

# MID-WILLAMETTE HOMELESS INITIATIVE TASK FORCE

March 29, 2016

## Draft Meeting Minutes

### ATTENDANCE

**Task Force Members** - Councilor Warren Bednarz, Gladys Blum, Steve Bobb, Sr., Commissioner Janet Carlson, Mayor Cathy Clark, Ron Hays, Patty Ignatowski, David Leith, Heidi Mackay, Chief Jerry Moore, Sheriff Jason Myers, Irma Oliveros, Jon Reeves, Shaney Starr, Verena Wessel, Commissioner Jennifer Wheeler and Shane Conway for Bruce Bailey.

**Guest Presenters** - Richard Berger, Mountain West Investment Corporation; Mike Erdmann, Marion-Polk Home Builders Association; Rob Justus, Home First Development; Eric Olsen, Olsen Design and Development.

**Task Force Staff** - Hitesh Parekh, Marion County, and Laura Walker, City of Salem.

Meeting was called to order at 4:07 PM by Mayor Cathy Clark.

### 1. WELCOME/INTRODUCTIONS

#### **Chair Comments:**

- Video of today's meeting can be found at Keizer TV <http://www.keizertv.com/k23-live>.
- All future task force meetings will be held at the Keizer Civic Center.
- All meeting materials posted on [www.homelesstaskforce.net](http://www.homelesstaskforce.net).
- At the February 17 task force meeting, members:
  - Heard background and definitions about homelessness in Marion and Polk counties.
  - Received an inventory of housing in Marion and Polk Counties.
  - Heard about Housing First as a best practice employed by the U.S. Department of Housing and Urban Development.
  - Learned about the Continuum of Care model.

#### **Task Force Members Comments:**

- Commissioner Carlson distributed e-mails received from members of the public (attachment 1). Citizens should let staff know if they want to receive information about the Salem Housing Authority's Emergency Housing Network meetings. A revised list of technical advisors to the task force is on the task force web page. Neighborhood Economic Development Corporation (NEDCO) is beginning a three year strategic plan in Marion County. Community roundtable meeting scheduled for Thursday, April 7.
- Chief Jerry Moore stated that the Salem Police Department was asked to remove persons experiencing homelessness residing on private property. With the assistance of local homeless service providers, these individuals were successfully relocated. Chief Moore thanked service providers for their help.
- David Leith noted that he is serving on the task force in his individual capacity.

#### **Approval of February 17 Minutes (Action):**

**MOTION:** Chief Jerry Moore moved approval of the February 17 task force meeting minutes. Seconded by Verena Wessel; motion carried. A voice vote was unanimous.

### 2. SYSTEMIC ISSUES: BARRIERS AND OPPORTUNITIES TO EXPAND AFFORDABLE HOUSING (INFORMATION/DISCUSSION)

The meeting today will focus on systemic issues in the housing industry and obstacles and opportunities to expand affordable housing.

## **Rob Justus, Founder: Home First Development**

- Worked on housing the homeless in Portland for the past 25 years.
- Founded JOIN in 1992 in Portland to support homeless transition out of homelessness into permanent housing.
  - Frustrated in dealing with the affordable housing industry and left JOIN.
  - Found public sector funding too restrictive, too long to secure, and full of strings.
- Co-founded Home First Development in 2007.
  - Created a housing affordability model based on simple math, “If we want \$600 per month rent from a tenant, what should be the cost to build a unit?”
    - Goal to build homes with affordable rent, in consideration of the long-term operational/maintenance costs, without government subsidies/loans.
    - To test model, partnered with a non-profit called Portland Rehabilitation Center which owns and maintains affordable housing units.
    - Developed very specific designs and selected durable building materials for projects to keep construction and maintenance costs low.
    - First apartments built were 47 units, at a cost of \$70,000 each, with rents below 50% of area median income.
  - To date, Home First Development has built five projects, with an average cost of \$75,000 per unit. Also built some large three bedroom projects at a cost of just over \$100,000 per unit (attachment 2).
    - In Portland the average government subsidized cost per unit is over \$200,000.
    - Home First Development rents are intended for households at 30-50% of annual area median income.
    - One bedroom rents at \$395 and two bedrooms \$775.
    - Currently working with churches to repurpose their properties to build affordable housing.
    - Home First Development also builds for private mission-orientated investors and large non-profits.
    - Want private investors to make a long term commitment to affordability.
    - Private investors like our model and are happy to receive just a 2% return on investment.
    - Once affordable housing is built, partner with mental health and substance abuse providers to create stability for tenants.
    - In 2016 will break ground on 241 units and discussing another 375 units to build in 2017.

