

1. HC Agenda - 03.08.2017

Documents:

[HC AGENDA - 03.08.2017.PDF](#)

2. HC - Minutes 02.08.2017

Documents:

[HC - MINUTES 02.08.2017.PDF](#)

3. HC - Additional Funds Motherhouse Memo 03.08.2017

Documents:

[HC - ADDITIONAL FUNDS MOTHERHOUSE MEMO 03.08.17.PDF](#)

4. HC - Division 30 Amendments Memo 03.08.2017

Documents:

[HC - DIVISION 30 AMENDMENTS MEMO 03.03.2017.PDF](#)



HOUSING COMMITTEE

DATE: Wednesday, March 8, 2017
TIME: 5:00 p.m. – 6:30 p.m.
LOCATION: City Hall, Room 209

A G E N D A

1. Review and accept Minutes of previous meeting held on February 8, 2017
2. Additional HOME Funding – Developers Collaborative Senior Rental Housing Project at 605 Stevens Avenue, Sisters of Mercy Motherhouse Building – See enclosed memorandum from Mary Davis, Division Director. *This is an actionable item and public comment may be taken.*
3. Proposed amendments to Division 30 to support the creation of affordable housing in Portland – See enclosed memorandum from Tyler Norod, Housing Planner.
4. Housing Committee member discussion and next steps

Councilor Jill Duson, Chair

Next Meeting Date: Wednesday, April 12, 2017 at 5:30 PM in Room 209

Housing Committee

Minutes of February 8, 2017 Meeting

A meeting of the Portland City Council's Housing Committee (HC) was held on Wednesday, February 8, 2017 at 5:30 P.M. in the City Council Chamber in Portland's City Hall. Councilors present at the meeting included Committee members Councilor David Brenerman, Councilor Brian Batson and Chair Councilor Jill Duson. City staff present included Director of Planning & Urban Development, Jeff Levine; Division Director Mary Davis; Assistant Corporation Counsel, Victoria Morales; and Housing Planner, Tyler Norod.

Item 1: Review and accept Minutes of previous meeting held on January 25, 2017.

Councilor Brenerman motioned and Councilor Batson seconded to accept the minutes from the January 25, 2017 Housing Committee meeting. Minutes were unanimously approved 3-0.

Item 2: Committee Discussion of Short Term Rentals and potential policy framework

Tyler began with an introduction of the item. Staff took the framework which received Committee consensus at the last meeting and worked with various departments to draft ordinance language. An outstanding item to be addressed is mixed use buildings with Short Term Rentals (STRs). Tyler also introduced potential ordinance language to address this particular issue.

Councilor Duson asked for committee questions or concerns on this issue. Councilor Brenerman was not sure the proposed language addresses the intent of the Committee to allow people in mixed use buildings to have STRs. Tyler talked about other options considered by staff – business licenses, square footage calculations like used in the Inclusionary Zoning ordinance. Permitting and Inspections staff were most comfortable with the language proposed in the memo. Councilor Duson asked if staff from other departments were briefed on Committee intent and this

proposed language would address that intent? Councilor Duson asked where the language is located in the proposed ordinance. Tyler notes it is in Section 6-151.

Councilor Duson opens item for public comment.

Scott Lindsay, owns three properties on Commercial Street, two have existing STRs. Wants to clarify why there is no owner occupant provision allowing STRs in for commercial buildings.

Kurt Goodhue, Welsh Street, Peaks Island, Federal Street, Portland; manages single family homes and cottages on Peaks Island; Does the matrix allow single family non owner occupied STRs on the island? Does the 300 unit cap include the islands?

Chris M., Deering Street – Lives in a six unit condominium building; They want to buy another unit to rent as an STR. Would like clarification if this would be allowed under the proposed ordinance.

Sam Dimico, Thomas Street – It seems absurd that this is now being made permissible. Disorderly house ordinance – needs different terms; is registration of ownership public information; can owner who is away designate self as manager?

Judith Dimico Thomas Street – Will regulations supersede zoning regulations that are in place? Did the committee consider single family owner occupied homeowner that does not want to live in neighborhood with stream of unknown guests in and out of neighborhoods? If the City can enforce historic renovation details they should be better able to enforce existing zoning no matter how difficult it may be.

