600 NE Grand Ave.
Portland, OR 97232-2736
www.oregonmetro.gov

Metro | *Agenda*

Meeting:	Equitable Housing Initiative Work Group – Meeting #5
Date:	Tuesday, November 10, 2015
Time:	Noon to 2 pm *(lunch available at 11:45 a.m.)*
Place:	Metro Regional Center, room 370A/B
Purpose:	Discuss Draft Recommendations (Strategies) for Metro's Equitable Housing Initiative

---

12:00 p.m. **Welcome**
Metro Councilors Craig Dirksen and Sam Chase
Work Group members

12:04 p.m. **Meeting Goals and Approach**
Kirstin Greene, Cogan Owens Greene

12:05 p.m. **Approval of Meeting Summary from September 29, 2015**
Kirstin Greene, Cogan Owens Greene

12:07 p.m. **Strategy Overview**
Emily Lieb, Metro

12:10 p.m. **Strategy #1 Recommendations/ Case Study Overview**
Emily Lieb, Metro/Ruth Adkins, Oregon ON
Work Group Members

12:35 p.m. **Strategy #2 Recommendations/ Case Study Overview**
Emily Lieb, Metro/Ruth Adkins, Oregon ON
Work Group Members

1:00 p.m. **Strategy #3 Recommendations/ Case Study Overview**
Emily Lieb, Metro/Ruth Adkins, Oregon ON
Work Group Members

1:25 p.m. **Strategy #4 Recommendations/ Case Study Overview**
Emily Lieb, Metro/Ruth Adkins, Oregon ON
Work Group Members

1:50 p.m. **Recap of Next Steps/ Final Comments**
Emily Lieb, Metro
Work Group Members

2:00 p.m. **Adjourn**

This page left blank for printing purposes.

600 NE Grand Ave.
Portland, OR 97232-2736
503-797-1700
503-797-1804 TDD
503-797-1797 fax
www.oregonmetro.gov

Metro | Meeting Summary

Equitable Housing Working Group
Tuesday, September 29, 2015
Noon – 2:00 p.m.
Metro Regional Center, room 370A/B

Working Group Members Present:

Councilor Sam Chase	Metro
Councilor Craig Dirksen	Metro
Betty Dominguez	Home Forward, Multnomah County
Sheila Greenlaw-Fink	The Community Housing Fund
Rachel Loftin	Homebuilders Association of Metro Portland
Margaret Salazar	US Department of Housing and Urban Development (HUD)
Alma Flores	City of Milwaukie
Eli Spevak	Orange Splot LLC
Cat Goughnour	Radix Consulting Group LLC
Elisa Harrigan	Meyer Memorial Trust
Bill Van Vliet	Network for Oregon Affordable Housing (NOAH)
Metro Staff and Guests:	
Emily Lieb	Metro
Megan Gibb	Metro
Laura Dawson Bodner	Metro
Nikolai Ursin	Metro
Karen Scott-Lowthian	Metro
Dennis Yee	Metro
Jerry Johnson	Johnson Economics
Julia McKenna	Department of Land, Conservation and Development (DLCD)
Facilitator and Project Partners:	
Kirstin Greene	Cogan Owens Greene
Ruth Adkins	Oregon Opportunity Network (Oregon ON)
Kara Srkna	Oregon Opportunity Network (Oregon ON)

WELCOME, MEETING PURPOSE AND INTRODUCTIONS

Ms Greene called the meeting to order at 12:05 p.m. Councilor Dirksen requested that committee members review the August 26 meeting summary for accuracy and forward comments to Emily.

UPDATE ON METRO'S REGIONAL SNAPSHOT ON HOUSING AND MARKET/REGULATED HOUSING ANALYSES

Ms Lieb introduced Metro's *You Are Here - Regional Snapshot* series, a quarterly web series on issues affecting the region. The first installment focuses on housing. She invited the committee to provide feedback, saying she hopes to continue to attract speakers who can talk about national best practices. She then introduced Jerry Johnson of Johnson Economics, a consultancy specializing in strategic planning, real estate development and land use economics. Mr. Johnson gave a presentation on residential market trends and conditions in the Metro region.

Committee comments and questions included:

- Investment in North Portland since 2000 has resulted in a high level of displacement. There are mitigation strategies that could be put into place.
- The recent trend of rent spikes in east Portland and East County is resulting in individuals being displaced, some for the third or fourth time.
- Is there data on rehab projects?
- Is there data on home ownership versus investor ownership, pre- and post-recession? People often report investment properties as primary, resulting in inaccurate data.
- How much is investment activity driving up housing costs?
- There is a 1967 City Club report on absentee home ownership. Housing in the New Columbia neighborhood is being bought and traded on Wall Street.
- Is there any opportunity to buy property from banks and hold it for affordable housing?
- Is there data on mom and pop landlords versus large unit apartments?
- The cost of rent never goes down; rather, concessions might be offered.

LESSONS LEARNED FROM KIM-MAI CUTLER EVENT

Ms Lieb noted that several committee members attended the Kim-Mai Cutler presentation on September 18. Those present shared their thoughts on the presentation content and its relevance to the Portland region.

UPDATE ON STAKEHOLDER ENGAGEMENT: DEVELOPER FOCUS GROUP

Ms Gibb gave an update on the focus group of private developers, held on September 17. Five west coast-based developers attended. They indicated interest in and concern about housing affordability and an interest in participating in solutions. Several commented on Seattle's tax abatement program and its ease of use. Anything that chills supply is a problem, including inclusionary zoning without adequate incentives to make up the funding gap. They recognize the political support for housing affordable at the 0-60% median family income (MFI) but said 60-80% and up to 100% MFI is more profitable. They commented that there is a slim market for new construction given the high costs of land and construction. They suggested providing 'carrots,' but said that larger developers are less likely to have an interest in incentive tools.

UPDATED OPPORTUNITY MATRIX AND PROPOSED CASE STUDY TOPICS

Ms Lieb summarized the process to date. She referred to the updated matrix in the meeting packet. The committee reviewed the matrix by category and provided the following comments and questions:

Category 1: Increase overall supply

- Make *Who would benefit* more specific. Move this statement to the strategy outcome or the name in the grey area. Suggested edit: *Increase overall supply by x% for people who are at or below y% MFI.*
- Require that applicants need to meet one or more criteria to be eligible for any Metro grant.
- The first two (multi-family zoning) should be combined into one.
- Re-phrase income level into problem statement.
- Multi-family should include eliminating zoning and code barriers.
- How can we include an equitable housing definition?

Category 2: Leveraging growth for affordability

- This category should include revenue tools tied to new construction (such as construction excise tax, linkage fees, etc.).

Category 3: Create resources

- Suggested change: "existing public resources are not sufficient to meet the needs of …"
- Metro has the Buildable Land Inventory–take the data and organize it differently. Identify publicly owned land that could be used for housing. Include schools as they invest in land for future use.
- What is needed for land banking to work?
- Buy the land and hold it, then release for development through RFP process.
- Create a city/community partnership in North Portland to acquire and use land. Use property for other intermediate uses until it is developed. The community needs to have control and input.
- Make information on existing land available. Nonprofits and other community groups, if they are aware, can find possible partners. There is a need for an entity that can hold property and an organization that can build the project.
- Given locally driven development desires, does Metro have a role in a land bank strategy?

Category 4: Mitigating displacement

- The Network of Oregon Affordable Housing (NOAH) statewide revolving loan fund has a sub-allocation for affordable housing.
- Any city could put in $1 million to leverage NOAH funds (City of Portland will pursue this year).
- How can we create innovation and economies of scale to meet our goal?
- Make funding flexible, particularly Community Development Block Grant (CBDG).
- Is there a technical assistance role to create models or mine proofs of concept or different strategies for the suburbs?

Category 5: add to the previous category.

Category 6: Data tools – no comments

Ms Lieb shared a preliminary list of best practice case studies to be developed by staff and Oregon ON, including: limited tax abatement programs, acquisition and rehab, land banking and community land trust models, limited equity ownership models, and employer-assisted housing.

NEXT STEPS

Ms Lieb explained next steps and thanked the committee for their work.

ADJOURN

There being no further business, Ms Greene adjourned the meeting at 2:00 p.m.

Attachments to the Record

Item	Document date	Description	Document No.
1	9/28/15	Equitable Housing Initiative Stakeholder Outreach Report, Summer 2015, draft (Oregon Opportunity Network/ Metro)	092615ehwg-01
2	7/27/15	Chart: Key themes to advance equity in the region	092615ehwg-02

Meeting summary respectfully submitted by:
Laura Dawson Bodner

This page left blank for printing purposes.

Metro Equitable Housing Initiative
Opportunity Assessment Findings: Preliminary Framework for Understanding Regional Opportunities for Equitable Housing
Draft 11/4/2015

OVERVIEW

Between May and December of 2015, Metro's Equitable Housing Work Group discussed a number of strategies to support equitable housing (diverse, quality, affordable housing with access to opportunities and amenities) across the region. Through these efforts, the Work Group identified four overarching strategies needed for a balanced approach to equitable housing. These include:

Challenge: Housing supply isn't keeping pace with growth, and housing choices don't match incomes and evolving needs and preference.
Strategy #1: Increase and diversify overall housing supply.

