

MINUTES OF THE METRO COUNCIL/EXECUTIVE OFFICER INFORMAL MEETING

Tuesday, July 9, 2002
Council Annex

Councilors Present: Carl Hosticka (Presiding Officer), Rex Burkholder, Bill Atherton, Rod Park, David Bragdon, Susan McLain, Rod Monroe

Councilors Absent:

Others Present:

Presiding Officer Hosticka convened the Council/Executive Officer Informal Meeting at 2:10 p.m.

1. UPCOMING LEGISLATION

There was no discussion on this item.

2. REGIONAL AFFORDABLE HOUSING STRATEGIES

Councilor Burkholder said Regional Affordable Housing Strategies was an issue which Metro had started a role in a couple of years ago. He felt it would be valuable to see where we stood on this issue. Three members of the committee that had been on the Housing Technical Advisory Committee and who helped developed the regional affordable housing strategy were here to brief the Council. They were Mayor Rob Drake, City of Beaverton, and Commissioner Eric Sten, City of Portland, and Diane Luther, who had served as an advocate on the committee but was representing Commission Diane Linn. He thought they could brief the Council on why they came to Metro to ask for action to be taken on a regional level. Mark Turpel and Gerry Uba, Planning Department, would be speaking about what Metro agreed to do in Title 7 and where we were in meeting the recommendations of the Regional Affordable Housing Strategy. He said they also had several community advocates, Sam Chase with Community Development Network and Ian Slingerling with Community Line for Tenants. They would be talking from the advocates perspectives about what was going on out in the region and making some recommendations. He suggested a discussion with this group about what would be the next best steps.

Mayor Drake said they had met for 19 months and ended up with a good work product. He noted Commissioners Sten and Linn were better grounded on the subject and would offer a good perspective. Mayor Drake addressed why they approached Metro with this issue. Metro was the obvious convenor. What really brought them together was not initially a spirit of cooperation, people came to the table kicking and screaming with different points of view. It started from a lawsuit and from that lawsuit a compromise prevailed and that was to come to the table and talk about the issue. Over the course it evolved into a reasonable thought that in the end this would continue to be workable. There were an awful lot of people in the region who lived in sub-standard housing. This was what motivated him. He felt that he understood his city very well and the 2000 census confirmed what he already knew, Beaverton was like every other city in the region. Beaverton had its share of poverty but was blessed with a healthy housing stock but beyond that they still had a lot of people who couldn't afford to live in his city because there was no affordable housing. They spent 19 months bringing together a lot of different opinions and ended up with a good working product.

Councilor Atherton asked Mayor Drake to explain the lawsuit. Mayor Drake said they were an intervenor in the lawsuit. It had to do with inclusionary zoning. It didn't fit with the way they were currently doing business. He heard from enough people in the industry that it was not going to work. The Committee with some very different opinions carved out a product that was workable. Councilor McLain said, in 1992,

Metro had started an inventory on regional housing. They discovered throughout the local jurisdictions that housing was being counted differently. So Metro had been involved as far back as that date to try to have a tool to inventory what were the stock of the different variety of houses that were there for a variety of incomes. Where it got to the point of including a lawsuit was when, they were dealing with the Functional Plan, and Metro was convinced that they needed a title that dealt with housing. The local jurisdictions as well as the housing advocates indicated they felt the Functional Plan would not be complete unless there was a title that dealt with housing. We wouldn't be able to have the kind of 2040 complete communities if they didn't deal with the housing issue. Then, the tool of inclusionary zoning became the red flag that caused everyone to forget all of the good work. HTAC was formed and they were able to put inclusionary zoning in the background. They worked to see where agreement was and what tools they had for success. They also discussed the issue of whether Metro was a convenor or a regulator. They asked the jurisdictions to report to them on what worked well in their jurisdiction, recognizing that this did not have to be a one pattern fits all type of program. Metro was at the point now where in the Functional Plan there were some responsibilities that Metro had. Metro was being requested through their own work to review what the local jurisdictions were doing. Metro then needed to see how were they doing with the overall program or plan.

