter and assisting key populations*; and *planning and housing development*. Ms. Pressentin explained that in reviewing the notes from the workshop session at meeting #2, staff determined these two focus areas encompassed much of the concrete actions and outcomes the County may be able to address in the near-term. The other focus areas—*funding and costs*; *community engagement*; and *strategy, evaluation and performance*—are cross-cutting and apply to the actions identified in the other focus areas. Ms. Pressentin said these other focus areas will be revisited at our next meeting.

Ms. Pressentin asked task force members to review the meeting #2 summary. She called task force member's attention to the updated focus areas document that reflects outcomes of last meeting's discussion. Ms. Pressentin asked if there were any corrections or clarifying questions.

- Kari Lyons asked for an update on the equity conversation and next steps. Ms. Pressentin explained a group of task force members volunteered to participate in developing an equity statement. Ms. Lyons volunteered to coordinate this group in that effort. Vahid Brown will be the staff liaison.
- Ms. Lyons asked if the County Commission approved the inclusion of an equity statement to the task force Charter. Mr. Chandler explained the Board approved the Charter with a clause stating the task force would develop an equity statement.

Mr. Chandler said the Board of County Commissioners recently approved \$1.2 million to support efforts around housing affordability and reducing homelessness. He said much of this money will go into a grant system and said the County tends to consult the task force in reviewing grant applications.

Information sharing: Policy opportunities and tools

Ms. Pressentin introduced Lorelei Juntenen and Beth Goodman from EcoNorthwest. Ms. Goodman is a project director at EcoNorthwest with 15 years of experience in housing work around Oregon. Ms. Juntenen is a principal with EcoNorthwest and has worked across the Pacific Northwest on housing issues.

EcoNorthwest's full slideshow is appended to this meeting summary. Key highlights and discussion from the presentation are summarized below:

Housing analysis in the context of Statewide Planning Goal 10

- Goal 10 of the statewide planning goals governs land use policy around housing in the state of Oregon.
- ORS 197.303 stipulates needed housing types, requires jurisdictions to conduct housing needs analyses, and requires jurisdictions to identify a 20-year supply of buildable land.
 - The Housing Needs Analysis accounts for national, state and local trends; historical density and mix; and needed housing by price and type.

- There is a difference between housing *need* (housing that meets a community’s plan to meet the needs of households at all income levels) and housing *demand* (what is being demanded in the market).
- Demand in the housing market is a function of population and employment growth; supply is a function of land base and housing stock.

Questions and discussion:

- *How does unincorporated land in Clackamas County fit into the County’s Housing Needs Analysis?*
 - Mr. Chandler said the focus of the assessment is within the urban growth boundary (UGB) and the growth boundaries of satellite cities. Ms. Goodman said EcoNorthwest would review some tools that could be applied outside of the UGB.
- *Does a map of all vacant land that could be used for affordable housing in Clackamas County exist?*
 - Ms. Goodman said this does not currently exist but would be a beneficial tool to produce through the analysis effort.
- *Does supply refer to true zoned capacity or what developers are actually building (which may not be to that zoned capacity)?*
 - Ms. Goodman said EcoNorthwest looks at what has been built historically, what could be built, and whether there are opportunities for higher density.
- *Are there any areas in the County where population is declining?*
 - Ms. Goodman said she was not anecdotally aware of any but said staff would consult the data.

Market-rate housing development economics 101

- Many economists would say what the state requires is a starting point, and more is needed to truly address housing need.
- Affordability can be defined in many ways. In this presentation, affordability is defined in the market context: can you afford the housing available to you?
 - Spectrum of affordability:
 - At the lowest income levels, almost all housing is publicly funded and/or produced.
 - In the middle and higher ends of the spectrum, market interventions and subsidies are still needed to address housing need. These include regulatory and incentive-based tools.
- New construction almost always comes in at the highest end of the spectrum (luxury or workforce level). The theory of “filtering” means that theoretically, as houses depreciate in value, they become more affordable to people of lower incomes. Market construction, however, never filters all the way down.
- Looking at total supply of housing units, between 2006 and 2016, housing development in the Portland Metropolitan Statistical Area stalled. The Oregon Office of Economic Analysis estimates that the region underbuilt housing by 24,000 units.