Challenge: The region is experiencing a building boom, but development is uneven and the benefits and burdens of growth aren't being shared evenly.
Strategy #2: Leverage growth for affordability.

Challenge: Current public resources are insufficient to meet the need for affordable housing, and rising land costs present a significant barrier.
Strategy #3: Create new resources and funding for affordable housing.

Challenge: Rapidly rising rents in core urban areas are displacing low-income renters, leading to concentration of poverty in areas with lower access to opportunity and higher transportation costs.
Strategy #4: Prevent displacement and stabilize communities.

Within each of these strategy areas, the Work Group discussed and prioritized the most promising tools and approaches for Metro and its partners to advance equitable housing. In this matrix, these tools are summarized and staff have attempted to summarize the types of actions various partners would take to support equitable housing, including identifying potential next steps for Metro's Equitable Housing Initiative to support collaborative efforts.

***KEY 1:* TYPES OF ACTION IDENTIFIED FOR PARTNERS TO SUPPORT EQUITABLE HOUSING OPPORTUNITIES**

Categories of Action	*Description*
ANALYSIS	Analyze local policy tools to support equitable housing.
IMPLEMENTATION	Implement local policy tools to support equitable housing.
DEVELOPMENT	Build equitable housing (i.e. diverse, qualify, affordable housing choices with access to opportunities and amenities)
FINANCIAL INNOVATION	Create innovative funding/lending tools to support development finance and homeowner purchase.
TECHNICAL ASSISTANCE	Provide technical assistance to local governments.
DATA/RESEARCH	Gather data and conduct research to inform local policy and partnerships.
P2P KNOWLEDGE-SHARING	Create forums for local jurisdictions and nonprofit partners to share best practices.
EDUCATION/AWARENESS	Create tools that support public knowledge and understanding, from informing individual household choices to supporting informed civic engagement in housing issues.
CONSENSUS/PARTNERSHIP	Participate in multi-stakeholder discussions to build consensus around shared strategies, collaborative tools, and policy frameworks.
CONVENING	Convene partners to build consensus.
FUNDING/GRANTS	Provide fundingto support the development of affordable housing through development grants, program-related investments, and nonprofit capacity-building.
REGULATION	Ensure compliance with state and federal laws regarding fair housing and housing choice.
RESOURCES/LAND	Provide public land/resources to support affordable housing development.

KEY 2. RECOMMENDED ACTIONS FOR METRO'S EQUITABLE HOUSING INITIATIVE IN 2016-17

Provide technical assistance grants and identify opportunities to facilitate knowledge-sharing among local jurisdictions (Metro Planning & Development)
Eliminate state constitutional barriers and create enabling legislation to empower local jurisdictions to implement policy and funding tools that meet local needs. (Metro Council Office)
Convene partners to explore and develop collaborative tools. (Metro Planning & Development)
Develop data/research tools. (Metro Research Center and Planning & Development)

Note: The following tools were discussed by the Equitable Housing Work Group but not included in the matrix because they rated low on the "opportunity" (i.e. feasibility/impact) scale or because it was determined that there was no clear role for Metro to play: restrictive covenents for permanent affordability, transfer of development rights, just-cause evictions, rent control, credit enhancement, community savings programs.

Approach	Problem, Strategy/Outcome, and Who Benefits	Strategies and Tools	Local governments	Developers & real estate interests	Non-profit developers & affordable housing advocates	Philanthropy	Private lenders (Development finance and mortgage)	Metro role (Equitable Housing program)	Metro role (Other programs)	State role	Other groups	Opportunity timeframe *Short (1-2 yrs)* *Med (2-3 yrs)* *Long (3+ yrs)*	Examples of tools in practice
INCREASE AND DIVERSIFY OVERALL SUPPLY TO ENSURE AVAILABILITY AND AFFORDABILITY OF DIVERSE HOUSING CHOICES	**PROBLEM:** Housing supply isn't keeping pace with growth, and housing choices don't match incomes and evolving needs and preferences. **STRATEGY:** **Streamline regulatory requirements and permitting, and create incentives to encourage development of diverse/target infill housing types**, including residential transit-oriented development, alternative housing types (e.g., ADUs, cottage clusters), and middle-income housing. **WHO WOULD BENEFIT:** All renters and homebuyers, including renters with moderate incomes and first-time homebuyers	Eliminate policy barriers and expand incentives (e.g., tax abatements, density bonuses, streamlined review) to encourage the development of **multi-family housing (apartments and condos) near transit**.	ANALYSIS, IMPLEMENTATION	DEVELOPMENT			FINANCIAL INNOVATION	TECHNICAL ASSISTANCE, DATA/RESEARCH, KNOWLEDGE-SHARING	*Long-Range Planning:* REGULATION (Goal 10 compliance); *TOD:* FUNDING/ GRANTS	*DLCD:* REGULATION (Goal 10 compliance)		Short	
		Eliminate policy barriers and create incentives and financing toolss to encourage the development of **accessory dwelling units (ADUs).**	ANALYSIS, IMPLEMENTATION	DEVELOPMENT			FINANCIAL INNOVATION	TECHNICAL ASSISTANCE, DATA/RESEARCH, KNOWLEDGE-SHARING				Short	Portland's SDC waivers and (pending) flexible design standards for ADUs
		Eliminate policy barriers and create incentives and financing toolsto support the **"cottage cluster" development**.	ANALYSIS, IMPLEMENTATION	DEVELOPMENT			FINANCIAL INNOVATION	TECHNICAL ASSISTANCE, DATA/RESEARCH, KNOWLEDGE-SHARING				Short	WA -- several cities have successful programs
		Eliminate policy barriers and create incentives and financing tools to support the development of lower-cost, smaller-format, single-family options (i.e. **townhomes, duplexes, triplexes, fourplexe**s).	ANALYSIS, IMPLEMENTATION	DEVELOPMENT			FINANCIAL INNOVATION	TECHNICAL ASSISTANCE, DATA/RESEARCH, KNOWLEDGE-SHARING	*Long-Range Planning:* REGULATION (Goal 10 compliance); *TOD:* FUNDING/ GRANTS	*DLCD:* REGULATION (Goal 10 compliance)		Short	
		Analyze and modify **system development charges** (SDCs) to reduce development costs for target housing types.	ANALYSIS, IMPLEMENTATION	DEVELOPMENT				TECHNICAL ASSISTANCE, DATA/RESEARCH, KNOWLEDGE-SHARING				Medium	
		Analyze and modify **parking policies** to reduce development costs and incentivize transit oriented development.	ANALYSIS, IMPLEMENTATION, CONSENSUS/PARTNERSHIP	DEVELOPMENT				TECHNICAL ASSISTANCE, DATA/RESEARCH, KNOWLEDGE-SHARING				Medium	
		Create a **Housing + Transportation cost calculator** and user-friendly interface to support households in making informed decisions that reflect the true cost of housing. In the long-term, this tool could support development of policy and innovative lending tools, such as location-efficient mortgages.					FINANCIAL INNOVATION	EDUCATION/ AWARENESS	*Research Center:* DATA/ RESEARCH			Short	One Bay Area Travel Map: interactive tool that allows you to determine the relationship between travel time based on different modes of travel and Bay Area housing prices

Approach	Problem, Strategy/Outcome, and Who Benefits	Strategies and Tools	Local governments	Developers & real estate interests	Non-profit developers & affordable housing advocates	Philanthropy	Private lenders (Development finance and mortgage)	Metro role (Equitable Housing program)	Metro role (Other programs)	State role	Other groups	Opportunity timeframe *Short (1-2 yrs)* *Med (2-3 yrs)* *Long (3+ yrs)*	Examples of tools in practice
LEVERAGE GROWTH FOR AFFORDABILITY	**PROBLEM:** The region is experiencing a building boom, but the benefits and burdens of growth aren't being shared evenly across geographic areas and groups of people. **STRATEGY:** Develop **streamlined incentive or regulatory tools to encourage the inclusion of affordable units in market-rate buildings**, or the payment of a fee-in-lieu that would go into a housing trust fund.	**Eliminate state constitutional barriers and develop enabling legislation** to empower local jurisdictions to develop policies that fit local needs. Currently, state legislative bans prevent the use of regulatory approaches (inclusionary zoning and rent control) and funding tools (construction excise tax, real estate transfer fees) that local jurisdictions could use to require market-rate developers to support affordable housing. Additionally, linkage/impact fees for affordable housing are another potential tool not well defined under state law.	CONSENSUS/ PARTNERSHIP	CONSENSUS/ PARTNERSHIP	CONSENSUS/ PARTNERSHIP	CONSENSUS/ PARTNERSHIP	CONSENSUS/ PARTNERSHIP		*Metro Council:* CONSENSUS/ PARTNERSHIP	CONVENING		Medium-Long	
		Create **streamlined incentive tools (e.g., FAR bonuses, tax abatements)** to encourage market-rate developers to include affordable units in market-rate projects. (Note: A fee-in-lieu or transfer of development rights can also be used.)	ANALYZE, IMPLEMENT	CONSENSUS/ PARTNERSHIP, DEVELOPMENT				TECHNICAL ASSISTANCE, DATA/RESEARCH, KNOWLEDGE-SHARING				Short	