Councilor Bragdon noted what Mayor Drake had said about what they were hearing from their employers, the high-tech industry needed to have a work force at hand. People were commuting so far that they couldn't afford to live in the communities where the high tech jobs were. That was something that concerned employers in Beaverton and was another reason why people got together to discuss the issue of housing. Mayor Drake said a lot had happened in the world since HTAC had met, the economy had changed, and the employment picture was not as rosy as it was. The social service agencies were feeling the impact. If there was any available cash at one point it certainly did not exist now at any level and yet the need was still there.

Commissioner Sten said Portland was on Metro's side in the lawsuit. Everyone realized that having a lawsuit over inclusionary zoning was not making sense. They thought it was the right approach to call everyone together. The group was remarkably diverse. HTAC had all of the players at the table. The results were strategies that could work. What you got down to was how were you going to implement these strategies. When you look at the progress reports from the local governments, there was pretty good stuff happening. People were doing what they were doing before the report; the relatively easy stuff was ramping up a notch. That was all positive. The idea of inclusionary zoning was to say that whenever you build a certain number of units, you need to make a certain number affordable. The theory was that if it was a uniform playing field the market absorbs the cost one way or the other. He always thought it was a reasonable regulatory tool but a weak solution because it relied on a very small amount of development, the need for affordable housing was much bigger than any kind of inclusionary zoning number could get. Even a reasonable person who thought this was a reasonable tool wasn't going to say, for every two homes you build you must build one that was affordable to someone on social security. It should be for every 50 homes you build; you must build three that were affordable. It was a good tool but it was not a solution. The evidence was clear around the country that there were a lot of things you could do and those were all listed in the HTAC report to bring down the cost of housing. Those should all be implemented. The end result was that if you were going to have a community with enough affordable housing for all income levels, there had to be an investment in that. There had to be cash as well as cost reduction strategies. To start with, the entire housing market of homeowners was subsidized by the mortgage reduction to the tune of three times what went into low-income housing. You didn't have a private market; you had a very subsidized market, which was forgetting one section. They had been looking for what was an investment strategy. The peace that was made at the end of HTAC was that you could really implement this on a scale that made sense if you could come up with a regional funding source. Everyone agreed that if they had an adequate funding source they would not be interested in putting a bunch of regulatory requirements in place. He didn't think inclusionary zoning was good enough to stand on its own. He and Mayor Drake had chaired a sub-committee on funding sources. It wasn't a great time to

implement a tax but the need still existed. They recommended a real estate transfer tax at three quarters of a point in the region with some exemptions for affordable housing. This would raise about \$50 million a year, which would be enough to do 200 to 300 million dollars in economic activity. It would start to get them to a place where they could actually talk about solving the problem in his lifetime. He suggested that the Council should be thinking about the more they were unable to fund the issue, the more you either had to take a regulatory approach that started to force the market to try and address it or you had to admit failure. He would rather incent it but in order to do that; you had to find cash. The question that came before all of them was how were they going to try and come up a solution that had some teeth. He suggested that from his perspective they could even consider real estate transfer tax because it was pre-empted by the state government. The home building, the banking, the realtor industries had fought hard to keep that in place. He was losing his personal dedication to staying off a regulatory strategy if they weren't supporting the idea. Industry, citizens and government had to come together to come up with a pro-active strategy otherwise regulation or nothing were the other options. They had another session coming up; they planned to have a discussion about getting the pre-exemption lifted. Getting a pre-exemption lifted was a long way from having another tax but those were the kinds of things that they had discussed. When you had suburban mayors and urban city councils advocating something but there was a state pre-exemption at some point they had to find some strategies to force those who were blocking these kinds of things to the table. At some point he would start saying to Metro, HTAC was in the phone book but no one could afford the product in it. Was Metro willing to do something to make the vision happen? The vision for funding it in an economic way was shared by many. It wasn't happening yet.

Mayor Drake said he would be reluctant to have Metro attempt to implement some kind of regulatory mandate beyond where we were today, with the way local government funding was and had to choose between using money to supplement affordable housing or eliminating a police officer. He didn't think they should have to make those choices. That was one reason he chose to support HB 3400 last session. The realtors were unhappy with the legislation. His hope had been that if they could lock it up for affordable housing then in the end you would have the product you wanted and have people in housing that was not substandard or people who were not living in housing but on the street. He would shutter if they had to go the next step to regulatory funding and had to have them make that choice. It was not a choice your citizens were going to want you to make. His other fear was that in the end if citizens had to choose between one or the other they would choose to have the police officer on the street and not build affordable housing. In the end it created a lot more problems.