Joel Hall, West End – uses STR to help subsidize rental income.

Ken Thomas, Danforth Street – Share Portland believes fees should be the same for the islands and the main land. Inspections for island properties should be the same. Is there any intent to put caps on owner occupied units at any time?

End of public comment.

Answers to public questions:

If owner occupies a unit in commercial building, it would be considered an owner occupied building.

Registration Fees on islands – owner occupied buildings start at \$100; They would be subject to the owner occupied fee schedule. No caps on islands yet. May happen at some point in the future.

Condo owner planning to buy 2nd unit for STR – this would not be allowed under the proposed ordinance. Condominiums would be considered a single family dwelling and non-owner occupied single families are not allowed to operate as STRs.

The Committee did consider not allowing STRs in residential neighborhoods but ultimately did not receive Committee support. The draft presented today is considered a middle ground as formulated by the Committee members. It is possible to pursue minority opinions at the full council that could consider different regulations. Councilor Brenerman says we may disagree on whether there should be STRs at all but we did consider all options and we also intend to address limitations in the disorderly house ordinance.

Is registration information public information? Current rental registration is public information and the Committee and staff believe STRs would continue to be included in this.

Can owner designate themselves manager? Ordinance encourages someone other than the owner to be listed as management. This is encouraged by fines for the owner or their representative not responding to inquiries by the City within 48 hours of an issue.

Will these supersede current zoning regulations? Ordinance language will live in chapter 6, not zoning ordinance. So it does not supersede zoning. Small changes will be made to Chapter 14

to adjust a definition so that there is consistency between Chapters.

Is there an intent to place a cap on owner occupied units? Not at this point. The Committee does intend to review the ordinance in six months to see how well caps are calibrated, whether or not it is necessary to have caps on islands, and examine the Disorderly House Ordinance (DHO).

Councilor Batson – in terms of re-visiting these issue in 6 months, does language include types of data being collected? Tyler noted that existing registration process for long term rentals can be adapted for STR to collect useful information. Councilor Batson wants to make sure we are collecting all of the data we need. Councilor Duson suggests the creation of a dashboard in advance as putting together the registration form and the Committee would like to have an advisory conversation about that before it is finalized. Councilor Brenerman indicates the ordinance would go into effect 30 days after council adoption. Registration will need to be done by January 1 in the year in which the unit will be operated. The Committee would like to see registration begin no later than October 1 for the 2018 season and then have a review 9 months after registration begins.

Councilor Duson asks if any further councilor questions before going to motion. Councilor Batson asks about the DHO. Does it take into account impact on neighbors? Councilor Duson says the DHO would be reviewed by committee with Chief of Police who will make recommendations for any features that could be changed to ensure it properly fits STR enforcement needs.

Councilor Batson, this will go to full council and get their thoughts as well. Thanks everyone for all their participation.

Councilor Duson acknowledges how quickly Councilor Batson got up to speed on the issue.

Councilor Batson recommends package (framework, proposed ordinance language) to full council Seconded by Councilor Brenerman.

Councilor Brenerman asks if editorial changes be sent to council. Will item that is going to

the planning board slow down process. Jeff says should be able to get the Chapter 14 change to Planning Board by March. So that packet would get first council reading most likely at first meeting in April at the latest. Victoria suggests forwarding packet as a whole.

Councilor Brenerman asks for clarification about owner occupied units in a commercial building would be able to rent out as owner occupied building. Tyler notes that owners could claim a unit in a mixed use building as their primary residence and be subject to the owner occupied multi family buildings.

Committee votes 3-0.

Item 3: Housing Program Budget

Mary Davis presented the memo to the Committee.

Councilor Brenerman – Asks for clarification on history of how HOME funds have been used in recent years. Mary Davis made available a chart outlining funding levels and uses for the last few years. It also shows some extra money that went to Tenant Based Rental Assistance Program that came from Housing Rehabilitation Program money. The rehab program is open to homeowners and landlords that would like to do renovation work to their residential buildings but there are income limits associated with the use of the funds.