Approach	Problem, Strategy/Outcome, and Who Benefits	Strategies and Tools	Local governments	Developers & real estate interests	Non-profit developers & affordable housing advocates	Philanthropy	Private lenders (Development finance and mortgage)	Metro role (Equitable Housing program)	Metro role (Other programs)	State role	Other groups	Opportunity timeframe *Short (1-2 yrs) Med (2-3 yrs) Long (3+ yrs)*	Examples of tools in practice
CREATE RESOURCES AND FUNDING FOR AFFORDABLE HOUSING	**PROBLEM:** Federal resources to support affordable housing are on the decline, and available resources to support development of new regulated affordable housing are not flexible enough. **STRATEGY/OUTCOME:** Create new funding, financing, and land acquisition tools to **support the development of affordable housing.** **WHO WOULD BENEFIT:** Low to moderate income renters; typically limited to households making less than 60% of median income	Identify **publically owned surplus land** and make it available for affordable housing.	RESOURCES/ LAND	DEVELOPMENT	DEVELOPMENT			TECHNICAL ASSISTANCE			ODOT, TriMet, Schools: RESOURCES/ LAND	Short	"Barcelona" development partnership in Beaverton
		Explore the feasibility of creating/expanding a **equitable TOD revolving loan fund** to support equitable transit oriented development (TOD) and layer public, private, and philanthropic resources for greater impact.	CONSENSUS/ PARTNERSHIP, FUNDING/ GRANTS	DEVELOPMENT	DEVELOPMENT	CONSENSUS/ PARTNERSHIP, FUNDING/ GRANTS, CONVENING	CONSENSUS/ PARTNERSHIP, FINANCIAL INNOVATION	DATA/RESEARCH, CONVENING, FUNDING/GRANTS	CONSENSUS/ PARTNERSHIP	FUNDING/GRANTS	*CDFIs (NOAH, ECP):* FUNDING/ GRANTS	Medium	Transit Oriented Affordable Housing (TOAH) Fund (Bay Area)
		Explore potential for regional approaches to **land acquisition/land banking** for affordable housing development. (This strategy could work in conjunction with a community land trust model to ensure long-term affordability.)	CONSENSUS/ PARTNERSHIP, FUNDING/ GRANTS	CONSENSUS/ PARTNERSHIP	CONSENSUS/ PARTNERSHIP	FUNDING/ GRANTS	CONSENSUS/ PARTNERSHIP	DATA/RESEARCH, CONVENING	CONSENSUS/ PARTNERSHIP		Proud Ground Community Land Trust: CONSENSUS/ PARTNERSHIP	Short-Medium	Urban Land Conservancy (Denver) Twin Cities Community Land Bank
		Evaluate the costs/benefits of **new local public revenue tools** to provide dedicated funding for affordable housing development.	ANALYZE, IMPLEMENT, CONSENSUS/ PARTNERSHIP, EDUCATION/ AWARENESS	CONSENSUS/ PARTNERSHIP	DEVELOPMENT				CONSENSUS/ PARTNERSHIP		*Welcome Home Coalition:* CONSENSUS/ PARTNERHIP	Medium	See Welcome Home Coalition survey of revenue tools: https://welcomehomecoalition.org/the-data/
		Explore opportunities and develop capacity to provide **employer-assisted housing** programs.					CONSENSUS/ PARTNERSHIP, FINANCIAL INNOVATION	RESEARCH/DATA, CONVENING	CONSENSUS/ PARTNERSHIP		*Employers and Econ. Dev. Agencies:* FUNDING/ GRANTS	Medium	Chicago Employer-Assisted Housing

Approach	Problem, Strategy/Outcome, and Who Benefits	Strategies and Tools	Local governments	Developers & real estate interests	Non-profit developers & affordable housing advocates	Philanthropy	Private lenders (Development finance and mortgage)	Metro role (Equitable Housing program)	Metro role (Other programs)	State role	Other groups	Opportunity timeframe *Short (1-2 yrs)* *Med (2-3 yrs)* *Long (3+ yrs)*	Examples of tools in practice
MITIGATE DISPLACEMENT AND STABILIZE COMMUNITIES	**PROBLEM:** Rapidly rising rents in core urban areas are displacing low-income renters, leading to concentrations of poverty in areas with lower access to opportunity and higher transportation costs. **STRATEGY/OUTCOME:** Develop **coordinated, community-informed strategies to prevent displacement in high-opportunity areas and to promote mixed-income** neighborhoods in places with access to jobs, services, and amenities. **WHO WOULD BENEFIT:** Renters and homebuyers (varies based on tool)	Create **shared investments strategies** along transit corridors to ensure that affordable housing investments are coordinated with transit expansion.	CONSENSUS/ PARTNERSHIP	DEVELOPMENT	DEVELOPMENT	FUNDING/ GRANTS			*Investment Areas:* CONVENE, IMPLEMENT		*TriMet:* CONSENSUS/ PARTNERSHIP	Medium	Twin Cities Funders Collaborative
		Create strategies to support the **acquisition/rehab of market-rate apartment buildings and conversion to regulated affordable housing**.	CONSENSUS/ PARTNERSHIP		CONSENSUS/ PARTNERSHIP	CONVENING, CONSENSUS/ PARTNERSHIP	FINANCIAL INNOVATION	CONVENING, CONSENSUS/ PARTNERSHIP, DATA/RESEARCH		CONSENSUS/ PARTNERSHIP		Short-Medium	In San Francisco, New York, and Boston, land trusts are working on strategies to acquire private financing to convert market-rate apartment buildings to regulated.
		Eliminate barriers to the creation of **limited equity cooperative** housing, which empowers residents to own a share of their housing.				FUNDING/ GRANTS	FINANCIAL INNOVATION	CONVENING, CONSENSUS/ PARTNERSHIP		CONVENING, CONSENSUS/ PARTNERSHIP		Medium	Columbus United Cooperative (Chinatown, SF) Victor Manor Mobile Home Park Coop (McMinnville, OR)
		Establish **apartment-to-condo conversion regulations**. These could include a requirement that a certain percentage of units be affordable and/or that the developer pay into a fund for affordable housing.	ANALYSIS, IMPLEMENTATIO N	CONSENSUS/ PARTNERSHIP				TECHNICAL ASSISTANCE, P2P KNOWLEDGE-SHARING				Short	
		Improve **property maintenance codes, landlord licensing, and retrofit programs** to improve livability of existing housing.	ANALYSIS, IMPLEMENTATIO N	CONSENSUS/ PARTNERSHIP				TECHNICAL ASSISTANCE, P2P KNOWLEDGE-SHARING				Short	Gresham, OR
		Develop **opportunity/vulnerability maps** to inform local planning, policy, and fair housing efforts. Align mapping tools with HUD's new fair housing assessment tools.	CONSENSUS/ PARTNERSHIP		CONSENSUS/ PARTNERSHIP			CONVENING, CONSENSUS/ PARTNERSHIP	*Research Center:* DATA/ RESEARCH *Equity Strategy:* CONVENING			Medium	Portland Housing Bureau opportunity/vulnerability index tool
		Identify **local strategies to affirmatively further fair housing.**	ANALYSIS, IMPLEMENTATIO N					DATA/RESEARCH	*Research Center:* DATA/ RESEARCH	OHCS: REGULATION	*HUD:* REGULATION, TECHNICAL ASSISTANCE, DATA/ RESEARCH	Ongoing	See Fair Housing Council of Oregon and HUD Final Rule and draft assessment tool.

This page left blank for printing purposes.

Metro Equitable Housing Initiative Highlighted Tool: Innovative Detached Housing

Innovative infill strategies can help to increase housing supply, diversify housing choices, and support affordability and mixed-income neighborhoods by integrating smaller format housing into residential neighborhoods. Two of the most promising alternative housing options are cottage clusters and accessory dwelling units (ADUs). Cottage clusters provide community-oriented developments that can be integrated with the scale of existing single-family neighborhoods. ADUs support affordability both by offsetting homeowners' mortgage costs and by providing small rental properties in existing neighborhoods. Both strategies reflect low-impact, community-oriented approaches to increasing density in single-family neighborhoods.

