

MAKING A
GREAT
PLACE



Equitable Housing Initiative

National Best Practices: Framework
and Preliminary Examples

DRAFT July 2015

Goals and Input Requested

- **Goals of national best practice research:**

- Broaden the regional conversation about implementation opportunities to support equitable housing
- Complement local best practice case studies
- Identify a range of tools and strategies appropriate for the diverse contexts within the Portland Metro region
- Inspire local leaders to test innovative approaches
- Evaluate opportunities that Metro could explore by convening stakeholders, developing data/research, and developing partnerships

- **Work Group input requested at this stage:**

- *Format:* How should results be presented/packaged/shared?
- *Framework:* How should ideas be organized/grouped?
- *Content:* What kind of information is most helpful?
- *Screening:* What criteria should be used to identify best practices?

Organizational Framework

Input Requested:

How should ideas be organized/grouped?

Types of Tools

Regulatory and Incentive Tools

- Mandatory inclusionary zoning or fee-in-lieu
- Incentive-based zoning (e.g., FAR bonus)
- Tax abatements
- Expedited review
- Condo conversion protections
- Rent control
- Code enforcement

Market-Based Approaches

- Reduced parking requirements
- Streamlined building requirements
- Increased MF zoning
- Flexible zoning to allow for smaller format housing (apodments, ADUs, cottage clusters, etc.)
- Employer-assisted housing

Financing Tools

- Dedicated local revenue (e.g., linkage fees, property tax levy, GO bond, hotel/motel tax, dining tax)
- Revolving loan funds
- REITs for impact investing
- Limited equity cooperatives

Partnerships/ Economies of Scale

- Regional land banks
- Community land trusts
- Disposition of public surplus land for affordable housing
- Coordinated investments strategies for housing, transportation, and economic development

Organizational Framework

Strategies/Outcomes

Prevent displacement via regulation

Leverage market rate development to create new housing opportunities

Preserve existing regulated affordable housing that is at risk of expiring

Convert market-based housing to regulated affordable housing

Promote development of new affordable housing

Preserve affordable housing development opportunities

Reduce the cost of multi-family housing production

Improve the quality of “unintentional” affordable housing

Create more zoning flexibility to allow for diverse and small scale housing choices

Create design standards or incentives to promote the development of housing for target groups (seniors, families, etc.)

Increase homeownership opportunities

Organizational Framework

Target Groups

Economic segments

- 0-30% AMI
- 30-60% AMI
- 60-80% AMI
- 80-100% AMI

Underserved and/or growing groups

- communities of color
- older adults
- families
- single-person HHs
- workforce
- criminal record

Federally protected classes

- race
- religion
- age
- sex
- disability
- veteran
- etc.

Sample Best Practices

Input Requested:

What kind of information is most helpful?

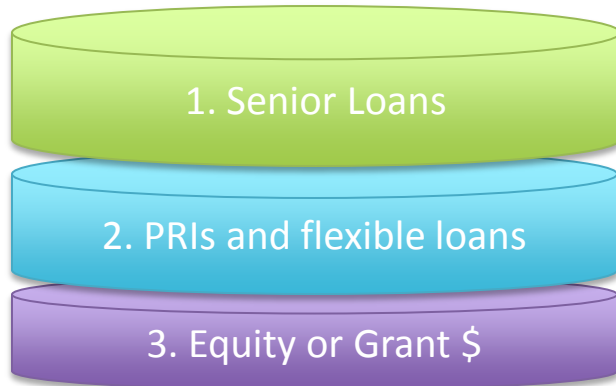
What criteria should be used to screen best practices?

How should results be presented/packaged/shared?

TOAH Fund (SF Bay Area)

- \$50 million for flexible, affordable capital to finance E-TOD in the 9-county Bay Area
- 85% of Fund capital targeted to support the creation and preservation of affordable housing; up to 15% of Fund capital may be used to support child care centers, health clinics, fresh food markets, and other neighborhood retail
- Catalyzed by Great Communities Collaborative and Metropolitan Transportation Commission
- Administered by Low Income Investment Fund (LIIF) on behalf of a CDFI consortium
- Eligible Borrowers: Nonprofits, Corporations, Government, Joint Ventures, Limited partnerships and LLCs