Mary – to clarify CHDO funds are a special designation set aside by HUD to target funds by use of local community housing development organizations.

Councilor Duson – These numbers present our best guess for this year's allocation?

Mary – Yes, the budget reflects the amount we anticipate receiving based on past funding levels.

Councilor Duson – Are we expecting an increase in funds?

Mary – No, we based the numbers on last year’s numbers and we expect funding to be similar this year.

Councilor Batson – Asked for clarification on some of the numbers in the chart. Is the question should we change where the money goes or how much we expect to receive?

Mary – I would not recommend anticipating we will have more money this year.

Councilor Batson – How do we pick these allocations and predict these numbers?

Mary – Each year we look at applications received over the past year and what the demand was for the money. Since the demand for the funds was consistent with projected use we are recommending similar funding to last year.

Councilor Brenerman – How does the Tenant Based Rental Assistance program work?

Mary – The program is administered by social services to temporarily help stabilize at risk renter households with things like security deposits.

Item 4 and Item 3 were considered simultaneously to streamline questions and answers.

Item 4: HOME Fund Applications

Mary outlines the content of the memo and differences between the two applications.

Councilor Duson – I wanted to highlight the 10% unit set aside for long term shelter stayers for applicants who receive funding. There is also a provision for wanting to see Housing First projects targeting solutions for homeless populations.

Councilor Brenerman – Can you give examples of projects that received funding in the last few years?

Mary – Listed a long list of projects including Unity Village, the Motherhouse, Bayside Anchor, 409 Cumberland, Logan Place and others.

Councilor Duson – Will the affordability restrictions and 10% set aside for at risk homeless populations be in both applications?

Mary – Yes.

Councilor Batson – In regards to the supplemental funds and application, this money will go towards rehab of existing units? Are there other project options for supplemental funds?

Mary – Given the timing restrictions to use the funds there are not many other options. For example, there are no development projects that would be ready to use the funds in time. Potentially TBRA could use these funds but these funds would need to be used quickly and we have had no direction from Social Services that there is a large need at the moment for extra TBRA funding.

Public Comment for both items was taken together:

Jim Devine, Congress Street – Advocate for Homeless Voices for Justice and Peoples Alliance. I appreciate attention to this issue and the work of City staff. Housing first programs make a major difference in people's lives.

Seeing no other comment Councilor Duson closed the item for public comment.

Item 3 Housing Program Budget Motioned to by Councilor Brenerman and seconded by Councilor Batson. Voted in favor 3-0.

Councilor Batson - Are there any places where the need is greater than the funding levels presented?

Mary – Housing rehab does not have enough demand for additional funding. If you wanted to move something into a different category perhaps TBRA but we would need to have a conversation with Social Services.

Councilor Batson – I am comfortable with Housing Program Budget but had questions for the \$320,000 amount if there is demand elsewhere.

Mary – We would have sufficient time for the supplemental info to be considered at the March Housing Committee meeting.

Item 4: HOME Fund Applications – motioned to approve application for the HOME Funds Application made by Councilor Batson and seconded by Councilor Brenerman. Voted in favor 3-0.

Councilor Batson – would be interested in considering if the supplement HOME funds application should consider allotment of funds to different types of uses than currently funded.

Councilor Duson – would staff be comfortable to recommend an additional TBRA allocation?

Mary – Based on previous uses I would say \$25,000 but no more than \$50,000 and if conversations with Social Services show there is not sufficient demand for extra funds that can be committed by the deadline.

Councilor Brenerman – Social Services wouldn't see this additional funding next year.

Mary – TBRA is a onetime assistance program. It would help people now once. Primarily long term shelter stayers.

Councilor Brenerman – I would be comfortable with allocating \$30,000 towards TBRA unless Mary finds that the need is not there within the deadline. Also acknowledge need to renovate our old housing stock for safe decent housing.

Mary – Would also highlight the new lead based paint program for landlords.

Motion for supplemental HOME funds application that must be committed by July to have

\$30,000 towards TBRA if necessary and the remainder \$290,000 being allocated towards the HOME application. Councilor Batson motioned, Councilor Brenerman seconds. Voted in favor 3-0.