Ms. Luther spoke for Diane Linn who was the chair of HTAC. She felt that the group did excellent work and it was an excellent process of educating folks and bringing both advocates and local government together. She wanted to remind everyone that the product and the implementing ordinance was unanimously supported by MPAC and unanimously adopted by the Council. Their feeling was that they had a solid foundation to work from. Between the time that the Council adopted the report and ordinance, they had September 11th, the economy has tanked, there had been an election, and reorganization. A lot had happened between then and now. They gave local jurisdictions 12 months to get started and give HTAC a brief report on what they had been doing. The next reporting time got to another level of expected activity. They deliberately tried to structure it in a way that local governments could absorb the work load and have time to work through these issues and get back to Metro. Given that the context had changed, how do we best move the agenda forward from Metro? She thought it was clear that if you look at all of Metro's documentation, the Regional Framework Plan, RUGGOS, and the Functional Plan, affordable housing appeared in everyone of those documents. It was clearly a documented arena of regional concern. They had some different ideas on what the best way was to move forward at this point. One of those ideas that she suggested and had come from the Regional Affordable Housing Strategy (RAHS) report suggested a follow-up group. Her suggestion was that there be a much smaller group convened, the Council charge this group with overseeing Metro efforts, making recommendations, looking at census analysis that Metro said they would do to update census data and provide direction in analysis and recommendations to the Council.

Mayor Drake felt this was a good idea, on a local basis, you needed to inform your citizens. The more you put this issue in front of people the better. He had seen some changes over this time, as the regional had filled in, he had sensed in his community that some of the parcels where any kind of multiple housing was put in had more opposition than there had been in the past. They had a parcel that they dedicated to Habitat; the neighborhood came unglued fearing the worst. If we were going to infill, regardless of how much the Council may expand the boundary, there still needed to be infill because these were the places where people will find land on bus lines or closest to their work. Lastly, in talking with the home building industry in the last few months, deliberately with this in mind and housing costs in mind, that more and more cost seemed to be making affordable housing less affordable. They were looking for ways to recoup costs on infrastructure replacement. Councilor Atherton had been an outspoken supporter of having new development pay its fair share of costs which increased the cost of any kind of housing.

Councilor Atherton commented that he had advocated full cost coverage and there were a lot of reasons for that. He could actually demonstrate that by apportioning that full cost and not making that subsidy you could actually reduce the overall cost of housing. He said as the land use costs went up, land value went down. He felt they kept missing this point. You had to pay less for the land. When you pay less for the land, the only way you were going to make any money was through cooperation. This usually meant bigger picture areas where you dig the ditch, build the road, and plan the park once. It had value and you can implement inclusionary zoning because you had to in order to make it work. Councilor Burkholder said that Gerry Uba and Mark Turpel would talk about what Metro was actually doing and what they found after this first year in terms of reports. Councilor Hosticka asked if part of Metro's legislative agenda was to try to remove the prohibition? Were they proposing to doing this again? Councilor Burkholder said yes. Councilor Bragdon said they joined the coalition that supported the bill.