### Discussion

- Home First Development:
  - Prefers to pay a flat fee to architects and developers to control soft costs.
    - Results in very few change orders.
  - Works with small businesses, not large companies.
  - Takes advantage of certain regulations to save costs, for example:
    - In Portland system development charges are very high.
    - City will waive these charges if developer agrees to make apartments affordable for 60 years.

## **Mike Erdmann: Marion-Polk Home Builders Association**

- Distinguished between multi-family housing in Portland (which Mr. Justus builds) and Salem where there is inadequate land zoned for multi-family units, so focus is on single family units.
  - Multi-family land supply shortage in the Marion/Polk metro region.
  - Homeowners don’t want a multi-family residential complex next to them.
  - Housing vacancy rates are very low which drives the rents up.
- Single family housing is a challenge when looking at affordable housing.
  - The cost of building a single family home is approximately \$120-\$130,000.
- Salem does not permit accessory dwelling units.
  - This policy needs to be reviewed, along with maximizing land use within the urban growth boundary.
- City should consider allowing development of duplexes and triplexes.

- These are better alternatives to serving those experiencing homelessness in lieu of traditional housing developments.

### **Eric Olsen: Olsen Design and Development**

- Lack of flexibility in building and zoning codes is a problem for developers.
- Permitting process is expensive for affordable housing.
- For a 1,200 square foot home development in Salem, the system development charges are around \$18,000.
  - City of Portland waives system development charges for affordable housing.
- Bureaucratic process means from the time a project is initiated, to the time it gets to the market, is very long.
  - The longer it takes to sell a unit the less profit a developer will make.
- In Salem range of affordability is skewed to the high side.
  - Very hard to get affordable product to the market place because of the high cost.
  - City of Salem does not allow accessory dwelling units.
  - Building codes prevent disasters but they also preclude greatness.

### **Ron Hays: Department of Mission Advancement, LLC**

Mr. Hays cited the following reports during his presentation:

- Oregon's Proposed 2016-2020 Consolidated Plan: *Oregon Housing and Community Services*
- Moving from Poverty to Prosperity in Oregon, 2015 Report on Poverty: *Community Action Partnership of Oregon and Oregon Housing and Community Services.*
- Salem Housing Needs Analysis 2015-2025: *Prepared for City of Salem by ECONorthwest, June 2014*
- ALICE: Asset Limited, Income Constrained, Employed: *United Ways of the Pacific Northwest, Fall 2015*

- Homelessness is now one of the biggest problems we have in our community.
- Task Force should be aware of City of Salem's comprehensive policies that govern zoning.
- Both Marion and Polk counties have significantly high portions of the population that are impoverished:
  - In Marion County 57,393 or 18.6% of the population is impoverished, compared to 16.2% of the state and 15.4% of the nation.
  - In Polk County 12,204 or 16.5% of the population is impoverished.
  - 10.25% of Oregon's population is in the Marion/Polk metro region, but region has only 4.7% of the state-funded housing developments.
    - Marion/Polk metro region not seeing its proportional share of state housing funds.
    - Region should have received an additional \$38 million from the state to pay for affordable housing.
    - Not seeing any current housing development applications for the Marion-Polk metropolitan region.
- ALICE Threshold is defined as a household with income above the Federal Poverty Level but below the basic cost of living.
  - In Oregon 280,000 renters have incomes below the ALICE threshold. There are fewer than 115,000 rental units that are available for these families.
  - Oregon needs an additional 165,000 low cost rental units to meet need.
    - For the Marion/Polk metro region this translates to 16,500 additional units needed.
    - Building 16,500 housing units at a cost of \$80,000 requires \$1.3 billion of capital investment.
      - 5% of this is \$66 million.
- Anything less than 4% vacancy rate is considered 0% since this is what is needed for "transition".
- Need to expand housing, and in particular rental units.
- Working on developing a land trust with Mountain West Investment Corporation, LLC.