Item 5: Housing Trust Fund Annual Plan

Tyler introduces the item and provides the Committee with a historical overview of the HTF, potential upcoming sources of funding (IZ, tax acquired property). Councilor Duson notes that the intent of the Council goal setting process was the use of HTF to leverage affordable housing developments; expenditures of the fund would come back to the committee and full council for approval.

Councilor Brenerman asks about housing first projects and the problem with creating new housing first developments is support service funds. Can these funds be used for that? Tyler notes that the ordinance prohibits using funds for support services which is one of the biggest funding challenges for housing first developments.

Councilor Duson opened the item for public comment.

Jim Devine, speaking for homeless voices for justice, not happy with effectiveness of the housing replacement ordinance that partially funds the HTF. There are loopholes that allow developers to get around the HRO's intent.

Gwen Williams, Danforth Street – need a plan as outlined in the ordinance; if request is to approve priorities, would argue that the priorities are not very good.

Ken Thomas, Danforth Street – in regard to the AMI piece, AMI is based on a regional average which is not appropriate for Portland actual incomes.

Councilor Duson asks for clarification and response to questions. Tyler explains the annual

plan is required as part of the ordinance. It is a purposely vague as there are no particular projects in mind for the use of the funds at this time. If a use was determined, it would be done through an RFP process that would be reviewed by the Committee and ultimately the Council would make the final decision before funds could be used.

Councilor Brenerman agrees that plan is vague because we do not have any projects that are requesting to use the funds.

Motion to approve the 2017 HTF Annual Plan made by Councilor Duson, seconded by Councilor Brenerman. Approved 3-0.

Item 6: Housing Committee member discussion and next steps

Councilor Duson suggests the Committee meet next on March 8, 2017 at 5:30 pm. And the committee will do a work plan/agenda at that time. Committee will plan to meet once in April and hold the 2nd monthly meeting as an option.

On a motion made and seconded the meeting was adjourned at 8:38 PM.

Respectfully,

Mary Davis



Mary Davis

Division Director, Housing & Community Development Division

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Mary Davis, Division Director
Housing and Community Development Division

DATE: March 3, 2017

SUBJECT: Additional HOME Funding – Developers Collaborative Senior Rental Housing Project at 605 Stevens Avenue, Sisters of Mercy Motherhouse Building

BACKGROUND:

On August 3, 2015 (Order 35-15/16) the City Council approved an allocation of \$426,262 of HOME Program funding to support the redevelopment of the historic Motherhouse building at 605 Stevens Avenue. The project will create 88 units of rental housing for households 55 years or older. Sixty-six (66) of these units will be affordable to seniors earning 50% - 60% of the area median income. The remaining 22 units will be rented at market rate.

Low Income Housing Tax Credits: The start date of this project was delayed due to a lawsuit concerning development adjacent to the project site. Unfortunately, because of this delay, the project has been caught up in a discussion of federal tax reform which would lower corporate tax rates. Corporations and banks are less interested in buying low income housing tax credits which has been the primary financing mechanism for affordable housing development. The tax reform discussion has resulted in a drop in the price per credit from about 98¢ to 87¢. (See Sun Journal article attached). The impact on the Motherhouse project is a financing gap of \$633,967.

HUD HOME Program: As I mentioned at last month's Housing Committee meeting, HUD has moved to a grant-based accounting system. Under grant-based accounting, commitment and disbursement of funds is made against specific grant years. The funds allocated to the Portland Housing Authority Boyd Street project in FY 15/16 are subject to the 24 month HOME commitment deadline on July 31, 2017. The Boyd Street project was unsuccessful in the 2016 and 2017 Low Income Housing Tax Credit QAP. At this time the project does not have all the necessary financing to proceed and therefore does not meet the HOME Program commitment requirements. If the HOME funds are not committed to another project before July 31, 2017, the funds must be returned to HUD. I recently attended a National Community Development Conference in which HUD staff talked about the nation-wide impact of the switch to grant-based accounting. As of January 31, 2017, the total national shortfall (funds in danger of not being committed by the 24-month



Mary Davis

Division Director, Housing & Community Development Division

commitment deadline) is \$670.9 million. Portland is not the only community facing this situation.