- Today, both house prices and multi-family rents are increasing. Growth is not projected to stop. Metro forecasts an additional 524,000 more people by 2038 (279,000 households) and 209,000 jobs. Market rate development is not keeping up with demand.
- In general, market rate developers look at revenues minus cost and expenses when determining if returns are worthwhile. Financiers want to see that net cash flow exceeds underwriting target. Net cash flow distributions can be interpreted as a “waterfall.” Getting a development to pencil out is difficult. Policy interventions that impact this proforma can positively impact production of supply.
- The strategy, however, cannot just be a market-based solution.

Questions and discussion

- *Two things are missing from the affordability spectrum graphic:*
 - *This spectrum is about “bricks and sticks”—capital costs rather than rent subsidies or services. An affordability plan must also include a services plan and rent assistance plan. I want to know what our funding tools for rent and support services as well as tenant protections will be.*
 - *The median family incomes (MFI) shown on this spectrum are based on a living wage. We need a “housing wage” for our region--\$21/hour. MFI is not well connected to the housing market. There are other ways to measure family income. We could be aspirational and tie job creation to this so units are opening up as we go.*
 - Mr. Chandler said the County uses \$25 as a living wage as this is what a single parent would need to make to raise a child. He said the County also has a target for the number of living wage jobs. Mr. Chandler said this could be a topic for a future meeting.
- *The waterfall model does not apply to affordable housing. We have to consider who we are trying to serve, which requires looking at different tools. Affordable housing is more complicated than financing market-rate housing.*
 - Ms. Juntunen agreed with this comment and said market rate development—like affordable housing—is also underproducing. She noted some of the tools EcoNorthwest will present work within this distribution model.
- *Typically, how long would it take a developer to see returns?*
 - Ms. Juntunen said everything above the underwriting target is speculative. It can take up to three to five years to get to a stabilized operating income.

Making housing affordable

- Developing affordable housing requires:
 - Supportive public policy
 - Available subsidy programs for below-market development
 - Creative partnerships to reduce development costs and secure development land
- Types of development incentives for market-rate development fall into several categories:
 - Direct subsidies (revenue and construction oriented)
 - Reduced parking (cost and construction oriented)
 - Density bonus (revenue and operations oriented)
 - Operating subsidies (cost and operations oriented)

Questions and discussion

- *This discussion is largely happening through the multi-family lens. We want to address the true crisis right in front of us, but we also must acknowledge we need more housing across the spectrum. Some members would like to look at other housing types—e.g. middle housing options.*
 - *Mr. Chandler explained this presentation focuses on building affordable housing units. However, flexibility around types of housing is also a topic of interest and will be discussed in the future.*
- *On June 27 we were given a final copy of the Charter, which states the task force will foster development of housing for all income levels.*
- *Where is the largest need? We need to look at the broader context and address the areas of biggest needs. We need to think across the spectrum, but also context: we could get hundreds of millions of dollars from the Metro bond for housing a certain income. We need to create a tool box of solutions that address that full spectrum.*
 - *Ms. Presentin said the group will have a chance to clarify goals during the workshop session. Mr. Chandler said this is the third of fifteen meetings. He said the County is looking for short-term actions the Board can act on in the fall. He said the results of the Metro bond will be a game changer and will be released along the same timescale as the completion of the Clackamas County Housing Needs Assessment.*
- *Tenant protections hasn't been talked about thus far. This needs to be noted as low hanging fruit.*
- *Because we are tackling this early, are we to assume this is a high priority for the Board?*
 - *Mr. Chandler said the County is looking for actions where there is no reason to wait. Ms. Jill Smith said anything from the Metro Bond process would require half of the units be fore those making 30% or less of the MFI.*
- *Nothing is included in the EcoNorthwest memo about document recording fees, which increased by \$40, 76% of which is mandated to go to affordable housing. How much revenue is the County expecting to receive from that? How are these funds being used today? If we know how they're being used today, it will help us identify how else they could be used.*
 - *Mr. Chandler said the funding goes to OHCS.*
- *Oregon Senate Bill 1051 would expedite permitting for affordable housing projects. If and when the county can prioritize the timeliness of this, it would go a long way.*