Initial Fund Capitalization



Banks: \$25 million from Morgan Stanley and Citi Community Capital

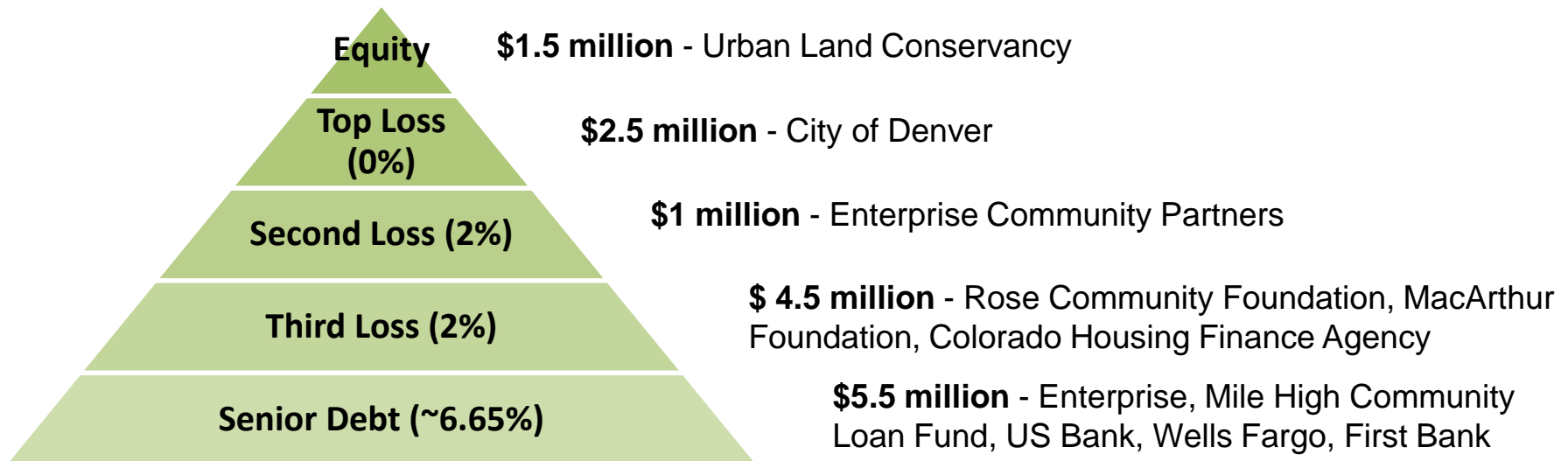
Philanthropy and CDFIs: \$15 million from six CDFIs, Ford Foundation, SF Foundation, and Living Cities

Public Sector: \$10 million from MTC (bridge tolls and local parking revenue)

Equitable TOD Fund (Denver)

- \$24 million regional revolving loan fund to create and preserve affordable housing and community assets along current and future transit corridors
- As of April 2013, 8 properties acquired, preserving or creating 626 affordable homes, 120,00 sf of commercial space for community assets (new public library, child care program, etc.)
- Loans up to \$5 million for 3-5 years; 90% LTV; top 63% is non-recourse

Initial Fund Capitalization (\$15 million)



Urban Land Conservancy (Denver)

- ULC is a 501(c)3 that acquires, develops, and preserves community real estate assets in urban areas for a variety of community needs such as schools, affordable housing, community centers, and office space for nonprofits.
- Manages acquisition and disposition of assets for \$30 million regional TOD fund
- Recently launched a crowdfunding/impact investing platform

Evans Station Lofts



- \$12.35M development 50 units of affordable housing (at 60%, 40%, 30% AMI) and 10,000sf commercial space along a new transit line
- ULC purchased land for \$1.2M using TOD fund; sold to developer
- \$1M in annual tax credits

New Legacy Charter School

- Purchased a vacant bowling alley
- Redeveloped into a 22,000sf school for pregnant and parenting teens and young adults
- ULC will maintain ownership with long-term lease to school



RENDERING - ENTRY VIEW

Financing, Partnerships

Big Picture Project / Funders Collaborative (Minneapolis-St. Paul Green Line LRT)

- Unified affordable housing plan along the Green Line LRT, which opened in 2014
- Regional Metropolitan Council adopted a 2040 Housing Policy Plan in 2014
- Funders collaborative of local and national philanthropic interests making catalytic investments along the corridor
- Collective targets and performance measures for housing

Impact:

2,375 subsidized long-term affordable housing units were created between 2011 and 2014, nearly reaching the Big Picture Project's baseline goal of 2,540 affordable units by 2020. Nearly 3 out of 4 were existing affordable units for which long-term affordability was preserved.