Case Study: Cottage Clusters in Washington

Several cities in Washington have enacted ordinances to support development of cottage housing. For example, in Kirkland, WA, the City adopted an Innovative Housing Demonstration Project, an interim zoning ordinance to allow cottages, compact single-family homes, and duplexes and triplexes, with the goal of increasing housing supply, diversifying housing choices, and promoting affordability by encouraging smaller homes. The innovation program paved the way for permanent ordinances, such as Kirkland's cottage cluster ordinance. In addition to supporting affordability through smaller housing types, Kirkland's ordinance also mandates that 5-10 percent of units be affordable to households earning 80-100 percent of area median income (AMI). In Seattle, a developer called The Cottage Company is developing cottage cluster housing made affordable through Section 8 vouchers.

Examples of Cottage Clusters

Danielson Grove cottages (Kirkland WA): A 16-unit pocket neighborhood surrounded by garden courtyards, Danielson Grove was built under the City's Innovative Housing Demonstration Project.

Case Study: Accessory Dwelling Units (ADUs) in Portland

Nearly every jurisdiction in the Portland metro area allows for ADUs, with varying degrees of restrictions around size and design. The City of Portland has gone further to incentivize homeowners to build ADUs through SDC waivers, which reduce ADU development fees by approximately $15,000. According to www.accessorydwellings.org, the average cost of an ADU is approximately $90,000 for detached structures and $45,500 for attached (e.g., conversion of a basement or attached garage into a separate structure).

Impact:

- Since 1998, 1028 ADUs have been permitted in the City of Portland; 661 of these were permitted after the City's SDC waiver program took effect in 2010.

Key challenges for ADUs include:

- **Financing:** Currently, most ADUs are financed by homeowners by borrowing from family/friends or borrowing against the value of their homes. Several credit unions are working to develop financing packages that support ADUs.
- **Tax Implications:** Alignment between city incentives and county tax assessment practices is important to ensure that property owners are incentivized to develop ADUs as certified dwelling units suitable for long-term habitation, as opposed to guest houses for short-term rental.

Case Study: Seattle's new Infill Development Standards

Placeholder – will add content.

SIDEBAR – City of Portland's Residential Infill Project

In response to community concerns about new development in Portland's residential neighborhoods, Portland's Residential Infill Project will evaluate the city's single-dwelling development standards, focusing on three primary topics: scale of houses, narrow lot development and alternative housing options.

The project will explore the feasibility and appropriateness of alternative housing options to provide more people with access to urban amenities like parks, shopping and transportation while keeping costs down, including:

- Internal house conversions: creating multiple units inside an existing house
- Secondary accessory dwelling units: one inside the house and one detached
- Cottage cluster development: (multiple smaller houses on a single lot)
- Stacked flats: units arranged on top of each other as opposed to side by side

By late 2015, staff will develop options to address identified issues for each of the three topics. Beginning in 2016, the community will evaluate these options against defined project success criteria. Following some refinement, these concepts will be translated into new regulations or Zoning Code amendments. These will be vetted again through the public hearing and legislative process for final adoption by the end of 2016.

Metro Equitable Housing Initiative Highlighted Tool: Inclusionary Housing

Across the country, communities have created local policy tools to require and incentivize the development of affordable units as part of market-rate development. These programs are most effectively targeted to jurisdictions or zones with strong markets, and can be an effective tool for promoting mixed-income communities in areas with rapidly rising rents. Inclusionary housing policies are not one-size-fits-all. Successful programs are streamlined and easy to understand; include an appropriate level of incentives to partially offset the additional cost of providing affordable units; and are designed to respond to the local market context.

Key policy decisions that jurisdictions must make in designing a program include:

- whether developers are required to build on siteor are provided an option to pay an in-lieu fee that goes into a housing trust fund
- target affordability level
- inclusionary percentage requirements
- term of affordability
- types of projects that qualify (size, new construction vs. conversion of market-rate to affordable)
- incentives to offset the cost for developers
- geographic tiering or targeting

Case study: Seattle's Incentive Zoning and Tax Exemption program

Tax Exemption Program

Seattle's Multifamily Property Tax Exemption (MFTE) provides a property tax exemption to developers and owners of multifamily rental and for-sale residential projects. For rental properties, the property owner is excused from property tax on residential improvements in exchange for rent-restricting at least 20 percent of the units for income-qualified households during the period of exemption. For condos and other for-sale multi-family properties, the tax exemption accrues to the owner of each income-/price-restricted unit, so long as at least 20 percent of the units are set aside. Under Washington state law, the program currently provides a 12-year exemption. Since its inception in 1998, the program has produced 4,975 units, or an average of 304 units per year.

Density Bonus Program

Seattle's incentive zoning program allows commercial and residential developers to achieve extra development capacity when they provide affordable housing. Generally, residential developers opting into the density bonus program must dedicate a percentage of additional floor area as rental housing affordable to households with incomes up to 80 percent of area median income (AMI). In certain mid-rise and high-rise zones, developers are permitted to make a cash contribution to the city's housing trust fund in lieu of building affordable units on-site. The trust fund primarily helps households with incomes below 60 percent of AMI.

Regulatory Context in Oregon

In Oregon, a constitutional amendment passed in 1999 prohibits local jurisdictions from the use of mandatory inclusionary zoning. (Oregon and Texas are the only two states with such bans.) Over the years, housing advocacy coalitions have repeatedly sought to overturn the ban. Currently, if the ban were overturned, it would only apply to condominiums and single-family homes, due to another constitutional ban that prevents local jurisdictions from using any form of rent control. Jurisdictions are able to use incentive-based inclusionary zoning, such as Portland's Multiple-Unit Limited Tax Exemption (MULTE) Program, which provides $3 million in annual tax exemption incentives for developers to include affordable units in market-rate development.

SIDEBAR

According to a recent study by the Lincoln Institute of Land Policy in 2014, there were approximately 512 inclusionary housing programs across the country (2/3 in New Jersey and California).

Highlights

- 87 percent of programs identified were mandatory (all developers over a designated size, or in designated zones, must participate); 13 percent were incentive-based.
- The majority of programs—including mandatory programs—partially offset the cost of providing affordable units though incentives.
- The most common incentive tools are tax abatements, parking reductions, density bonuses, fee waivers, and expedited permitting.
- Many programs offer developers the option of building the affordable units in another location or paying an in-lieu fee that goes into an affordable housing trust fund.

Metro Equitable Housing Initiative Highlighted Tool: Revolving Loan Funds for Affordable TOD

Transit-oriented affordable housing funds leverage private and public capital to create flexible, affordable financing to support the acquisition and development of affordable housing and other community assets near transit lines. The largest funds are the Denver TOD Fund, currently capitalized at $30 million, and the Bay Area Transit Oriented Affordable Housing (TOAH) Fund, currently capitalized at $50 million.

Case Study: Bay Area Transit Oriented Affordable Housing (TOAH) Fund

The Bay Area TOAH Fund provides flexible, low cost loans to experienced for-profit and non-profit developers to create or improve affordable housing and other community services along transit lines. Catalyzed by an initial equity commitment of $10 million investment from the Metropolitan Transportation Commission (which was primarily funded through bridge toll and local parking revenue), the Fund is managed by the Low Income Investment Fund (LIIF), which serves as the originating lender along with five other community development financial institutions (CDFIs). The fund is currently capitalized at $50 million, with 85 percent of capital targeting the creation and preservation of affordable housing and 15 percent supporting other community-based purposes (child care centers, health clinics, fresh food markets, and neighborhood retail). Eligible borrowers include nonprofits, corporations, government, joint ventures, limited partnerships and LLCs. The initial fund capitalization included $10 million in public sector grants/equity; $15 million in PRIs and flexible loans from six CDFIs, the Ford Foundation, the San Francisco Foundation and Living Cities; and $25 million in senior loans from Morgan Stanley and Citi Community Capital.

Projects supported by the TOAH Fund:

Eddy & Taylor Family Housing: With $7.2 million in TOAH Fund Financing, the Tenderloin Neighborhood Development Corporation is developing a parking lot into a 14-story building with 153 units of affordable housing and 12,000 square feet of retail space planned to attract a grocery store to an underserved community. The site is located two blocks from the Powell Street BART station.

Leigh Avenue Senior Apartments: With $2.9 million in TOAH financing, First Community Housing will build a mixed-use, affordable, green, senior housing development in San Jose. All 64 units will be affordable, senior housing and 35% will be dedicated to residents needing in-home services. The commercial space will house dental offices. The development is located near a VTA Light Rail station and the developer plans to provide free transit passes for all residents.

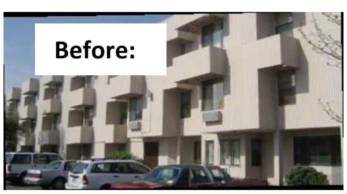
West Grand Development: With $1.8 million in TOAH financing, the East Bay Asian Local Development Corporation will build a mixed-use affordable housing and commercial development in the San Pablo Avenue Corridor, a rapid transit corridor (bus and BART) connecting West Oakland to several cities in Alameda County. The project will include 117 units of affordable housing, along with a ground-floor community space and childcare center.