Commissioner Sten said they put that bill together fairly quickly, they were going to try to come up with something a little simpler. From a political standpoint, there were two issues. Getting the homebuilders and bankers to be explicit in what they would support because they had been good about being neutral but you couldn't get them off the dime to say they would support something under these terms. Ultimately that was what it was going to take. He didn't think they were going to get the realtors there but if they had a strategy that the homebuilders and bankers could buy into which may involve some regulatory issues as well as funding, he thought they could get there. That was the place they all needed to focus in on. The homebuilders and the bankers were comfortable being neutral and having nothing happen. The other issue was that it depended on the make-up of the legislature. It was really a local control vote. He thought the homebuilders and bankers could be supportive, they just hadn't been able to get them there. He didn't think they were giving them lip service, he thought that they had a wide board and to get the board to sign on was difficult. He felt with a concerted effort they could get there. Councilor McLain said another issue that was controversial last time was the local issue. When you start talking about fair share or equity issues between communities you had a whole other arena. Whatever they were doing that Metro could help support she supported. She thought that they really had to make sure that those financial tools looked like an incentive program. She didn't support the idea of Metro as a regulator. Commissioner Sten said he thought it was exactly the way to do this. Some sort of incentive fund, which was much more modest than an on going fund would allow jurisdictions that didn't have the resources to do affordable housing. It would be good for the economy. He felt there would be robust competition for the money. His kind of vision, if every one paid in, would be ideal to have to housing everywhere. As long as everyone was paying in he felt there would be a competition for the money. He didn't think Metro should push regulation. He felt that at some point if they continued in the paralyzed mode someone was going to have to have the courage to say to those who were staying neutral, neutral was not OK. We were going to have to go to something we didn't like if we couldn't get a coalition together to do something more visionary.

Mark Turpel, Planning Department, reemphasized several points. One, this had been a long-term effort that the region had struggled with. In the 1980 there had been work done. The state picked it up with the

Metro Housing rule. There were three legs to the stool, one, the 6810 rule that you had density of varies types dependent upon the city, the county, the local. Second, 50% of the housing opportunity were in multifamily. Thirdly, they were assuming that there would be federal and state funds to provide for the construction of affordable housing. That was the idea but there were pit falls in having funds for actually building affordable housing. In 1991, the RUGGOs were adopted and there was a concept of fair share. All of the jurisdictions in an unstated way should try to provide for affordable housing. In 1996, the Functional Plan was adopted but it had a list of tools that was voluntary. In 1998, the Regional Framework Plan was adopted, there were a number of different requirements to it and that was when this lawsuit ensued. There was a lot of acrimony. Then HTAC was constituted. By the end of the HTAC process there was a real understanding of the different perspectives and there was some real leadership that was shown in bringing all of those different points of view together. There were a number of requirements and recommendations that were adopted in 2001. There was then a three year reporting period where they were primarily relying on voluntary methods to see what they could do.

Gerry Uba, Planning Department, noted a handout on Preliminary Report on Local Government Progress Report on Implementation of Functional Plan Title 7 (a copy of which is found in the meeting record). He gave an overview of the handout which included background, Functional Plan requirements, summary of reporting requirements, preliminary local governments progress report summary and a list of jurisdictions that submitted the first 2002 report. He indicated that some jurisdictions had considered the tools other jurisdictions had not. He gave specifics on some of the cities' reports including Gresham, Hillsboro, Tigard and Tualatin. Councilor Burkholder said what would be useful for the Council would be to recognize that they had not had the response rate that they had hoped they would. He asked why were there jurisdictions that hadn't reported? He felt this was a very difficult area for jurisdictions. What should Metro be doing to help them? He felt this would be helpful for this discussion, what was the problem here and what could they do to help? Mr. Uba responded that some of them especially those who had not considered the affordable housing tools yet did not include or state the reasons why they had not considered affordable housing. It could be a lack of time or staff. One city, City of Wood Village, reported they didn't have the staff to do the work, however, they stated in their report that they had an abundance of affordable housing, 36% of their housing was affordable. None of the other cities stated the reasons why they had not considered the tools. Mr. Turpel said they could talk with the jurisdictions and provide this information to Council. He would guess that there were community priorities that had been set, the dollars only went so far. There were a lot of mandates and requirements they were trying to address at this point. Councilor Burkholder asked what resources Metro had allocated for this issue in the Planning Department. Did we have the capacity in this agency to make sure we could actually follow through on our side? Mr. Turpel said when they wrote the budget they planned the time to prepare the report. Councilor McLain said, historically, they had to fight and scrimp to have one FTE to work on this issue. She thought that they were timely on discussing this issue. They had adopted the Functional Plan, which included an affordable housing Title. They had deadlines in 2002-2004, Metro had said they would take on certain responsibilities. She didn't think they had budgeted enough FTE for this issue. That was an oversight on the Planning Department's budget. The whole idea of having a committee do the work was a nice idea but she didn't think it was appropriate for them to do staff work. She thought Metro should be taking on the regional responsibility. Did they need to do an amendment or amend the work plan to make sure there was enough staff to do the work? You can't have an obligation and do nothing. She would like Metro to do more than a cursory review.