Anti-Displacement, Partnerships

Limited Equity Cooperatives

- Form of cooperative housing that is deed restricted to ensure permanent affordability
- Land trust purchases a building and creates a deed restriction ensuring permanent affordability
- Low-income tenants purchase shares in the coop
- CA recently passed legislation to make it easier for tenants to form limited equity coops

Columbus United Cooperative in San Francisco's Chinatown neighborhood

- 21-unit apartment building was slated for demolition
- In 2006, residents approached the SF Community Land Trust, which purchased the building, did a \$6.1 million seismic upgrade and renovation
- Tenants moved back into the building and the CLT maintains ownership of the land, while tenants purchase a share in the coop for \$10,000



Brant Ward / The Chronicle

REACH Illinois: Regional Employer-Assisted Collaborative for Housing

- **Collaborative strategy to make employer-assisted housing effective and hassle-free**
- **Funders:** Foundations, Fannie Mae, state housing finance agency (tax credits and matching funds), Chicago Dept. of Housing, commercial banks
- **Partners:** Metropolitan Planning Council, Housing Action Illinois, and 12+ nonprofit housing experts that administer programs working with homebuyers on behalf of employers
- **Participating Employers:** Governments, healthcare providers/hospitals, tech companies, insurance, banks, manufacturers, car dealerships, nonprofits
- **Impact:** More than 1,800 employees have purchased homes since 2000.

Market-Based Approaches, Partnerships

Housing Trust Funds (Local Revenue Tools)

In 2014, the **Welcome Home Coalition** conducted a national survey of revenue strategies. A sample of best practices they identified include:

Seattle, WA

Property Tax Levy

- First approved by voters in 1981, Seattle's property tax levy currently generates ~\$20 million annually at an average cost of \$65/household

Miami-Dade, FL

Dining Tax

- A 1% dining tax raises \$20 million each year for the Miami-Dade County Homeless Trust Fund.
- Impact: Miami has reduced homelessness from 8,000 to 800 people

Boston, MA

Impact Fees

- Developer impact fees for commercial and residential development produce \$18 million every year for the Neighborhood Housing Trust Fund.
- Impact: Over 10,000 units built or preserved since 1998

Austin, TX

GO Bonds

- In 2013, voters approved \$65 million in GO bonds to fund affordable housing for the next five years.
- Impact: Over 2,500 units built or preserved since 2006

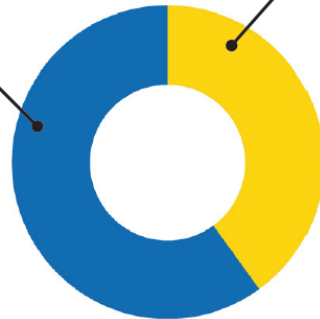
Seattle: Mayor's Proposed Action Plan (July 2015)

The Goal: 50,000 housing units over the next 10 years

This plan calls for a tripling of affordable housing production and inclusion of affordability in all new developments.

30,000 Market-Rate Units

- Increase land for multifamily housing
- More options within Single Family zones
- Streamline regulatory and design process



20,000 Affordable Units

- Boost the preservation and production of income-restricted units
- Create new resources for rental housing (0-60% AMI) and homeownership (60-80% AMI)
- Tax incentives
- Mandatory Inclusionary Housing and Commercial Linkage Fee

Comprehensive Approach

Bay Area Prosperity Plan Housing Initiative

- \$1 million in grants coordinated by ABAG and MTC with funding from HUD's Sustainable Communities program



Funding Analysis & Development

- Funding gap analysis
- Development of local/regional funding strategies

Data/Tracking Tools

- Create a real-time development dashboard
- Create an "early warnings" tool to predict gentrification patterns

Local Policy Demonstration Projects

- Align & focus policies to encourage acquisition & rehabilitation
- Align and focus policies to encourage preservation of deed-restricted housing

Equitable TOD Implementation Tools

- Build a tool to estimate parking demand in TOD areas
- Update housing elements in 2-4 cities to ensure consistency with FOCUS and Plan Bay Area

Technical Assistance

Next Steps

- Additional research, including ideas suggested by respondents to Oregon ON's stakeholder survey
- Include national best practice ideas in opportunity matrix along with ideas from local stakeholder engagement and past efforts (HCCF, ABC) (Oregon ON, Staff)
- Preliminary evaluation of feasibility/impact (Oregon ON, Staff)
- Prioritize top ideas for further investigation (interviews, feasibility) (Work Group)
- Develop a “market typology” framework to help inform understanding of market feasibility (Staff, consultants)
- Interviews with elected officials to understand political viability (Oregon ON)
- Package materials into case studies (projects, policies/tools, programs, partnerships) (Staff)
- **FALL/WINTER:** Share information: TBD – Summit, website, report, presentation, forums