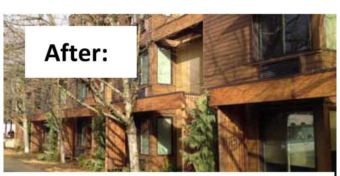
Case Study: Network of Oregon Affordable Housing (NOAH) Fund

The Network of Oregon Affordable Housing (NOAH) is a 22-member nonprofit bank consortium that was established in 1990 by the Oregon Bankers Association. Initially created to provide permanent financing for the construction and renovation of affordable housing, NOAH has also developed several other programs, including MPower Oregon, a public-private partnership to provide financing for efficiency upgrades of multifamily properties, and the Oregon Housing Preservation Project (OHPP), a consortium of public and private partners. OHPP was initiated as a result of catalytic commitments from Meyer Memorial Trust and the MacArthur Foundation and benefits from strong coordination with the regional HUD office. NOAH is currently exploring opportunities to expand the use of NOAH funds beyond preservation of existing regulated affordable housing (primarily expiring 9% LIHTC projects) to supporting acquisition and conversion of market-rate buildings to regulated affordable housing.

Projects supported by NOAH:

Rosewood Place (Gresham): NOAH provided $937,500 to help nonprofit Human Solutions acquire a 26-unit market-rate apartment in Gresham and convert it into regulated affordable housing supported by social services. Rents are affordable to households earning 30-50% of area median income. Other support was provided by Housing Development Center and Gresham HOME funds.





Walnut Park Apartments (North Portland): Originally developed in 1981 under the Oregon Housing and Community Services' Elderly and Disabled Bond Program, in 2008, Walnut Park was at risk of being sold and converted to market-rate housing. REACH CDC purchased the property, conducted a full renovation (including adding community gardens) and secured an extended Section 8 contract. Financing for the $7.3 million project (including $2.5 million in acquisition) included:

- $1 million (NOAH permanent loan)
- $1.6 million (PHB second mortgage, 0.5% interest, deferred)
- $3.6 million (Bank of America 9% LIHTC)
- $1 million (OHCS TCAP)

Metro Equitable Housing Initiative Highlighted Tool: Public-Private Partnerships

With limited resources for affordable housing and rising land prices, local jurisdictions play a crucial role in supporting development of strategic affordable housing projects in their communities. These partnerships increase the available stock of affordable housing while also helping jurisdictions meet planning, housing and land use goals. Tools used include:

- Tax abatements/exemptions
- Land donation or low-cost lease
- Reduce or waive SDCs or other fees
- Density bonuses
- Zoning/code changes

Case Study: The Barcelona, Beaverton

The Barcelona at Beaverton will be a newly constructed, four-story affordable housing apartment building in downtown (Old Town) Beaverton that includes 47 units, (41 one-bedroom, 3 two-bedroom and 3 studio units). Eight of the units will be fully accessible, including one with sight and hearing impaired features. The project will be designed and constructed to Enterprise Green Communities standards and will include a small public plaza and a community room. The building's features also include balconies, public art, and street-side landscaping that will make the building a showcase for the neighborhood. Set to open in December 2015, it has already begun to spur additional new development and excitement in Beaverton's Old Town central district.

The City of Beaverton is leasing the land for the project to CPAH for $20 a year for 75 years, with an option to extend to 99 years. In addition, the City of Beaverton voted to waive property taxes for nonprofit organizations that provide housing for families earning 60 percent or less of the area's median income. The value of the tax exemption is reflected in the rents established for the project. Assuming a value of approximately $20,000 in annual savings, this represents $425 per unit annually and $35 per household in monthly savings.

Plans for the same site include a five-story, retail-commercial-market rate housing project developed by RKM Development Inc. that will include 44 units of "workforce" housing affordable to households with incomes making approximately $42,000-$83,000 for a family of four. The combined approach of developing the site with low-income and workforce housing in two adjacent buildings was a compelling proposal for the City.

SIDEBAR

"Beaverton, like most cities right now, is paying close attention to the issue of affordable housing. We understand the importance of doing our part to incentivize and support development. With the help of tremendous partnerships with the State of Oregon, Metro, nonprofit housing developers and highly supportive private developers, we're achieving some pretty exciting results. The city must do its part to be the bridge builder, get creative, and offer what we can to make these projects happen."- Beaverton Mayor Denny Doyle

Case Study: Creekside Woods, Wilsonville (Northwest Housing Alternatives)

Placeholder – This will be added.

Metro Equitable Housing Initiative Highlighted Tool: Low-Cost Models

Given the severe shortage of affordable housing statewide and a lack of adequate funding, there is a strong interest from legislators and others in maximizing the number of units producedand getting people housed as quickly as possible. In 2014, Meyer Memorial Trust convened a statewide Cost Efficiencies Work Group to explore factors driving the cost of affordable housing development and potential solutions.

Key findings include:

- *Public and private funders could do more to expedite funding processes and help reduce unnecessary costs, but dramatic reductions are probably unattainable without new, more flexible sources of funding.*
- *The Work Group is skeptical that costs in affordable housing projects can be radically lower without compromising their long-term viability, the interests of residents, and the ability to attract needed private investment.*
- *However, new strategies to test models that don't rely on established, complex subsidies would be worth trying. An exclusive focus on lower initial costs at the expense of higher long term maintenance and utility costs could be counterproductive.*
- *But with new funding from the state or from local governments that promote simpler, more cost-efficient projects, developers could be rewarded for finding ways to keep costs down consistent with broader housing goals.*

SIDEBAR: New State Bond Funding to Test Innovative Models

In 2015, the Legislature committed $62.5 million in bonds for affordable housing. This included $40 million of general obligation, Article XI-Q bonds to create the Local Innovation and Fast Track (LIFT) Housing Program which will build new affordable housing for families with children who are experiencing or at risk of homelessness. This new, flexible funding source will allow Oregon Housing and Community Services (OHCS) and its partners to test innovative strategies and create a modern model of affordable housing development.

Case Study: PHC Northwest and Home First (Portland)

In Portland, PHC Northwest and Home First Development provide two examples lower-cost approaches to affordable housing development. Under this funding model, 150 apartments have been created in the metro area, with another 150 in the pipeline. Home First's average cost per unit is $80,000 per unit, much lower than the industry standard of $200,000 or more.

Not every affordable housing project can be produced at the lowest cost possible. But if several key conditions are met—including flexible private and/or public funding, reduced compliance/regulatory costs, as well as a resident population that does not require intensive support services— the Home First model is an important part of the solution to address the area's acute shortage of affordable housing.

Example of a PHC Project: D Street Salal (SE 171st and Division, Portland)

D Street Salal is PHC Northwest’s newest housing project and provides affordable and quality housing for East Portland residents. The development includes 78 units ofvarying sizes within seven buildings on two lots. Residents have easy access to public transportation and are within walking distance of commercial businesses, including grocery stores, retail stores and restaurants. The average cost to build was $75,000 per unit. Rents range from $395 for a studio to $775 for a 2-bedroom.

Apartment amenities include:

- Energy star appliances
- Laundry washer and dryer
- High efficiency windows
- LED Lighting
- Granite countertops in kitchens
- Dual flush toilets
- Free Wi-Fi
- Ground units are ADA adaptable
- Onsite parking for tenants
- Property amenities include:
- The Corral (a community gathering space)
- Outdoor basketball court
- Children’s play structure
- Onsite park
- Off-street parking for guests
- Professional landscaping

“Hardworking families throughout the metropolitan area need decent, affordable housing. We have an inventory problem and people are suffering. The Home First model, coupled with other affordable housing efforts, can work to get our neighbors housed quickly – but we need funders and jurisdictions to make funding flexible enough to get homes built as quickly and efficiently as possible.”- Rob Justus, Home First

SIDEBAR: Sidebar: Inside the Home First model

As described in Meyer Memorial Trust’s Cost Efficiencies report, three defining features of the Home First model make it very different from typical affordable housing development:

1) Home First has avoided taking a government dollar, instead drawing funding essentially from one private source

2) Their model is focused on delivering a finished product at a specific price point (derived from target affordable rents PHC aims to achieve)

3) The model leverages PHC’s balance sheet and risk tolerance. The unique financing takes many of the typical costs of publicly subsidized affordable housing off the table:

• Speed and simplicity are critical advantages – with one funder supplying ready cash, they can move quickly through acquisition, predevelopment, and construction; their soft

costs are much lower as a result (and they do not face the same compliance and reporting burden as subsidized projects)

• With no government compliance or additional subsidy related regulation, they are able to draw on a pool of contractors and subcontractors that might not necessarily work on a typical affordable project, and they push all their partners hard on costs

• Pursuing a different business model, Home First has agreed to take a lower fee than most developers would.

• There are some costs not reflected in Home First's expenses; property management and asset management costs are covered by PHC for example, and don't show up in Home First's accounting.

This page left blank for printing purposes.