Policies and tools

- *EcoNorthwest reviewed three categories of policies and tools to address affordability: regulatory policies; tools to lower development or operational costs; and tools to fund affordable housing policies or to build necessary infrastructure*

Questions and discussion

- *Accessory Dwelling Units (ADUs) are to be permitted in single family neighborhoods. However, in many cities the permitting costs for an 800 sf ADU are the same as a large single-family house. Working to make building costs equitable to what people are building is really important.*

- Ms. Goodman gave an example from Talent, OR where the city is scaling down permitting costs based on the size of ADUs.
- Commissioner Nancy Ide said this is currently proposed code for Oregon City.
- Ms. Goodman said Springfield, OR recently waived system development charges (SDCs) for ADUs.
- Proposed code for Oregon City
- Springfield recently waived SDCs for ADUs
- *Brownfield development is expensive and administratively prohibitive.*
- *Metro is looking at land assembly around transit corridors for transit-oriented development (TOD). Ten percent of the land will be held by Metro for affordable housing development. This 10 percent will be exempt from TOD restrictions related to commercial development. For example, Metro is planning to build housing on land near the Orange Line in Milwaukie.*
 - Ms. Juntunen said transit investment is unique because the Federal Transit Administration (FTA) has its own requirements. For example, on the proposed Southwest Corridor Project, FTA has specific requirements for using land not in the transit right-of-way for affordable housing.
- *Does the multi-unit limited tax exemption (MULTE) only set aside taxes that would have gone to the City? Or all taxes from all authorities?*
 - Ms. Juntunen said this is an important question and a current point of discussion in Washington County. Cities must get permission from other taxing authorities if they want to set aside their tax abatements as well. In Washington County, there are many overlapping taxing authorities.
 - Habitat for Humanity uses this model. In Portland, no more than 20 percent of the land can be considered “blighted.” While the value of construction on this land is exempt from taxation for ten years, the land continues to have property taxes applied to it and the taxpayer is accountable for any new taxes/levies passed. After ten years, the exemption rolls off, which can cause problems. Using MULTE to stimulate development requires strong oversight because owners may forget that the exemption is time limited.
- *What tools has the County already tried or have in place? Task force members requested a matrix that shows what tools are already in place in cities and elsewhere in Clackamas County, as well as the modeled potential of these proposed tools. The Welcome Home Coalition prepared a similar matrix when working on the Construction Excise Tax (CET) in Portland, which showed how much revenue CET could bring into each city in the Metro Area.*

Workshop session: Focus area goals and actions

Ms. Presentin introduced the objectives and format of the workshop session. Task force members were asked to self-select into two groups to discuss either *shelter, services and assisting key populations* or *planning and housing development*. Building off the discussion from meeting #2, task force members were asked to:

- Identify priority opportunities.
- Consider what’s missing and what refinements are needed to the latest focus area list.
- Consider what goals these opportunities could help achieve.

Ms. Pressentin explained County staff will consider feedback from the task force between meeting #3 and #4 and present potential goals and prioritized near-term actions to the task force for further consideration at the next meeting.

County staff took notes for each discussion group. Transcriptions of these notes are appended to the meeting minutes. The following sections summarize the high-level “report out” by County staff.

Planning and Housing Development – Jennifer Hughes:

- Priority near-term actions include:
 - Inclusionary zoning
 - Up-zone cities outside the Metro UGB. Metro’s density requirements have already been implemented inside
 - Expedite permitting for affordable housing
 - Reduce barriers to developing ADUs
 - Bring task force ideas/recommendations to Clackamas County Coordinating Committee (C4)
 - Have an ombudsman on staff to help guide people through development process
 - Reach out to religious and other institutions about their interest and willingness to provide shelters or develop creative housing models on excess land they own (e.g. schools, churches)

Shelter, services and assisting key populations – Jill Smith:

