

# Housing Affordability and Homelessness Task Force



## Meeting Agenda #10

April 24, 2019 | 6:00 – 8:30 p.m. - Meeting refreshments from 5:30 p.m.  
Development Services Building, 119/120 meeting room  
150 Beaver Creek Road, Oregon City.

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### Attendees:

Name	Affiliation
Alma Flores	City of Milwaukie
Anna Geller	Geller Silvis
Cole Merkel	Street Roots
Dave Carboneau	Home First Development
Jennifer Hughes	Transportation and Development
Katrina Holland	Community Alliance of Tenants
Ken Fisher	Clackamas County Business Alliance
Larry Didway	Oregon City School District
Nancy Ide	City of Oregon City
Nate Ember	Built Architecture, Community + Design
Nina Carlson	NW Natural
Patty Jay	Clackamas County Citizen Representative
Roseann Johnson	Home Builders Association of Metro Portland
Ruth Adkins	Kaiser Permanente
Wilda Parks	Clackamas County Economic Development Commission
Steven McMurtrey	HACC

### County staff

Dan Chandler  
Abby Ahern  
Julie Larsen

### Facilitators

Alice Sherring, EnviroIssues  
Laura Peña, EnviroIssues

*Apologies – Bart Berquist, Chris Scherer, Graham Phalen, James Adkins, Jane Leo, Jerald Johnson, Jill Smith, Kari Lyons, Ellen Burns, Rob Hawthorne, Shelly Mead, Shelly Yoder, Vahid Brown, Yelena Voznyuk*

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## Welcome and Housekeeping

Alice Sherring, facilitator, welcomed Task Force members to meeting #10. She reviewed the meeting agenda and materials including the updated recommendations from the previous meeting for Planning Zoning and Development, recommendations for Housing Services, contributions from the Community Alliance of Tennant for Tennant Protections Focus Area and presentation materials from the guest speakers on funding opportunities.

## Opening remarks and task force updates

Ms. Sherring invited opening remarks from County Staff:

- Dan Chandler, Clackamas County, told the group that they will be presenting the Planning, Zoning and Development Recommendations to the Board of County Commissioners (BCC) the following Tuesday, April 30<sup>th</sup>. The goal is for recommendations to be incorporated into the annual planning work program. He thanked everyone for their involvement in putting those recommendations together.

Ms. Sherring invited opening remarks from Task Force Members:

- Alma Flores, City of Milwaukie, said that Milwaukie is updating their Comprehensive Plan and held a successful Town Hall meeting the previous week to talk about housing. There were 75+ community members in attendance, and there was a good range of conversation regarding housing types and density throughout the city. They also have an online survey that will be open for two weeks before compiling recommendations and taking them before Council at the end of May.
- Katrina Holland, Community Alliance of Tenants, told the group that the Public History Department at PSU established a class with around ten students who are researching public records in Clackamas County and looking for historical patterns that might have had a hand in contributing to housing and homelessness trends in the area. Mr. Chandler said that would be receiving data from the Housing Needs Assessment in the summer and it would be an excellent opportunity to look at some of the roots of racial inequity in the County. This work is part of the package for the Housing Needs Assessment that should be closing in June. It will also encompass displacement patterns and the role of mobile homes in housing.
- Mr. Chandler asked the group to think about any organizations that might be interested in helping run the Oregon City Congregation's Emergency Relief Fund that provides 24-hour assistance to people in need in Oregon City. The resources have primarily been hotel vouchers and bus tickets. Historically, the police department along with various churches

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have distributed these resources, but the police department will stop doing so in the near future. The relief fund had approximately \$7,500 last year. MaryJo has more information.

- Nate Ember, Built Architecture, Community + Design, said that the County is looking to apply for Metro funding for affordable housing studies on corridors. He asked if anyone had additional information on the topic. Jennifer Hughes, Transportation and Development, confirmed that there is a grant application and said that the County wants to look at corridors with the intent to encourage more mixed-use and housing in those areas.

## Final Recommendations

Ms. Sherring moved the group on to talk about the updated Planning, Zoning and Development (PZD) Recommendations and the Housing Services Recommendations.

Ms. Sherring asked for comments about the PZD Recommendations first.