STAFF RECOMMENDATION

The developer and MaineHousing are working with the financing partners, all of whom are working to move this project forward by evaluating additional financial contributions.

To assist in reducing the gap in financing, staff is recommending that \$200,961 in HOME Program funding originally allocated to the Portland Housing Authority project at 58 Boyd Street [Order 36-15/16, August 3, 2015, \$136,961 and Order 65-16/17, October 17, 2016, \$64,000] be reallocated to the Motherhouse project. If these HOME funds are not committed to another project before July 31, 2017, the funds must be returned to HUD.

If approved, the total City of Portland contribution would be \$627,223 in a 0% interest rate loan, deferred for 30 years or until the sale or transfer of the property.

City Investment/project affordable unit \$9,503.38

City Investment/total project units \$7,127.54

Since 2000, the City of Portland has invested \$13,586,098 to create 999 units of affordable rental housing. The average Portland contribution per unit has been \$13,600.

If the committee supports the recommendation for additional funding, the request will not be brought forward for council approval until all other additional financing sources have been identified and the project underwriting has been updated.

ATTACHMENTS

Copy of newspaper article - Skelton, Kathryn, "Housing Projects Hit Funding Snag", Lewiston Sun Journal, January 29, 2017.

Power Point Slide from HUD

Project Sources and Uses

Housing projects hit funding snag



KATHRYN SKELTON, Staff Writer

Lewiston-Auburn | Sunday, January 29, 2017

President's corporate tax-cut talk leaves developers short of funds

LEWISTON — Nathan Szanton has big, \$12-million plans to fill a 175-foot, ugly, empty stretch of Lisbon Street with 63 sharp, modern apartments.

Heading into last fall, he had hoped to break ground this July.

Then Donald Trump's election changed the financial landscape.

Now before Szanton can fill that gap, he's got to fill a serious, last-minute hole in his budget.

Trump's promise to markedly lower corporate tax rates has big businesses including banks suddenly less interested in buying the tax credits that fund projects like Szanton's.

What that means for Lisbon Street? The coveted low-income housing tax credits Szanton received in December from the Maine State Housing Authority are now worth \$870,000 less than they were three months ago.

Across the river in Auburn, it's the same thing: The \$7.8 million Spring Street housing development is suddenly \$500,000 short.

The same thing is happening to projects across the state and the country.

"Developers and MaineHousing are progressing cautiously," MSHA spokeswoman Deborah Turcotte said Friday. "We simply can't make up the difference with more money. We just can't write a check. That's not how things work."

William Shanahan, president of Northern New England Housing Investment Fund, a Portland-based nonprofit that sells tax credits to raise money for developers' projects, said it boils down to uncertainty.

If impending federal tax reforms drop the corporate income tax rate from 35 percent — Trump said last week he'd like to get it as low as 15 percent —

then businesses that buy tax credits as a way to offset their tax liability feel less urge to buy them.

That might happen. Or it might not.

"I'm going to a conference next week and the only thing on the agenda is how do we address this, what do we do in the short-term. It applies to every state, every project," Shanahan said.

"I've given this advice to both of those developers (behind the Lewiston and Auburn projects): If there's no urgency — meaning you're not going to lose your permits or you're not burning through fees or something — a good strategy might be to wait to see how tax reform unfolds."

'WE'RE NOT GOING TO PULL THE TRIGGER . . .'

MSHA awards low-income housing credits once a year in a highly competitive process. Turcotte said to their knowledge, all six projects awarded in December across the state have been impacted by the recent drop in the tax credit market, but none have been stopped.

"It's going to require some additional conversations with our partners and we're exploring all the options," Turcotte said. "It's a matter of looking at each deal, looking at financing sources and knowing that people are going to need to make concessions; that's the way it is right now."

Szanton, principal of the Szanton Company, was counting on those tax credits to fund \$7.8 million of his \$12 million downtown project and said he was grateful to learn this winter he'd be getting them.

"The bad news is that since the election on Nov. 8, because the incoming Trump administration and Congress have been talking about cutting corporate tax rates significantly, the market for these affordable tax credits has gone down about 11 or 12 percent," he said. "That drop from 98 cents per dollar of credit to 87 cents per dollar of credit means an \$870,000 hole in our budget just since the election."