Metro Equitable Housing Initiative

Stakeholder Outreach Update to the
Equitable Housing Work Group

July 28, 2015



Survey Overview

- Outreach began with a web-based survey
- Survey consists of 12 questions, both open-ended and multiple choice
- Currently 59 respondents, primarily local jurisdictional staff and nonprofit leaders
- Survey set to close July 24

Roundtable Overview

- Four discussions have been held, with one additional scheduled for early August
- Discussions organized by jurisdiction
 - Portland, Gresham/East County, Washington County and Clackamas County
- Includes jurisdictional staff, community partners
- Intended to provide a space for stakeholders to have candid discussions regarding equitable housing
 - Local context, barriers, tool usage and feasibility, and ways in which Metro could help further equitable housing

Scheduled/Completed Roundtables

Date	Location	Jurisdiction Covered	Number of Participants	Group Makeup
6/26	Hillsboro	Washington County	15	12 jurisdiction staff and 3 nonprofit partners
6/30	Portland	Multnomah County	11	8 jurisdiction staff and 3 nonprofit partners
7/9	Tigard	Washington County	6	2 jurisdiction staff, 2 citizen advocates, 1 nonprofit partner
7/13	Gresham	East County	20	12 jurisdiction staff, 5 nonprofits, 1 nonprofit developer, and 2 other partners
TBD	Clackamas	Clackamas County		

Washington Co. Roundtable

Preliminary Themes

- lack of dedicated funding
- need for better coordination across multiple jurisdictions, inclusion of business community
- general willingness to consider most tools, as long as local flexibility retained
- interest in Metro helping with land inventory/banking
- the suburban context as a primary barrier
- Tigard Triangle site has potential, but tools/political momentum are lacking

Portland Roundtable

Preliminary Themes

- need for better coordination and partnerships, information sharing, alignment
- need for dedicated resources
- NIMBYism has shifted more toward anti-density
- broaden housing conversation to jobs/prosperity, transit/climate change

Gresham/East County Roundtable

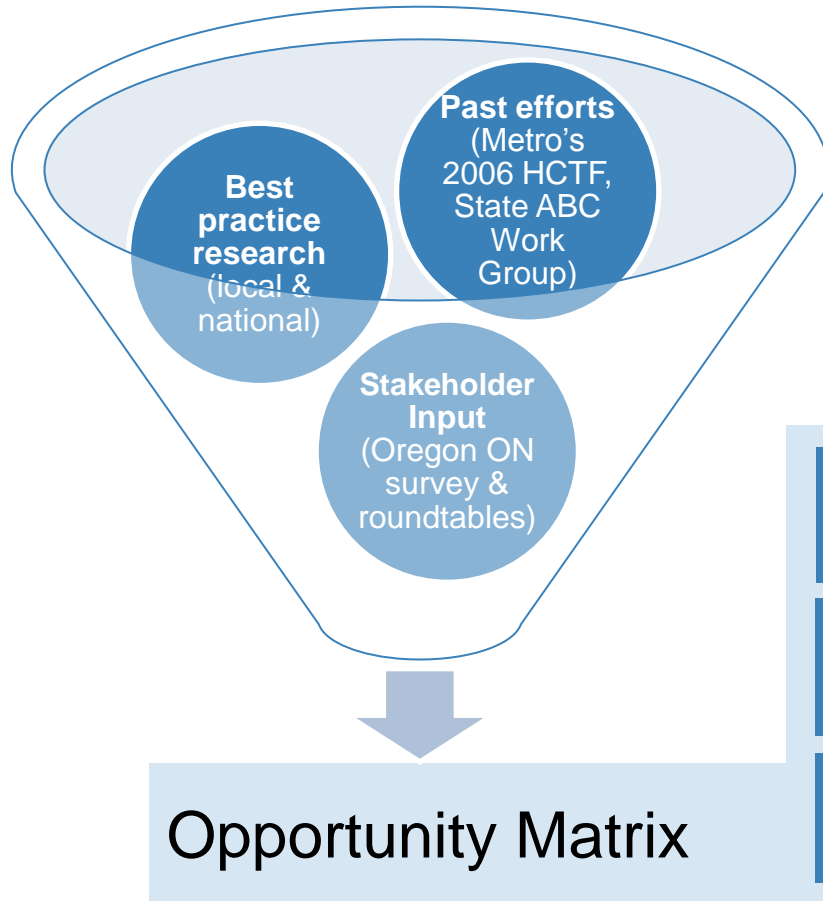
Preliminary Themes

- “unintentional” affordability/substandard housing, concentration of poverty
- “workforce” housing = most viable approach; include jobs/transit nexus
- open to Metro assisting with data, convening, but don’t “give us a toolkit to spend \$ we don’t have”