Mr. Chandler told the group that with the Metro bond, everyone agreed that it's time for the Commission to revisit the goal around affordable housing. The discussion about what the number should be will probably fall to the Commission and the staff that will implement the plan as opposed to coming from the Task Force. The group agreed.

- Ms. Flores asked if System Development Charges (SDC), one-time fees for the installation of city or county services, such as bringing utilities to an area or permitting for a new sidewalk, are going to be addressed in the PZD Recommendations.
  - Mr. Chandler said that it would be part of the ongoing funding conversation at this meeting. Thinking about SDCs at a county level is challenging because many different entities charge them, but they will consider them as a tool in the larger conversation about funding and expenses.
- Wilda Parks, Clackamas County Economic Development Commission, asked if there will be an opportunity to talk about charging lower SDCs for different sized housing developments?
  - Mr. Chandler said that there would be an opportunity to discuss this issue in the future, but not at this meeting given its complexity.

Ms. Sherring said that the rest of the edits from the last meeting were incorporated almost verbatim and this version is what will be going forward to the County Commission on April 30<sup>th</sup>.

Ms. Sherring then asked for comments about the Housing Services Recommendations. She mentioned that there was some specificity added to Recommendation 8 regarding the preferential system and the support that will be needed to introduce this program.

- Nina asked if the conversation about funding sources will apply to all the recommendations the group has put forth.

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- Ms. Sherring said yes.
- Mr. Chandler mentioned that some service recommendations can be addressed by moving money around, but others will require new funding sources. One of the things that he hopes the Task Force can do is to prioritize the recommendations to help the County allocate limited funds in the most effective way possible.

Ms. Sherring asked the group to confirm that the recommendations are ready to move forward to the BCC. The group unanimously agreed.

## **Action Planning: Tenant Protection Draft Recommendation Development**

Ms. Sherring invited the group to refer to two documents for the conversation around tenant protections, including the Recommendation development framework and the Clackamas County Policy Recommendations Post the Passage of SB 608 from the Community Alliance of Tenants.

Ms. Holland gave the group an overview of the importance of tenant protections. She said that SB 608 was a step in the right direction to prevent homelessness and stabilize people in their housing. However, recent data such as the 2017 5-year estimates and even back to data from 2007 demonstrated that between 29%-36% of the market tends to turn over. One of the biggest gaps in the passage of SB 608 is a lack of protection for tenants during their first year of tenancy. This can be a difficult time because of the upfront costs of security deposits, first and last month rent, and other fees. This is especially true for those who don't have a rental history or might have a criminal record and are required to pay much higher deposits.

The group took a few minutes to read through the document from the Community Alliance of Tenants. Ms. Sherring then invited discussion:

- Anna Geller, Geller Silvis, voiced a concern that it was hard to consider the document without having the specifics about SB 608 available at the same time. There are many exemptions in the bill, and it would be good to have that available as a reference to help the group work through each of the recommendations proposed by the Community Alliance of Tenants. She also stated that it felt a bit sudden to begin considering the gaps in a bill that was only passed very recently.
  - ACTION: Ms. Sherring to send out the SB 608 language to the group via email.

Ms. Sherring asked the group for comments regarding the first recommendation: Implement relocation assistance for tenants who are evicted for landlord-based reasons (SB608, 2019) or renters who get no-cause evicted in their first year of tenancy. For all types of landlords and unit owners.

- Cole Merkle, Street Roots, asked about Portland's statutes.