Had that not happened, "the next step for us after receiving the allocation of these coveted tax credits would be for us to call up our architect and say, 'Go. Begin the process of designing the building right down to the last 2-by-4 and screw, so that contractors can bid on it and know exactly what they're bidding on,'" he said.

That's a several-hundred-thousand-dollar commitment, and right now that's not happening.

"We're not going to pull the trigger on that until we have figured out how to deal with this gap in the financing," he said.

He's hoping it's a matter of a two-month delay — a September groundbreaking instead of July — but that may be optimistic.

"In my 20 years in this field, tax credit prices have only fallen this far this fast once and that was in 2008 when the Great Recession hit," Szanton said. "Real estate development is full of obstacles; I've never worked on a project where there wasn't major obstacles. I've never had a project get this far and not find a way to get it done, so I do believe we're going to find a way, I just don't know what it is yet."

Developer Ethan Boxer-Macomber from Anew Local Community Development, behind the 62 Spring St. project in Auburn, said he's still hoping to break ground in June or July. He was counting on tax credits to fund \$5 million of that \$7.8 million project.

"In the grand scheme of things, (a \$500,000 shortfall from the soft tax credit market) is not an insurmountable barrier, but it's something that's going to take some time to figure out," he said. "We're bracing ourselves for the possibility that this could take a little longer to sort out. We're going to get ourselves shovel-ready in the meanwhile."

Boxer-Macomber said his team will keep pushing forward with the design. He's hoping MSHA will be able to step in with more help.

"It's tricky," he said. "Imagine you went to build a house and you got your loan approved and you hired your architect and your builder and you're getting ready to start and the bank said, 'Well, your interest rate might be 4 percent or it might be 12 percent. Want to keep going?'"

'UNPRECEDENTED'

Greg Payne, a development officer at Avesta Housing, which also received tax credits in December for a 38-unit project in Scarborough, said it's too soon to tell if it will delay that project.

Payne, who is also director of the Maine Affordable Housing Coalition, is anxiously watching Congress to see if low-income housing tax credits are nixed entirely in the tax reform process, and lobbying Maine's delegation to keep that from happening.

"In Washington, as folks huddle behind closed doors to talk about what they want the tax overhaul to look like, you get the strands of information you can and try to understand whether you're extremely vulnerable or just slightly vulnerable, and the folks who are in the know seem to suggest that the initial signs are good," Payne said. "Now that doesn't mean it might not turn all of a sudden and change."

He's watching Housing and Urban Development funding in that same vein and hoping it stays intact.

"There's a lot of uncertainty right now," Payne said. "If you are a developer who needs to close a couple months from now, that's hard. If you're a developer who's working on a project and it might not close until the fall,

that feels a little bit better. For now we are in that awkward place, 'Oh my gosh, what's going to happen here?' That is a hard way to operate."

Shanahan, the Portland tax credit broker who also sits on the board of the Maine Real Estate & Development Association, said the drop to 85 or 87 cents on the dollar "is not a catastrophic free-fall — it's where we were two years ago." Prices of late had been high, "unprecedented," and that high wasn't going to last.

"We've all waited for an event, for an adjustment in the market," Shanahan said. "Conveniently, at the election time tax reform was a reality and everybody took a pause and that's where we are now.

"Right now, if you go to investors, they're going to give you a very low-ball number because they haven't got anything to operate from," he said. "It's kind of wait-and-see. I know that's not what they want to hear. But, the deals that get done in early 2017 I suspect are going to look a lot different from the deals that get done in late 2017."

kskelton@sunjournal.com

HOME Commitments

- As of 1/31/17, total national shortfall:
 - FY 2015 Grants: \$382.7 million
 - Cumulative: \$288.2 million
 - TOTAL: \$670.9 million