Next Steps

- Facilitate roundtable in Clackamas County
- Synthesize findings from survey and roundtable discussions in a preliminary “opportunity matrix” to be shared with the EH Work Group at the 8/26 meeting
- Conduct additional targeted engagement to elected officials, private developers, and funders
- Refine opportunity analysis findings and implementation recommendations with oversight from the EH Work Group

Proposed Process of Evaluating Implementation Opportunities



- (1) Synthesize ideas in an **opportunity matrix** including preliminary evaluation of feasibility/impact (Oregon ON)
- (2) Review opportunity matrix, provide feedback, and identify additional information needs (Work Group)
- (3) Conduct **additional feasibility analysis**, impact analysis, and interviews (Oregon ON, Staff)
- (4) Synthesize implementation **recommendations** (Work Group)

Short-Term Opportunities: “Low hanging fruit” strategies; could be implemented in the next year with minimal resources/technical assistance

Medium-Term Opportunities: Strategies that have interest/support but require partnership or resource development over the next 2-3 years

Long-Term Opportunities: Ideas that require state or federal law changes or significant new resources; require more than 3 years to implement

Time Frame	Type of Tool <i>(regulatory, incentive, market-based, financing, partnerships)</i>	Tool	Description of the Tool	Current State <i>(Is the tool currently being used anywhere in the region?)</i>	National Best Practices	Description of Opportunity	Local Interest/Support	Feasibility <i>(H, M, L)</i>	Impact <i>(H, M, L)</i>	Additional Considerations	Metro Role				
											TA	Data/research	Convening	Advocacy	Other
Short-term	regulatory, incentive	ADUs	Small, self-contained residential units built on the same property as an existing home, subject to a formal permitting process. Once built, they provide rental money to the homeowner, while also increasing overall housing stock.	All jurisdictions allow for ADUs. Some jurisdictions have created special incentives, such as SDC waivers, to incentivize ADU development.	Portland; Vancouver, BC	Develop strategies and policies to encourage ADUs as one tool for equitable development. Work group could explore: zoning and financing barriers, use of incentives, etc.	Broad interest among several jurisdictions across all three counties	H	L-M	Politically palatable; new/innovative appeal, adaptable; but hard to get to scale. Permitting can be problematic; potential HOA conflicts	X	X	X		
Medium-term	financing, partnership	Revolving loan fund	A self-replenishing pool of money that applies interest and principal payments from existing loans to a fund by which to issue new loans; can layer public, private, and philanthropic investments, with public sector providing "top loss" investments and commercial lenders providing senior debt.		Bay Area TOAH Fund; Denver TOD Fund		Broad support among nonprofit housing developers.	M	M	Key question: What is the scale at which this strategy is viable/generates economies of scale? Key challenge: Public sector partners may not be willing to provide "top loss" financing.	X	X	X	X	
Long-Term	regulatory	Mandatory Inclusionary Zoning	Mandatory IZ is a tool used to leverage private development for affordable housing, either by requiring developers to include a percentage of affordable units on-site or to pay a fee-in-lieu that goes into a housing trust fund.	Mandatory inclusionary zoning is not currently permitted under state law. The City of Portland is exploring incentive-based inclusionary zoning.			Strong political/advocacy support in Portland. Varying levels of support/concern in other areas. Opposition from many private developers.	M	H	Requires state legislative action				X	

Definitions

Feasibility: resource requirements, political will, regulatory climate, market conditions

Impact: scale of impact, equity impacts, unintended consequences

Short-Term Opportunity: "Low hanging fruit" strategies; could be implemented in the next year with minimal resources/technical assistance

Medium-Term Opportunity: Strategies that have interest/support but require partnership or resource development over the next 2-3 years

Long-Term Opportunity: Strategy that requires legislative reform at the state or federal level or significant new resources; will require more than 3 years to implement