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- Ms. Holland said that the amount tenants receive for relocation assistance is dependent on the number of bedrooms the unit has. The amount might range between \$2300-\$4500.
- Nina Carlson, NW Natural, raised a concern about landlords in Portland who are liquidating properties and units that used to be relatively affordable are becoming significantly more expensive. She said she was hesitant to move forward in Clackamas County until they see what happens in Portland.
- Ms. Geller commented that as a landlord, having turnovers in the first year is a significant expense for her and is not something that she would like to happen. She said that relocation assistance is essential for those who have no-cause evictions generally, but the idea that there is a vulnerable population that is going to be evicted right away does not make economic sense to landlords. She thinks that many of the no-cause evictions are in reality for-cause, but landlords use no-cause because it is available to them. She noted that it felt premature to move forward with actions in response to SB608.
- Mr. Chandler asked if landlords who would be required to provide the assistance, or would it be a county fund. He said that they needed to think through the implementation side of things and about who and how it would be enforced. Right now, there isn't anyone at the county who would be able to take this on.
  - Ms. Holland responded that the Community Alliance of Tenants advocated strongly for a hybrid approach in Portland. The idea was to help low-income landlords provide relocation assistance through no or low-interest loans. It did not get adopted due to a lack of city funds. She also responded to Ms. Geller's earlier comment that she has seen landlords make money off first-year turnover because of the way they collect and write first and last month's rent and security deposits into their contracts. This is seen more commonly with 3, 6, and 9-month leases.
- Mr. Ember noted that there is a spectrum of well and poorly intentioned landlords and that this conversation is a complicated one. He agreed that these are all valid vulnerabilities that people face.
- Ms. Carlson said that she would appreciate having data to understand the scope of the problem. For example, how many landowners own single-family homes versus apartments and the range of rents? Landlord registration might be a good place to start.
  - Ms. Holland said that this data has been advocated for, but currently does not exist.
  - Roseann Johnson, Home Builders Association of Metro Portland, advocated for targeted data-driven approaches. She explained that in highly regulated areas, prices are higher because there is less supply available. She wouldn't want to impose sweeping changes that would disproportionately affect rental or homeowner businesses in areas like these or smaller mom and pop organizations.
- Ruth Adkins, Kaiser Permanente, agreed that these concerns are relatively new and suggested looking for other jurisdictions that have had similar conversations about filling

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gaps in state legislation. She also suggested the group acknowledge that these are areas of concern that are dependent on further research and discussion. This way, it would be part of the records of the Task Force and could support further consideration even after the group is dissolved.

- Ms. Geller agreed with Ms. Adkins and Ms. Holland and said that this could be an opportunity to ask the County to build this database. She also asked the group if anyone had clarification as to why properties that were less than 15 years old were exempt in the legislation.
  - Ms. Holland responded that, based on her understanding, this decision was based on studies of rent-regulated markets that showed that with the right mix of regulation, housing per capita could be higher in rent-stabilized cities than others. It seems like the legislation was trying to achieve that balance.
  - Ms. Johnson said that the costs for covering the first 15 years of a property are harder to recover.
- Mr. Chandler said that this is a critical discussion that needs to be further considered. He mentioned that he's not sure what the County's authority is to pass regulations in this space. He would like to get an opinion from their attorneys to even see what is possible. He did say that the County could possibly act of recommendations 4-6 in the meantime.
  - Ms. Johnson said that she would be in favor of recommendation six provided that the reporting on pricing were anonymous.
- Ms. Sherring asked the group if they agreed with Mr. Chandler's suggestion to consult with their legal team about the County's involvement in some of the recommendations and continue the conversation about recommendations 4-6 at a future meeting. The group agreed.
  - ACTION: Mr. Chandler to speak with County lawyers about the tenant protection recommendations.
- Ms. Sherring also clarified that these contributions from the Community Alliance of Tenants will be incorporated into the Recommendation Development Framework document.
  - ACTION: incorporate Community Alliance of Tenants document into the Recommendation Development Framework document for broader consideration in developing final tenant protections recommendations.

## Information Sharing: Future Funding Opportunities

Ms. Sherring introduced the first guest speaker of the night, Steven McMurtrey, HACC, to present information about the funding tools available.

Mr. McMurtrey told the group that before joining the team as Director of Housing Development with Clackamas County, he spent 10 years with Northwest Housing Alternatives, a state-wide affordable housing non-profit. He said that he would be going over some the funding and capital investment

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opportunities that he thinks Clackamas County could take advantage of over the next few years. Please see the PowerPoint printout beginning with a slide about the Clackamas County Goals through the Metro Housing Bond for more detailed information.