Mr. Uba responded that local government staff had said they had considered affordable housing tools, how that translated into an increase in the number of affordable units may not be something local jurisdictions could report on very well, Metro staff may not be able to do this either. Local jurisdictions may be able to report on the number of tools they have considered but may not be able to report on how many affordable units they had. Councilor McLain said some of the reports indicated that they had looked at some of the tools and also reported how they had changed their comprehensive plan to accommodate. If it was not regulatory it was incentive. Councilor Monroe said it was interesting that the list did not

include any of the cities of Clackamas County. Councilor Burkholder said that Sam Chase and Dan Slingerling had worked with the housing advocates in the region.

Sam Chase, Community Development Network, said they worked to come up with a few ideas (a copy of which is found in the meeting record). He emphasized that it was very important that they take some action to implement the RAHS strategy now while so many of the folks that helped develop that were still in elected office. If they didn't act now they would lose having those who had the history and understanding necessary to move forward. He noted the economy issues. He told a story about a family of nine and how they had helped them be able to purchase a home. He said the plan met a broad range of housing, political, and socioeconomic needs. However, it was important to recognize that the fact that the RAHS was completed was only a beginning step in a process towards a goal of creating diverse housing. Metro had a clear strategy but some work needed to be done, they needed to provide technical assistance. A summary of his remarks is included in the meeting record.

Councilor Atherton asked about federal support. Dan Slingerling responded that they were not keeping up with the need. Councilor Atherton asked if this delegation had gone to the congressional delegation for assistance? Mr. Slingerling said they had done some work and explained that the congressional delegation had secured \$600,000 to help facilitate some regional work. He said there were some federal issues that were being worked on. Councilor Atherton said traditionally, the federal role had been a major role in this because we were a mobile society. He talked about the success of the voucher program. Mr. Chase said that to meet the overwhelming need for affordable housing in the region was going to require new resources. The federal government had a role. In addition RAHS was created, it outlined modest goals which should be implemented to meet affordable housing needs of the region and meet them in a way that provided for diversity of housing types throughout the region. He clarified the proposal. A lot of implementation might not be happening and in some cases that might be because of a lack of will to implement but in some cases it was more likely a lack of capacity. He clarified his understanding of the role of Metro on this issue.

Councilor Burkholder said this updated the Council. He would be talking to the Council about how they should approach the next steps. He liked the Community Development Network's proposal for technical assistance. He thought it was a good starting point. It was important that they remembered their commitments on this issue. Councilor Bragdon said there was huge piece that was missing from the presentation today. They needed to remind themselves that in the economic system we had, the housing industry was primarily private industry. The predominate role was one for the private sector. There were government programs that interacted with those. The private sector needed to be engaged in this issue. Unless this agency was going to engage with them then it was all theoretical talk as far as he was concerned. Advocacy and government programs were great and were an essential part of the picture but unless we were engaged with the housing industry it was not going to go anywhere. He thought about what Metro did with solid waste, they had recycling programs, education programs but the fact was that every day in this building there were people from the solid waste industry that were engaged hand in hand in partnerships with Metro. They needed to build some of that same sort of atmosphere in this arena rather than the adversarial relationship that existed.

Mr. Chase said he thought this was a perfect opportunity to engage that private sector because it was a non-confrontational approach. He encouraged Metro to include the for-profit sector in an advisory capacity to guide the technical assistance. Councilor Bragdon suggested that it would be good to keep involved some of those who served on HTAC. Councilor Monroe talked about the federal role and affordable housing. Councilor McLain said they had tried to be sensitive to how much the local jurisdictions wanted Metro involved in housing. They understood that there were pieces for everyone to do. They were now at a crossroad and cautioned where she thought Metro should go next.

3. METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM

Councilor Burkholder introduced MTIP and said staff had been doing a good job at looking at the MTIP program within the context of transportation in the region. They were trying to use this a tool to accomplish that vision. He said Ted Ledbold, Planning Department, would be giving an overview. Mr. Ledbold gave a power point presentation (a copy of which is in the meeting record). He talked about what the refinement process had been, the feedback they received, policy objectives and implementation of those objectives, transportation resources, 2040 Land-use criteria and advantages, and the next steps in the MTIP process.