- Priority near term actions include:
 - Focus on most vulnerable populations who have nowhere to go.
 - Open a year-round shelter and develop more “bridge housing” that leads to permanent housing within 6 months (the group preferred the term bridge housing to shelter because of potential connotations with the word shelter). This bridge housing should be low barrier and provide services, such as employment training.
 - Address problems around RV regulations and stop evictions of people living in RVs over 10 years old. Improve access to pump outs and implement other regulatory reforms.
 - Preserve low cost rentals and housing that is “affordable by accident.”
 - Consider allowing collective bargaining for alternative options.
 - Implement more tenant protections to protect people from ever entering homelessness. Specific tools could include:
 - Eviction prevention funds
 - Right to representation
 - Rent assistance (short term rent assistance funds)
 - Tenant organization efforts
 - Legislation to go to state to end no-cause evictions
 - Relocation assistance

Next steps and adjourn

Emma Sagor reviewed the information needs that emerged from tonight’s discussion. County staff will review this list of information requests and update task force members on them at the next meeting:

- Map of vacant land in the County that could be used for affordable housing
- Information on any areas of the County where population is declining
- More information on the County’s living wage definition
- Information on document recording fees, including what revenue the County is expecting from the recent increase and how this will be used
- Information on what the County is doing to increase “timeliness” of permitting in response to SB-1050
- A matrix showing which tools the County and its cities are already using, their impact, and the modelled impact of other tools

Ms. Pressentin thanked task force members for their contributions. She said the meeting summary and notes from the workshop session will be circulated shortly. She noted the next meeting will take place on August 22 and continue the conversation around near-term priorities, goals, and look ahead at the proposed community “summit.”

Mr. Chandler thanked everyone for their time and adjourned the meeting.

Appendix: Transcripts from workshop session – combined meeting #2 and #3

Text in purple was contributed at meeting #3. Text in gray was contributed at meeting #2.

Planning and housing development

Challenges	Opportunities	Information needs	Potential Goals
Redevelopment without displacement		Maps of available vacant land with identification of vacant land owned by cities, County, school districts and churches	
Lack of housing affordable for people working in the area, which exacerbates traffic problems	Inclusionary Zoning	Effect on the market – does development stop because of IZ?	
	Bring task force ideas to C4 for review	Housing Needs Analysis – though the tools in the toolbox will not change much (just the specific mix of tools selected)	
	Upzoning in cities outside the Metro UGB. The cities inside the Metro UGB are already subject to Metro's density requirements	Meyer Memorial Trust report on missing middle housing	
	Expedite permitting for affordable housing		
	Reduce barriers to ADUs		
	Ombudsman for shepherding people through the process of developing housing from ADU all the way along the spectrum	Multnomah County pilot program for ADUs	
	Select a couple near-term actions for different income ranges (0-30%, 30-60%, 60-80%)		
	Outreach to churches re: providing shelters and developing housing on church-owned land		
Marry infrastructure with housing, especially transportation	Infill and redevelopment		
	Change zoning before the light rail is constructed so housing develops along the lines before the land is committed to another use		
Gentrification			
	Build all levels of housing from shelters on up		

Neighborhood resistance	Upzoning and redevelopment of large lots that are converting from septic or cesspool to sewer		
	Corridor planning along 82 nd Ave and McLoughlin Blvd to add density	Co. zoning map and allowed density	
Displacement	Provide for “middle” housing – duplexes, triplexes, cottage clusters as primary uses in neighborhoods (e.g. duplexes on corner lots)	Data about existing housing to show that these already exist in neighborhoods Field trip to cottage cluster in Gresham Code Audit	
	Funding for rehabilitation of owner-occupied houses where owner just needs a little help		
	Codes and programs to help people stay in their homes (e.g. finding a way for someone to avoid home being deemed uninhabitable under bldg. code)		
			“place” based and “people” based strategies
Building code Baseline of how it’s always been done	Increase allowed building height with a wood-frame structure	Does the code already allow an exception? Best practices from other cities (PDX and Seattle)	Higher density at less cost per unit
Existing codes	Developments that provide their own sewage disposal and water and power	Information on new technologies Orenco Systems in Corvallis has developed single-sewer systems	Reduce cost of housing
Public resistance to lack of on-site parking	Reduce required parking in transit-oriented areas		Higher density or more on-site amenities (community garden) and less \$ spent on parking
	Property tax reduction for building an ADU		
	Tiny homes or mobile homes		
	Refine Metro’s methodology for identifying buildable land to be more accurate about reality on the ground		
	Incentives for building housing that is less expensive to live in (e.g. energy costs)		
	Waiver of construction fees for ADUs not used as Airbnb	What is the reality right now in terms of ADU construction? How many have been built?	