- Clackamas County Goals through the Metro Housing Bond: Mr. McMurtrey explained the metrics on the slide to the group. The Metro Bond will provide \$650 million for housing in the region. Clackamas County's goals are to:
  - Create housing for over 2500 county residents
  - Develop about 812 new affordable housing units
  - Meet the needs of families by making at least 406 units two bedroom or larger
  - Develop at least 40% of new affordable units to families earning 30% or less of AMI
  - Create affordable homes for low-income families earning between 61-80% of AMI by using up to 10% of the funding.
- He informed the group that Clackamas County will be receiving \$116.2 million. The entirety of that amount will be running through the County and the Housing Authority. He said that they would be working with the BCC on local goals and criteria to meet the Metro-wide goals this summer. They are soliciting developers to bring project ideas forward as soon as possible.
  - Mr. Merkel asked if the County has decided how much money will be going to each area within Clackamas County. For example, looking at rural versus urban areas.
    - Mr. McMurtrey said that the bond money could only be used within the Urban Growth Boundary (UGB), but there are some funding mechanisms that he would talk about that could apply to rural areas independently. Regarding how the funds will be allocated, 50% will stay with the Housing Authority to redevelop their tree housing portfolios, one in Milwaukie and two in Oregon City.
- Mr. McMurtrey went over the slides titled Funding Opportunities and Strategies. He said that the Local Innovation and Fast Track (LIFT) program and Agricultural Workforce Housing Tax Credits (AWHTC) are open now through Fall 2019. He also highlighted some year-round funding opportunities such as the Land Acquisition Program Loan (LAP) from the state and the Manufactured Dwelling Park Preservation that could be especially useful in rural parts of Oregon. He mentioned two mobile parks that are currently for sale that could be creatively redeveloped and a great source of housing.
  - Ms. Flores said that 80% of those living in manufactured homes have incomes that are 50% or below the AMI and stressed that the conversation around mobile parks is important.
- Mr. McMurtrey mentioned that Community Development Strategies such as HOME, CDBG, and the 108 Loan Program would hopefully be kept aside for non-Metro bond eligible communities.

Large Capital Grants and Sources usually get handed out to banks, but there is a big opportunity for a group of developers to go after a large preservation portfolio. This might

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be an aspirational funding source, but it could be possible for the County to get a grant on the order of tens of millions of dollars.

New Revenue streams could include conduit bonds issued by the County or creating a Housing Trust Fund from collected development fees. Ms. Flores said she would be talking a little more about tools like CET and Vertical Housing Tax Credits.

- Mr. McMurtrey said that thinking outside of the box may not always be popular, but there are many ways the County could get creative. He mentioned a tax on short-term rentals and Inclusionary Zoning. He pointed out that there are several tools available that could be used to incentivize development in innovative ways such as Urban Renewal Areas, Qualified Census Tract and Difficulty Development Areas, and Opportunity Zones. More information is available on the PowerPoint presentation.
  - Ms. Flores added that there are additional tools to incentivize economic development such as 3 to 5-year property tax abatements within enterprise zones.
- Mr. McMurtrey asked the group for any questions.
  - Ken Fisher, Clackamas County Business Alliance, asked if these tools are currently being used by the County.
    - Mr. Chandler said that some are.
    - Mr. McMurtrey clarified that he saw the resources on this list largely as opportunities that could be better utilized. He also said that a lot of the resources are being used at a jurisdictional level and the County is considering them for unincorporated areas.
    - Mr. Chandler said that the Task Force would delve into the positives and negatives for each possible funding source at a future meeting. The BCC could then use this information to help them consider which sources to pursue.
  - Ms. Geller said that she was interested in the County Housing Trust Fund as a sustainable asset that is less political than something like property tax exemptions.
  - Abby Ahern, Clackamas County, asked if these resources can be used for housing services and subsidies or primarily for building and development?
    - Mr. McMurtrey said that they are more construction oriented, but some mechanisms could lead to funds that could be used for services.
  - Ms. Flores added that cities could do more for services as well. She offered an example of a state program called Bancroft Bonding, that allows cities to collect SDCs over a 10-year period instead of all up front. This is a good way to remove what could be a significant barrier to development, especially when a project is facing expensive SDCs. The City of Milwaukie passed a commercial Bancroft option for multi-family and mixed-use developments that are technically considered commercial, not housing developments.



