

March 5, 2018

Mayor Ted Wheeler
City Hall
1221 SW Fourth Avenue
Portland, OR 97204

Re: East Portland Action Plan Housing Subcommittee recommendation that Portland Housing Bureau funds for East Portland Housing Rehabilitation be temporarily ear-marked for low-income home ownership health and safety improvements in Fiscal Year (FY) 2017-18, and returned to low-income rental housing (including not-for-profits) in FY 2018 – 19

Dear Mayor Wheeler,

We are writing on behalf of the East Portland Action Plan's Housing Subcommittee following conversations with Portland Housing Bureau (PHB) staff, to express our thinking about the East Portland Rental Rehabilitation allocation in PHB's 2017 – 18 Fiscal Year budget.

We understand from PHB that the 2017-18 funding allocated for the rental rehabilitation program is at risk of underutilization because - to date - no landlords have agreed to move forward with a rehab grant from the program. From what we have heard, owners of multifamily housing in need of repair in East Portland are refusing City assistance grants simply because they would come with attendant tenant protection requirements. Given the generous nature of the program – which provides grants to private market landlords in East Portland to repair their buildings in exchange for an agreement to provide rental housing at affordable levels with adherence to basic renter protections for a restricted use period – we found this lack of participation alarming and further testament to the degree to which the housing crisis is impacting East Portland.

PHB has shared that they are considering a Spring BMP request to reallocate FY 2017-18 program funds to support East Portland homeowner repairs, assuming those programs have sufficient wait lists for funding that would ensure that the funding would be fully utilized by end of this fiscal year. Assuming sufficient demand exists, our subcommittee would support that requested reallocation based on data PHB provided indicating that low-income homeowners in East Portland would benefit and that PHB's contractors have a track record of targeting and marketing the homeowner rehabilitation programs to underserved families of color to maintain and retain their homes.

For future budgets – including FY 2018-19 - EPAP's Housing Subcommittee recommends that the dedicated funds should be allocated for use that adheres to this program's original intent – rehabilitation of distressed rental properties in East Portland. We understand that PHB submitted its proposed FY 2018-19 budget requesting the funding for homeowner rehabilitation. We were in process with PHB on this discussion at the time their submission was due to the City Budget Office, and only recently shared with them our desire to see next year's funding reallocated to rental housing. We appreciate that PHB has kept our subcommittee informed and engaged in the budget development process with respect to these funds.

Multi-family rental rehabilitation has been a high priority for EPAP for several years. East Portland is quickly losing its stock of market-based affordable housing, and distressed properties in which low-income families have found some degree of temporary affordability are at high risk of changes in ownership or operation that would displace current residents. The PHB's *State of Housing in Portland* report clearly indicates that rent increases in East Portland are among the highest in the city. This rapid gentrification led EPAP to develop and adopt Involuntary Displacement Prevention Recommendations in 2015.

In response, the Portland Housing Bureau developed a multi-family rental rehabilitation program for private-sector landlords. For the last year PHB has not identified any private landlords willing to subject their property to temporary rent restrictions in exchange for low-cost rehabilitation financing. Despite PHB's best efforts to date, private landlords are not willing to limit rents in the current over-heated housing market.

EPAP's Housing Subcommittee recommends that the best way forward is to continue to fund the rental rehabilitation program and to open the program to nonprofits with properties with urgent repair needs, while PHB continues to engage private market owners to participate at the current incentive rate. EPAP Housing Subcommittee has verified that East Portland nonprofit organizations that provide essential housing and

services throughout East Portland – have more than one East Portland multifamily rental property in need of recapitalization and substantial rehabilitation. PHB is backlogged on their ability to address existing, rent-restricted properties in need of rehabilitation, and this program could provide needed resources. The efforts and lack of outcome to engage private rental property owners demonstrates the degree to which gentrification leading to displacement has already entrenched in East Portland. We recommend leaving the door open to engage private rental properties, but encourage you to focus on securing safe and healthy housing for the many low-income families that have been calling East Portland home.

Thank you for your response to this request.

Sincerely,

John Mulvey

EPAP Housing Subcommittee Co-Chairs

Nick Sauvie

Cc: Portland City Commissioners
Cupid Alexander
Shannon Callahan and Javier Mena, Portland Housing Bureau
Nathan Howard
Jamey Duhamel
Andrea Valderrama