	Reduce barriers to ADUs (e.g. addl parking requirements)		
	Intentional communities (e.g. seniors, foster families)	Bridge Meadows in PDX as an example	
	Cooperative ownership of land w/individual ownership of homes		
Lack of transportation infrastructure Existing neighborhoods pushing back against higher density and alternative housing types Lack of transit	Allow a variety of housing types in neighborhoods (duplex, triplex, cottage clusters)		
	Empower the CPOs to change zoning		
Discourage development due to fee avoidance	Inclusionary zoning	PDX lived experience w/inclusionary zoning – has it reduced development (decrease number of building permits)	

Shelter, services and assisting key populations

Challenges	Opportunities	Information needs	Potential Goals
Zoning code and law in cities NIMBY Lack of transportation and access to services Can't maintain employment	Near-term, year round shelter Declaring an emergency Use industrial areas Use church partnerships Permanent code change to enable shelter Change "Shelter" to more desirable, more humane Must include services/transition programs (in shelters) Invest in the outreach – first responders		
No-cause evictions First time homeless need Novel/new pilot	Right to representation Eviction prevention funds	Need data to show [tenant protections] work	

<p>Expensive</p> <p>Cost and access to legal representation</p>	<p>Rent and relocation assistance – small \$ to keep folks housed</p> <p>Tenant organization efforts to negotiate with landlords</p> <p>Legislation to end no-cause evictions</p> <p>Security deposit and screening criteria reform</p> <p>First right of refusal</p> <p>Track notices served by landlords</p>		
<p>People on the streets today need housing</p> <p>People in RVs, RVS being kicked out if over 10 years old</p>	<p>Consitoga huts in parking lots</p> <p>Need easily accessible pump outs</p> <p>Share successful zoning changes</p> <p>Partner with individual cities, work together</p> <p>Provide land with easily accessible pump outs</p>	<p>What's working?</p>	
<p>Lack of adequate funding</p> <p>Wages too low</p> <p>Lack of tenant protections</p>	<p>Metro Bond – Amendment B</p> <p>1.2 M County – if Metro, then to svcs</p> <p>Relocation assistance</p> <p>Implement landlord/owner reporting requirements (e.g. CAT in PDX)</p>	<p>Stakeholder analysis – who are the landlords, decision makers, are those the same?</p> <p>Reporting mechanisms to track when people receive notices, feel the “breaking point” and tenant stresses that lead to eviction</p>	<p>Rental unit registration program</p> <p>Define “breaking point” of distressed tenants/homeowners. Can we predict a need for intervention</p>
<p>We lack background understanding of the particular needs of the households in need</p>	<p>Villages – Dignity Village is working</p> <p>Abundance of land – co-locate services, make services portable, projects on abundance of vacant land</p> <p>Focus on community-type programs (e.g. villages, do good projects, low cost, innovative housing types)</p>	<p>A better understanding of need by household</p>	<p>Develop a strategy for getting this information, quantify need by type (e.g. rental assistance, short term, MH services, long-term subsidy, etc.)</p>

<p>Not enough MH services</p> <p>We can [illegible] safety net programs, and now people will eventually fill the list</p>	<p>Do MH service outreach</p> <p>Providing a system of support for people who do not</p> <p>Look at upstream interventions as preventions</p>	<p>A better understanding of the needs specific to different sectors of the homeless</p> <p>Service gaps – what do we do/not do/need to do</p> <p>What’s really working within our system but just needs scaling up</p>	<p>A study that better determines specific areas of need (CHA analysis)</p> <p>Resource mapping and scoring</p>
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