Metro Equitable Housing Initiative Highlighted Tool: Employer Assisted Housing (EAH)

When employees live near where they work, employers enjoy the benefits of a more stable workforce, improved morale, lower turnover and reduced recruitment costs; employees save time and money from their reduced commute; and all community members benefit from reduced congestion. Across the country, employer assisted housing and "live where you work" incentives provide assistance to ensure that people who work in a community can afford to live there.

Case study: Chicago's REACH Illinois Employer Assisted Housing Program

In Illinois, the Metropolitan Planning Council and Housing Action Illinois works in partnership with a nonprofit called REACH Illinois to make it easy and financially compelling for employers to offer EAH benefits to employees who want to live near where they work. REACH administers the program, employing housing experts trained to provide homeownership education and financial counseling, and to manage the down payment or rental assistance provided by employers. Special state incentives, including tax credits and donor-provided matching funds, make the program an even more attractive proposition for employers.

Impact:

- Since 2000, the program has helped more than 1,800 employees across the region purchase homes through the program.

- According to administrators, the program has helped with improved employee retention, loyalty and productivity; reduced employee commutes, stress, absenteeism, recruitment and training costs; a benefits package with a competitive edge; and strengthened financial stability for workers, including foreclosure prevention where employers have provided housing counseling and financial assistance to buy or rent a home.

Funding Model:

Down payment assistance is usually structured as a five-year forgivable loan and secured by a lien on the new home. The State of Illinois provides a 50 percent tax credit for every dollar that an employer invests in the EAH program, and matching down payment assistance (up to $5,000 for households earning less than 50 percent of the region's area median income or up to $3,000 for households earning between 50 and 80 percent of AMI) to eligible employees. Funds are targeted to employers in Illinois that are partnering with the Metropolitan Planning Council (MPC) in the Chicago region or with Housing Action Illinois in the rest of the state and an approved REACH Illinois housing counseling agency.

Each REACH Illinois program is customized. Companies can determine the size and budget for the program based on their needs, determining the number of employees they want to assist and how much rental or down payment assistance they wish to provide.

Funding partners include The John D. and Catherine T. MacArthur Foundation, McCormick Tribune Foundation, Illinois Housing Development Authority, Fannie Mae Foundation, Fannie Mae Corporation, City of Chicago Department of Housing, Polk Bros. Foundation, Washington Mutual, Federal Home Loan Bank, Bank One Foundationand National City Bank.

SIDEBAR

Example A: A for-profit company

In this example, an investment of $22,000 yields a program valued at $34,000 with a net cost of less than $3,000. This size program could be suitable for a company with 200-400 employees.

Budget	Cost
Counseling/administration: 15–20 employees	$10,000
Down payment assistance: 4 employees at $3,000/employee	$12,000
Gross investment by employer	$22,000
Less state tax credit	-$11,000
Less federal tax deduction*	-$8,360
Net cost of program	$2,640

Metro Equitable Housing Initiative Highlighted Tool: Land Banks

Land banks are a governmental entity that focuses on the conversion of vacant, abandoned, underutilized and/or foreclosed properties to productive use. Land banking more broadly refers to processes or policies by which local governments acquire properties for conversion to productive use or to hold for long-term strategic purposes. Initially created to deal with tax delinquent, vacant and abandoned properties, early land banks emerged in metropolitan areas struggling with economic decline and population loss. A new generation of land banks has more recently developed in response to the 2008 recession; of the 120 land banks currently operating in the U.S., half were created after 2008.

According to a 2014 study by the Center for Community Progress, land banks take a lot of different forms depending on local challenges, but some common characteristics include:

- Strategic links to the tax collection and foreclosure process
- Operations scaled in response to local land use goals
- Policy-driven, transparent and publicly accountable transactions
- Engagement with residents and community stakeholders
- Alignment with other local or regional tools and community programs

An emerging use of land banks is to connect them to community land trusts with a focus on supporting equitable development and long-term affordability. Bringing these two concepts together makes sense in places with high volumes of land. To put it simply, for a land bank, the key challenge is disposing of land; for a land trust, the biggest challenge is acquiring properties.

Regulatory Context for Land Banks in Oregon

In June 2015, Oregon passed enabling legislation making it possible for local governments to create land banks to facilitate cleanup of contaminated sites. Protected from environmental liability, land banks would have the legal authority to acquire contaminated properties, clean them up and sell them for redevelopment. The legislation was developed by a coalition led by Metro and including local governments, chambers of commerce, environmental and housing advocacy groups.

Case study: Twin Cities Community Land Bank

The Twin Cities Community (TCC) Land Bank is unique among land banks in that it is a limited liability company rather than a government entity. (Minnesota doesn't have state legislation enabling local governments to create land banks). TCC was formed by the Family Housing Fund in response to the foreclosure crisis in 2009 with a mission focused on linking regional housing, jobs, transportation and education goals. TCC provides developers with access to a pipeline of distressed properties acquired through a variety of sources, including a program that allows the land bank to purchase foreclosed property at a reduced rate before they are publicly listed. The program has established relationships with 130 municipalities throughout the 7county region, as well as with lenders, credit unions, holding companies, property management companies and receivers through which property is available. Developers are selected through an RFQ process and agree to undertake immediate renovation and adhere to community standards regarding owner occupancy, minority hiring, rehabilitation standards, homebuyer education and to meet certification and reporting requirements. The land bank also has a brokerage arm that provides fee-based services for developers and a loan program spanning development loans and homebuyer assistance.

TCC Impact:

- 1200 properties acquired worth over $100 million
- $11.7 million savings off listing prices for property acquisition through a partnership with the National Community Stabilization Trust
- 450 loans to developers worth $62 million

SIDEBAR: What's the difference between a land bank and a land trust?

	Land Bank	**Land Trust**
Type of Organization	Governmental or quasi-governmental	Typically a private nonprofit entity
Primary Function	Will acquire and manage properties and then transfer them to third parties to support desired redevelopment (including affordable housing, mixed-use development or green space); holds legal title only until this third party can be identified	Anticipates holding legal title to the property indefinitely
Acquisition	Acquires abandoned land wherever it happens to be located	Targets specific tracts of land or existing buildings to be acquired through purchase or donation
Authority	Possesses broad range of governmental powers authorized by state statute and intergovernmental agreement	No special powers beyond receiving tax exemptions
	May possess a range of internal financing sources derived from the source of its inventory and tax policies	Generally dependent on philanthropic contributions for its operating budget

Metro Equitable Housing Initiative Highlighted Tool: Community Land Trusts (CLTs)

Community land trusts are nonprofit organizations—typically governed by a board of residents and/or public officials—that provide permanently affordable housing and lasting community assets. Whether focused on homeownership or rental housing, land trusts typically retain title to land, providing the owner of the home or building with a 99-year ground lease, effectively removing the cost of the land from rent or homeownership costs. Across the country, land trusts use a variety of land acquisition mechanisms, from private financing and municipal subsidies to relationships with land bank entities. The key challenge land trusts face is finding funding and/or mechanisms to scale up acquisition efforts.

Case study: Denver's Urban Land Conservancy

A subsidiary of the Denver Foundation, the Urban Land Conservancy is a nonprofit 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. ULC manages property acquisition and disposition for the region's $30 million TOD fund, which it helped create in partnership with the City of Denver and Enterprise Community Partners (as described in the TOD fund case studies).

ULC Impacts:
- $58 million invested in 25 real estate properties
- $360 million leveraged from public, private, and nonprofit partners
- Thousands of jobs created

Examples of Urban Land Conservancy Projects (in partnership with TOD Fund)

Evans Stations Lofts: ULC purchased this site for $1.2 million using the regional TOD fund and sold it to Medici Communities (developer), which was awarded $1 million in annual low-income tax credits from the state. The project is a $12.35 million development with 50 units of housing affordable at 30-60% AMI and 10,000 square feet of commercial space.

Dahlia Apartments: ULC acquired this 36-unit building using funding from the TOD Fund after it was foreclosed upon in 2008, qualifying it for the Neighborhood Stabilization Program. ULC has completed several capital improvement projects including weatherization, a new roof and community gardens, and is partnering with a nonprofit on day-to-day property management.

Case study: Proud Ground (Portland 4-county region)

Proud Ground was founded in 1999 through efforts led by the City of Portland to provide permanently affordable homeownership opportunities. In 2010, Proud Ground expanded its services to all of Multnomah County; expansion continued in 2012 to include service to Washington and Clackamas Counties, including integration with the Clackamas Community Land Trust. In 2014, service was expanded to include Clark County. As of 2014, Proud Ground receives more than half of its operating revenue from government grants and contracts and the remainder from developer and service/lease fees, foundations, individual donations and in-kind contributions. Two-thirds of Proud Ground's budget is dedicated to homebuyer/homeowner assistance and 25 percent goes toward acquisitions and project development.