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- Dave Carboneau, Home First Development, informed the group about a round-table discussion on Opportunity Zones on April 26<sup>th</sup> that is open to the public.
- Ms. Adkins mentioned that conversations are happening for a Regional Supportive Housing Impact Fund similar to what exists in Los Angeles. More information is forthcoming.
- Mr. McMurtrey closed his presentation by highlighting the developer's perspective. Any strategies that are adopted for housing development should entice new players to the market. He encouraged the group to think about affordable housing as a viable economic development strategy. It's hard to have successful businesses in areas where consumers can't afford to live.
  - Ms. Johnson said that Opportunity Zones would be a great tool, but the group must consider that affordable housing doesn't appreciate in the same ways as other developments. Thinking about what this means for incentivizing developers will be important.

Ms. Sherring transitioned the conversation to Ms. Flores' presentation about some of the actions the City of Milwaukie has done to advance housing. The reference document is the PowerPoint presentation titled "Ordinance: Construction Excise Tax for Affordable Housing."

- Ms. Flores began by telling the group that the focus of this presentation was pertaining to SB 1533B. This presentation was given to Milwaukie's City Council in response to the housing emergency that was declared in the city in 2016. She told the group that the Construction Excise Tax (CET) allows cities to tax commercial and residential development. The residential tax is set at 1% of the permit value of the construction or addition, but the commercial tax was up to the cities. Milwaukie chose to apply a 1% tax to commercial development as well.
  - Mr. Chandler noted that Clackamas County did an analysis in 2016 of the revenue that would have been generated through a 1% CET for the previous 20 years and found that they would have received about \$40 million.
- Ms. Flores explained that 4% of the CET revenues would be retained as an administrative fee. Of the remainder, 50% would go towards developer incentives to help offset soft costs such as SDCs. Before this program, Milwaukie could not lower SDCs for developers. 15% would be used to fund programs that provide down payment assistance. This was a great incentive for cities to create a homeownership program. The final 35% would go towards affordable housing programs.
- Ms. Flores said that their recommendation to Council for the commercial tax revenue was to use 50% for economic development. The thinking behind this was to mitigate unintended consequences to commercial developers within affordable housing developments. If the commercial costs are not offset, the population that lives in the area would not be able to afford to shop there. Milwaukie has done a lot of thinking about how to support housing and economic development in corridors and main streets in particular. The other 50% of

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commercial CET funds would go towards workforce housing. This was recommended with employers who were having a hard time finding employees in their area because it was too expensive to live there.

- She also emphasized some of the exemptions that were recommended. They did not want to disproportionately affect affordable for-sale housing, Accessory Dwelling Units for five years, or improvements with a value of less than \$100,000.
- Since July 2018, the City of Milwaukie has received about \$300,000 from the CET. These are funds that can now be used to offset some costs for developers. Ms. Flores noted that a lesson learned is that the state didn't consider that multi-family developments fall in the commercial bucket. As a result, the residential fund has a smaller revenue because there is more money coming in from multi-family developments than single-family homes.
  - Commissioner Nancy Ide, City of Oregon City, asked what the money will be used for and how it will be distributed.
    - Ms. Flores said that Milwaukie is putting together an oversight committee and the recommendation is to include technical and resident-based members.
- Ms. Flores also shared some of the outreach she did to businesses so as not to put Council members on the spot with the CET recommendations. She said that she held focus groups and round tables to gather feedback about potential negative effects on the business community. She also did direct outreach to developers and property management groups to field questions before it became policy. So far, she has not received any negative feedback.

## Next steps and closing remarks

Ms. Sherring reviewed meeting outcomes and action items.

- PZD Recommendations will go to the BCC next week.
- The date is yet to be scheduled for the Housing Services Recommendations. There will be an ask for some Task Force members to participate in that presentation. More information to come when a date is determined.
- Work will be done between sessions to incorporate the recommendations for tenant protections with the Recommendation Development Framework. Mr. Chandler will discuss some of the tenant recommendations with the County's lawyers to understand some of the limitations.
- Link to SB 608 will be sent to the group via email.
- Ms. Sherring will send one of the speaker presentations from the last meeting to the group via email.

Ms. Sherring and Mr. Chandler thanked the group for their time and adjourned the meeting.