### **Richard Berger: Mountain West Investment Corporation**

- Minimum amount of time to get a development project going is six to ten months.
  - Ground can only be broken in summer.
  - So window for 2017 build cycle is already starting to close.

### **3. STRATEGIC PLAN (DISCUSSION)**

- Commissioner Carlson distributed a draft strategic plan framework for the task force.
- Requested feedback from task force. Will review feedback and bring a draft plan back in a month.

Discussion:

- Plan must have long and short terms goals.
- Some of the work should be done in subcommittees.
- Incorporate shelters for women, children, runaways, families (pet friendly), a veteran's model, public education and awareness, and a detox facility into plan.
- Need to hear from those currently experiencing homelessness.
- Need to connect with other coalitions, including Salem Homeless Coalition and the Mid-Willamette Housing Planning Group.
- Think about applying for mental health grants for homeless if possible by early summer.
- Create an asset inventory map for those experiencing homelessness.

### **4. PUBLIC COMMENT**

Brother Rob Cantrall.

- We need housing.
- Planning may not be enough: Portland has a ten year plan for the homeless, yet has 4,000 individuals experiencing homelessness today.
- Utah got rid of their chronically homeless.
- Can't give someone a home tomorrow if they don't survive out on the street tonight.
- People are sleeping on floor at UGM.
- Salvation Army lighthouse is a good model.

Lorrie Walker

- Retired from Oregon State Hospital. Worked extensively with the mentally ill.
- Housing the homeless is a problem that cannot wait anymore.
- There are no homeless people on this panel or advisory committees.
- If a homeless individual commits a crime, he or she will usually end up in the state hospital.
- Because of budget cuts, four Salem group homes for the mentally will close.
- Areas in city where the homeless live don't have restrooms. The porta potties available for them are inadequate.
- State could work with city or county to open mothballed buildings as a resort for the homeless.
- Director of Oregon Health Authority testified at a recent legislative hearing that 230 beds for the mentally ill will be lost.

Leah Grey

- Member of the Community Alliance of Tenants in Portland.
- Came to Salem after receiving a "no-cause" eviction notice from a Portland landlord.
- Nothing available for Section 8 housing in Multnomah County.
- Found some landlords won't rent to her.
- Section 8 bill is biased, un-enforceable, and should be reviewed.
- Background checks are \$60, unaffordable and a barrier to renting.
- People that qualify for housing face obstacles because of income barriers.

Kindra Schabrer

- Advocate for better housing and programs for those that are hard to house.
- Additional homeless prevention programs needed.

- Housing First is an excellent model.
  - Homeless need a house before anything else: now or as soon as possible.

Diane Stewart

- Explained how affordable housing projects in Huntington Beach, California were designed to house one to two people at 30, 45, or 60% of area median incomes.
- Merging state housing funds and other sources of funding available for the homeless provides rent subsidies on one side and funding for services on the other.

## **5. WRAP UP**

- Task Force Member Comments
  - Mr. Hays contacted Lloyd Pendleton, former director of Utah's Homeless Task Force.
    - Utah had a 5-6 percent vacancy rate when distributing homes to those experiencing chronic homelessness.

**Adjourned:** 6:10 PM