Impact (as of 2014):

- 290 new home buyers served
- 230+ permanently affordable homes in portfolio; 20+ homes in housing development pipeline
- In 2014, $141,000 median sales price vs. $285,000 median sales price for a market-rate home in service area
- $127,500: Median resale price of a Proud Ground home
- $34,000/61% MFI: median income of all families served
- 60% of homeowners served in 2014 are households of color
- 352 households on home buyer wait list
- 64% of wait list households from communities of color
- 0 homes lost to foreclosure

SIDEBAR

Across the country, CLTs use a variety of land acquisition mechanisms, ranging from private financing to municipal subsidies to relationships with land bank entities.

Community Land Trust	**Land Acquisition Mechanism**
Urban Land Conservancy (Denver)	Transit Oriented Development (TOD) Fund layers public and private funding from city/state, foundations, and financial institutions.
Irvine, CA	Developers are required to contribute funds to the local CLT in order to construct large buildings.
Philadelphia, PA	The land trust works in partnership with a land bank, which transfers vacant and foreclosed properties to CLTs.
San Francisco	CLTs are exploring strategies to buy market-rate buildings with private financing and municipal subsidies.
Boston (Chinatown)	
New York City (East Harlem/El Barrio)	
Boston (Dudley Street Neighborhood Initiative)	This initiative acquired eminent domain powers from the state to acquire vacant lots from absentee landlords.

Metro Equitable Housing Initiative Highlighted Tool: Limited Equity Housing Cooperative

Limited Equity Housing Cooperatives (LEHCs) are a tool to offer permanently affordable homeownership opportunities for low- and moderate-income households. Each household purchases a share in the nonprofit corporation that owns the multi-family property, and thereby has the right to occupy an individual unit. Share prices in these cooperatives typically are low; member households may not own more than one share. Each household builds a small amount of equity on their share—no more than 10% per year by law in California, for example; in practice, usually a lower percentage tied to inflation. If the resident decides to sell, (s)he may sell their share back to the coop or to a new buyer who meets income requirements; the seller recoups their limited equity and the housing remains affordable for the next resident.

One successful model for keeping the units affordable involves combining the efforts of an LEHC and a community land trust. The community land trust buys the land and property, selling the building and "improvements" to the residents and providing a long-term lease on the land to the co-op. Because the increase in equity is limited and the cost of land is removed from the equation, the buy-in cost and monthly payments remain well below market rates. LEHCs can provide low- and middle-income households with stability in living situation and an equity-building opportunity, combating displacement by making homeownership available for individuals and families who might otherwise be priced out of the neighborhoods in which they rent. In addition, LEHCs help preserve the quality of low-income housing. l Several studies have confirmed that because they are able to absorb the costs of large repairs, the owner-occupants of limited equity housing cooperatives do a superior job of maintaining their property compared toother models, especially when compared to rental housing.

Regulatory Context in Oregon:

ORS 62.115 states that cooperatives may be organized under any lawful purpose or purposes (except for the purpose of banking or insurance). In 2007, Oregon made it easier specifically for residents of manufactured dwelling parks and marinas to purchase the facilities where they live. If the owner of the facility intends to sell, the tenants must be informed and are given the first opportunity to purchase the facility.

California made the formation of LEHCs easier with the passage of AB569 in 2014. The bill removes barriers to financing for cooperative housing. Previously, the California Subdivided Lands Act prohibited the sale of housing cooperative shares when the units were subject to a mortgage secured by the entire property (most cooperatives finance the purchase of a building with a single blanket mortgage) and exempted LEHCs from costly reporting requirements and election procedures that were burdensome for collectively governed co-ops.

Challenges:

- LEHCs that are affordable to low-income residents require subsidy, typically from some combination of state or local government and foundation.

- In addition, the legal and financial complexity of creating LEHCs typically requires a strong partnership between organized residents and a developer or project lead—such as a community land trust or a non-profit developer.

- Cooperative developers often do not have the capacity to compete financially or move quickly in gentrifying neighborhoods where there are other ready buyers.

- A co-op requires organization, training, and a community building. Residents need to be willing to participate in the governance and management of the co-op, providing sweat equity in the smooth running of the building or development. These are skills that require an investment in initial and ongoing training.

Case Study: Columbus United Cooperative, San Francisco


Brant Ward / The Chronicle

In 1998, San Francisco City College purchased what was then the Fong Building at 53 Columbus Avenue in Chinatown with the intention of demolishing it to build a new campus. The building had 21 residential units; most residents were low-income and many had lived in the building for years (in some cases, decades). The tenants, represented by the Asian Law Caucus, convinced the college to sell the land to the San Francisco Land Conservancy, which bought the property in 2005 for $1.5 million and made $6 million in improvements (seismic upgrade, an elevator for elderly residents, green upgrades) by piecing together the money from city-funded programs and private financing. The residents formed a co-op, buying single shares for $10,000. Sixteen families returned to the building after the upgrade; five others were chosen from a pool of applicants. To qualify for a single-person room, applicants had to earn less than $26,400 annually. For a family of three, the cap was $33,950. Altogether, property taxes, maintenance, and insurance cost less than $800 for a two-bedroom apartment in 2009 – far below market rate. Long-time residents were able to remain in their homes and their community and were able to build equity.

Case Study: Victor Manor Mobile Home Park Coop (McMinnville, OR)

The Victor Manor Mobile Home Park in McMinnville was about to close in 2008. CASA of Oregon was able to assist residents in forming a cooperative and purchasing the park. The 30-space resident-owned community was the first of its kind in Oregon using a newly established non-profit, limited equity cooperative model, which enables cooperative members to purchase, operate and maintain their manufactured housing communities. The resident-formed Horizon Homeowners Cooperative was able to secure construction and permanent financing from Shorebank, Oregon Housing and Community Services, and CASA of Oregon in order to make the purchase and improvement of the property possible. To date, CASA has converted seven parks to resident ownership.

This page left blank for printing purposes.

Metro Equitable Housing Initiative Highlighted Tool: Manufactured Home Park Conversions

Manufactured home parks are one of the largest sources of privately owned affordable housing in Oregon—they currently provide about 65,500 homes in the state, including [XXX] in the Portland metro region. Almost half of all park residents are seniors. In recent years, many park owners have sold or redeveloped the land for different, more lucrative uses. Since 1997, over 70 manufactured home parks have been closed across the state, resulting in a loss of more than 2,700 homes.

Under state law, when a park owner wants to close a park and change its use, (s)he is required to provide tenants with a one-year notice to find another location for their home. The high cost of land and restrictive zoning can make finding a place for a manufactured home nearly impossible.

SIDEBAR: Oregon Legislative Changes

In 2007, Oregon made it easier specifically for residents of manufactured dwelling parks and marinas to purchase the facilities where they live. If the owner of the facility intends to sell, the tenants must be informed and are given the first opportunity to purchase the facility. In 2014, state legislators built on this bill, passing House Bill 4038, a bipartisan effort to make it easier for residents to purchase parks and form a cooperative.

Case Study: CASA of Oregon

One of the most effective ways of preserving manufactured housing, as well as to promoting the stability that comes with home ownership, is to facilitate a resident purchase of a park. A resident-owned community (ROC) is an entity created by manufactured housing park residents to purchase and control the park and manage infrastructure, operations and common areas. Once the residents own the land, no investor can sell it from under them.

CASA of Oregon's Manufactured Housing Cooperative Development Center, which began in 2006, uses a multi-faceted approach including on-the-ground technical assistance to make resident ownership a viable option. To date, CASA has helped seven parks around the state convert to resident ownership.

Based on the New Hampshire Community Loan Fund model for manufactured housing park preservation, CASA’s Oregon-specific model focuses on the creation of a nonprofit, limited equity manufactured housing cooperative, which allows for resident purchase of the park.

Guidelines for the program include:

- Membership is limited to park residents - one membership per household
- Members must own, not rent, their homes
- Members control the monthly rent. Site rent for non-members will often be set higher than rents for members
- Members share equally in the decision-making
- The park is owned *collectively* by the cooperative. Individual homeowners don’t own their individual sites
- The cooperative holds the mortgage and is responsible for paying bills, property taxes, repairs, maintenance, etc
- The Board of Directors manages the day-to-day operations of the cooperative
- Typically, membership entitles a person to lease a particular space on a long term and near-perpetual basis (at least 20 years, ideally longer) as long as they are a member in good standing

Case study: Clackamas River Community Cooperative, Clackamas

On October 26, 2012, residents of the 76-space Clackamas River Village, a manufactured housing park in Clackamas, completed the purchase of their community. Utilizing technical assistance from CASA of Oregon and the Community Development Law Center and financing from ROC Capital, residents organized and formed the Clackamas River Community Cooperative in order to convert their park into a resident-owned community and make necessary infrastructure repairs.

The cooperative celebrated a successful first year of operations by having members vote to reduce space rental rates at their annual meeting in October 2013. CASA of Oregon will continue to provide technical assistance—including management training and operational support—through the life of the loan.