Councilor Burkholder talked about the concept of using MTIP funds to support a match advantage for priority-land use areas. Councilor McLain asked for clarification on matching advantages for town centers. Councilors Burkholder and Monroe spoke to the application process. Mr. Ledbold talked about the technical ranking of the 2040 land use. They wanted to allow a finer grain of technical analysis. They had done planning work and designated where land use priorities were. Right now that was the 2040 Land Use Map. Councilor McLain said there was a tool there if you made the application process appropriate and explained why. Local jurisdictions had to have the opportunity to make refinements to the map. Councilor Burkholder said the match may need to be limited. They wanted to focus on centers. Councilor Monroe said theoretically because of the criteria they had set up, those 70-30 eligible projects would rise as high in the rating system because the rating system was tipped heavily toward 2040 projects. Those would be the ones that floated to the top. He wasn't sure limiting the percentage would make a difference but wanted to keep the partners at the table and hear from those folks. It was his hope that the Council would not predetermine the bottom line. He suggested they talk to their regional partners and see how strongly they felt about it. If they could get JPACT to accept looking at this they would again have taken a major step toward using limited funds for the best possible purposes in terms of the overall scheme of land use and transportation planning. Councilor Burkholder said they wanted to keep the cap high so there was more flexibility. Councilor McLain talked about the issue of the extra money Washington County had and the local match. This was why she suggested a limit of projects. Councilor Atherton asked about a change in the percentage of match. Mr. Ledbold said the 70-30 was a compromise position, which TPAC accepted. Councilor Park asked about main street qualifiers. Mr. Ledbold talked about their need to do better follow up once the projects were complete and include additional project design details in the application. Councilor Burkholder said equity was important. Councilor Monroe said criteria was critical in guiding the process. Councilor Atherton asked if there was any utility in having MTIP funds focused only on projects inside the UGB? Councilor Monroe said that criteria would prevent any MTIP money being used outside the UGB. It had to be in an area inside the UGB that had a comprehensive plan. The only entity that met that criteria was Pleasant Valley which was already inside the UGB. Councilor Park said it gave a lot of incentive to develop a concept plan. Councilor Burkholder said the only change he had heard was to keep the 200%, a larger pool so that the process could go through and pick up the best projects on a regional basis. Their hope was to get better and better projects coming in that met Metro's goals. He reviewed the timeline. Councilor Park said MTIP funding would be crucial to increasing infill.

4. EXECUTIVE OFFICER COMMUNICATIONS

There was none.

5. COUNCILOR COMMUNICATIONS

Councilor McLain said at the July 17th Natural Resources they would be discussing what they needed to do to complete their wildlife and riparian inventories.

There being no further business to come before the Metro Council, Presiding Officer Hosticka adjourned the meeting at 4:04 p.m.

Prepared by

Chris Billington
Clerk of the Council

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF JULY 9, 2002

ITEM #	TOPIC	DOCUMENT DATE	DOCUMENT DESCRIPTION.	DOCUMENT NUMBER
II	AFFORDABLE HOUSING	7/9/02	PRELIMINARY REPORT ON LOCAL GOVERNMENT PROGRESS REPORT ON IMPLEMENTATION OF FUNCTIONAL PLAN TITLE 7 - HOUSING AND AFFORDABLE HOUSING PRESENTED BY GERRY UBA AND MARK TURPEL, PLANNING DEPARTMENT TO THE METRO COUNCIL	070902CE-01
II	AFFORDABLE HOUSING	7/9/02	REGIONAL AFFORDABLE HOUSING STRATEGY IMPLEMENTATION PRESENTED BY SAM CHASE, COMMUNITY DEVELOPMENT NETWORK TO METRO COUNCIL	070902CE-02
III	MTIP REFINEMENT	METRO 2002	METRO TRANSPORTATION IMPROVEMENT PROGRAM POWER POINT PRESENTATION BY TED LEDBOLD, PLANNING DEPARTMENT, TO METRO COUNCIL	070902CE-03