- HUD Webinar 1/12/2016 – archived
 - Office Hours to be scheduled



MOTHERHOUSE SENIOR HOUSING

SOURCES AND USES OF FUNDS					
SOURCES OF FUNDS	Permanent	Construction Period	Terms/Comments		
			Rate	Term	Paymnt
Amortizing Debt					
MSHA RLP	3,500,000		5.50%	30	\$192,500
Private Financing 15 year Credit Enhancement 15-year			5.00%	15	\$0
<i>Subtotal Amortizing Debt</i>	3,500,000				\$192,500
Soft Debt					
City FedHome	426,262	426,262	-	NPV	
MSHA RLP	2,500,000	1,250,000	0.0%	30	\$0
MSHA Part E	-	-			
<i>Subtotal Soft Debt</i>	2,926,262	1,676,262			
Construction Loan		12,037,418			
Total Debt Financing	6,426,262	13,713,680			
Deferred Developer Fee	630,000				
LIHTC Syndication Proceeds	2,918,659	504,040			
Federal Historic Credit Proceeds	2,871,875	495,960		Total Fed	5,790,534
State Historic Credit Proceeds	4,299,850	859,970	3,439,880	Total Hist	7,171,726
TOTAL SOURCES	17,146,647	15,573,651			
USES OF FUNDS					
USES OF FUNDS	Total	Construction Period			
Acquisition/Demo	515,999	515,999			
Construction	13,187,620	13,187,620			
Soft Costs	912,010	912,010			
Financing Fees	352,500	352,500			
Other Soft Costs	163,522	163,522			
Development Fee	2,000,000	442,000			
Reserves	648,963	-			
TOTAL USES	17,780,614	15,573,651			
DEVELOPMENT CONTINGENCY (GAP)	(633,967)	-			



Mary Davis

Division Director, Housing & Community Development Division

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Jeff Levine, Planning & Urban Development Director
Mary Davis, Division Director
Tyler Norod, Housing Planner
Housing and Community Development Division

DATE: March 8, 2017

SUBJECT: An outline of proposed amendments to Division 30 to support the creation of affordable housing in Portland.

Over the past year the City has actively engaged in a number of discussions involving a wide range of stakeholders in an attempt to address concerns related to Portland's housing market. One of the themes that evolved from these discussions was the need for greater housing supply particularly for households earning low and moderate incomes. In conjunction with this discussion and work being done for the new Comprehensive Plan, there appeared to be growing interest in further developing housing along Portland's transportation corridors and business nodes. Staff has developed a proposed framework for amending Division 30 of the City's Land Use code to bridge these two concepts with the aim of creating more affordable housing in areas appropriate for additional development.

It has also not been uncommon for some affordable housing projects to require zoning map amendments or other relief in order to make a project feasible. The City has often shown an interest in supporting these changes as a means of furthering its continuing goal of creating more affordable housing in Portland. The proposed amendments are intended to provide clarity, consistency, and predictability to developers, neighbors, and the City alike. It would also reduce risk and uncertainty for developers reducing time and project costs. This would likely in turn increase project feasibility resulting in more affordable units being built in Portland.

The goal of these amendments would incentivize the creation of significant new affordable housing options for a wide range of households in need. It would also allow for developers of affordable housing to be more competitive with other developers for site acquisition and more competitive for public funding subsidies. The amendments would be designed to sensitively balance site context with modest height bonuses and small building setback reductions. These small forms of flexibility and zoning relief would provide developers of affordable housing greater project feasibility while also proactively providing clear rules for supporting more affordable housing in a consistent manner. The following bullet points express some ways in



Mary Davis

Division Director, Housing & Community Development Division

which the Committee could achieve these goals and structure amendments to Division 30 that would provide real opportunity for creating more affordable housing in Portland:

- Amendments would impact certain zones along and within transportation corridors, urban neighborhoods, and business nodes;
 - For example, B-1, B-2, B-3, B-4, B-5, R-7, and R-P zones may be areas worthy of consideration;
- Escalating density bonuses, height, and setback reductions based on the percentage of low income and moderate income units in an overall project;
- Planned Residential Unit Developments should be amended to allow for reductions in minimum lot areas per dwelling unit, setbacks, and building dimensions.

While no action is required at this time, staff looks forward to obtaining feedback from Committee members on the outline of the proposed amendments in order to take more detailed steps for the Committee's consideration at their next meeting.