Case Study: St. Vincent de Paul partnerships in Lane County

Another strategy to preserve manufactured housing parks is for a nonprofit organization to acquire and manage the park. St. Vincent de Paul of Lane County (SVDP) currently manages four parks in Lane County. The most recent addition is the Oakridge Mobile Home Park in Eugene. The park has struggled with abandoned units, high crime, and poor maintenance. After purchasing the park, St. Vincent worked to improve public safety and health, including dismantling seven unhabitable units and replacing them with newer manufactured homes and creating a shared laundry facility and community space for classes, support groups, children's programming, and computers.

This page left blank for printing purposes.

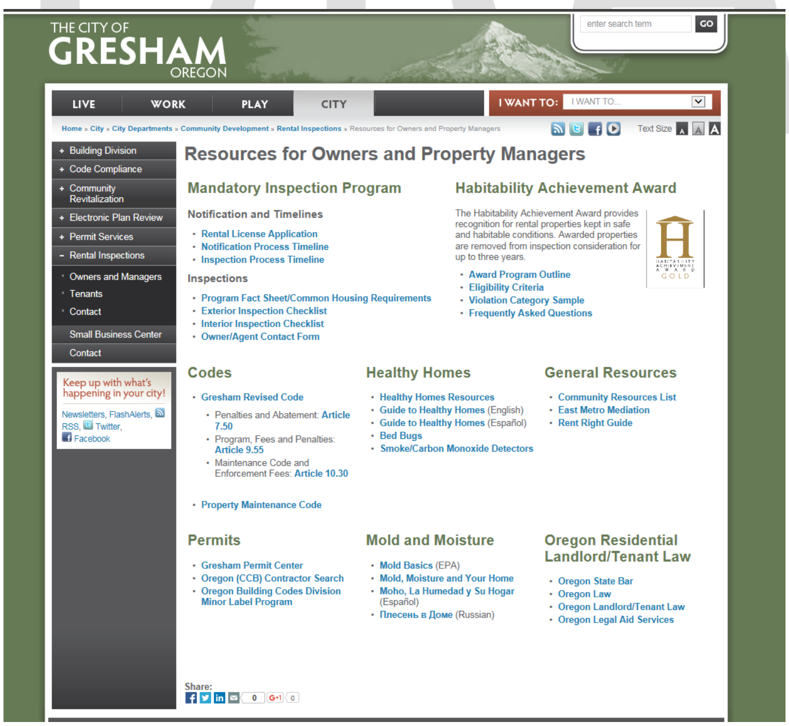
Metro Equitable Housing Initiative Highlighted Tool: Property Maintenance Codes and Landlord Licensing

Consistent property maintenance codes and landlord licensing are a tool local governments can use to ensure that rental housing is safe and healthy. Typically, the landlord licensing fee is used to fund inspection programs, so that the only municipal cost is the cost to start the program. In addition to code enforcement, landlord licensing provides an opportunity for local governments to educate landlords about fair housing laws and tenant protections as well as making them aware of weatherization and other retrofit incentives.

Within the Portland metro region, the following jurisdictions have property maintenance codes: Tigard, Beaverton, Multnomah County, Portland, and Gresham. The majority of programs utilize International Property Maintenance codes, a simple standard that provides for consistency across jurisdictions, and most programs waive the licensing fee for landlords with fewer than 9 units, and Portland and Gresham waive the fees and inspections for Section 8 rental properties.

A key challenge is the economy of scale and cost of inspections. Strategies to make maintenance codes and landlord licensing feasible for smaller jurisdictions could explore opportunities for cross-jurisdictional partnerships around inspection. In Clackamas County, multiple jurisdictions have worked with Multifamily Northwest to explore a county-wide approach to property maintenance.

Case Study: Gresham Property Maintenance Code



Gresham enforces a fairly aggressive property maintenance code that has proven to be very effective. Random inspections are conducted every one to three years, unlike similar programs that are primarily complaint-based, with 20 percent of units visited during an inspection. In addition to the mandatory inspection program, the City uses the landlord licensing program to provide a range of landlord resources. The City also has a Habitability Achievement Award program to recognize properties with exceptional conditions and to exempt them from inspections for three years.

Strategy #4 - Prevent displacement and stabilize communities

SIDEBAR/PLACEHOLDER: Community Alliance of Tenants (CAT) and 211 data regarding complaint calls regarding habitability of apartments.

SIDEBAR/PLACEHOLDER: We will add highlights from Multnomah County Health Department's study, Rental Housing and health Equity in Portland, Oregon: A Health Impact Assessment of the City's Rental Housing Inspections Program.
http://www.pewtrusts.org/~/media/assets/2012/08/ophihiafinalreport829.pdf

Metro Equitable Housing Initiative Highlighted Tool: Coordinated Anti-Displacement Strategies

The rising cost of rental housing and home prices in the Portland metro region is making housing unaffordable for many low- and moderate-income households. As costs increase, people are priced out of their homes and neighborhoods and become victims of displacement. While in the past the problem was concentrated in the region's close-in neighborhoods, housing pressure is spreading, to East Portland and Gresham. Fortunately, there are many local efforts addressing this issue.

SIDEBAR: Portland Gentrification and Displacement Study

Dr. Lisa Bates, Portland State University Associate Professor of urban studies and planning, authored the *Gentrification and Displacement Study: implementing an equitable inclusive development strategy in the context of gentrification.* In this study, she addresses the migration of residents towards areas such as outer East Portland, and the implications of such displacement. "The pattern of mobility to neighborhoods in mid-county/East Portland has already been observed to cause deepening poverty and disparities… The connection from gentrification in close-in neighborhoods and East Portland is clear; with fewer affordable units close-in, low-income households have to locate in low-priced areas."

Case Study: N/NE Neighborhood Housing Strategy

In March 2014, the City of Portland dedicated an additional $20 million in Tax Increment Financing (TIF) dollars from the Interstate Corridor Urban Renewal Area to affordable housing in an effort to begin to address the ongoing threat of displacement and gentrification.

After several months of outreach and discussion, the City launched the '*North/Northeast Neighborhood Housing Strategy*, a five-year plan that details investment of the $20 million according to the stated priorities of the community. To answer the core question of how this plan would be different from past efforts, the City established a Community Oversight Committee. Through city ordinance, the oversight committee's role is to advise on, and review, program proposals and plan development; monitor the implementation of policy and programing, and associated outcomes; and advise the housing director and housing commissioner on progress, issues, and concerns associated with the North/Northeast Neighborhood Housing Strategy.

Case Study: Portland Comprehensive Plan and Anti-Displacement PDX

Anti-Displacement PDX is a local coalition of more than thirty partners developing strategies to address existing and mitigate future displacement. As of now, their scope of work is primarily to inform and influence the Portland Comprehensive Plan update. As a result of their extensive efforts, eleven additional anti-displacement measures were integrated throughout the Portland Comprehensive Plan Draft. Those measures include:

- Add equity emphasis to community involvement policies

- Strengthen and expand application of impact analysis tool, in order to anticipate displacement and housing affordability impacts of plans, investments and development
- Require mitigation for anticipated displacement and housing affordability impacts of plans, investments and development
- Use community benefits agreements as anti-displacement tools
- Capture value created by plans and investments as revenue to fund anti-displacement measures
- Add emphasis on “permanently affordable” models of homeownership
- Use land-banking as an anti-displacement tool
- Create permanently-affordable housing in market-rate developments
- Include tenant protections
- Develop reconstruction overlay zone (make specific efforts to redress past harms experienced by displaced communities)
- Implement anti-displacement measures in the city’s mixed-use zones

There is significant momentum as a result of these strategies, but outcomes are ultimately dependent city council’s adoption of the Comprehensive Plan in late 2015 or early 2016.

Case Study: Living Cully Ecodistrict

Living Cully is an Ecodistrict established by Hacienda CDC, the Native American Youth and Family Center (NAYA) and Verde. It is a long-term collaborative strategy based on community development with the aim of introducing environmental assets that will benefit low-income people and people of color who reside in the neighborhood. Living Cully does not follow the traditional Ecodistrict model, and instead uses an anti-poverty model where investments benefit existing residents instead of displacing them.

A related effort, “Not in Cully,” is a toolkit of anti-displacement strategies that resulted from collaboration between the Cully community and Portland State University’s Master of Urban and Regional Planning Workshop. These strategies involve maintaining housing affordability, retaining existing neighborhood businesses, and helping families achieve economic self-sufficiency.

Case Study: Powell-Division Transit Action Plan

Due to the increasing incidence of displacement related to new development, anti-displacement measures are dire. Metro’s Powell-Division Transit and Development Project - Transit Action Plan is the result of steering committee recommendations based on technical work and public engagement. The action plan, along with related local action plans, address displacement directly. The action plan includes a focus on equity, stating a commitment to prevent displacement of residents and businesses. Local action plans identify tools and strategies that mitigate the impacts of market factors related to displacement. The focus on equity is translated into a goal, with the related outcome of creating a vision and development strategy that identifies tools and strategies to mitigate displacement in key places.