



# Meeting minutes

Meeting: TOD Steering Committee & Executive Session  
Date: July 9, 2024  
Time: 3:00 – 5:00 p.m.  
Place: Zoom

## Members:

Chair Mark Ellsworth, Derek Abe, Duncan Hwang, Guy Benn, Gerritt Rosenthal, Madeline Miller, Rebecca Small, Tai Dunson-Strane, Victor Caesar

## Staff and Guests:

Eryn Kehe, Miriam Hanes, Andrea Pastor, Jonathan Williams, Patrick McLaughlin, Eva Goldberg, Meredith Nelson, Maddy Masaryk, Ashley McCarron (covering for Joel Morton), Liam Anthony

## I. CALL TO ORDER, WELCOME AND INTRODUCTIONS

Chair Mark Ellsworth called the meeting to order at 3:03 pm.

## II. APPROVAL OF JUNE 11 MEETING SUMMARY

Chair Ellsworth asked if there were any changes to the June 11 meeting summary. Hearing none, he asked for a motion to approve the meeting summary.

**Action:** Guy Benn moved to approve the June 11 meeting summary. Victor Caesar seconded the motion. With Derek Abe and Tai Dunson Strane abstaining, the motion was **approved** unanimously.

## III. DISCUSSION: DISCOUNT TO MARKET

Jon Williams opened up the discount to market discussion by reviewing the current TOD workplan requirements, pointing out that staff are seeing more projects with regulated units whose rents are not significantly below market.

There were three examples offered to the committee to consider:

- *Example 1:* 80% AMI three-story walkup in moderate market area.
  - Project would not qualify, because of no density premium and no discount to market, even though it could protect against future gentrification.
- *Example 2:* 60% AMI 'Micro' unit project in NW Portland.
  - Project would not qualify because the PSF is above market.
- *Example 3:* three story walkup at 60% of AMI in outer SE Portland.
  - Project would not qualify because the rent is above market, but does qualify due to density cost premiums.

### *Madeline Miller*

- Discount to market may not matter as much, because the market needs supply and not qualifying due to nuance might deter applicants.
- Supporting new supply of rent-regulated spaces still meets many goals.

### *Rebecca Small*

- The examples illustrated the issues well, making clear the discount to market metric was well-intended to provide objective criteria, with inadvertent exclusions.
  - The projects meet the spirit of what TOD is trying to do: provide more affordable options to the community.
- Discount to market shouldn't be the only criteria.

*Victor Caesar*

- In Washington state you have to lower the rents if it's over LITEC, but there are some bad actors who up the LITAC rent every year.
- Areas change so it may be nice to have those units restricted in the future, otherwise there would need to be a compliance arm to control the rents. The whole program can't be tweaked.

*Guy Benn*

- Avoid encouraging lower density development that isn't a discount or supporting high density micro-units.
- Going for density should qualify for additional support, but not at a larger profit.
- Wouldn't want to see lower density around the transit.
- Maybe put a cap on the affordability.
- Jon clarified that at least half the units would have to be regulated at 80% of AMI.

*Tai Dunson-Strane*

- Opening up the program more will mean more projects need to be reviewed.
  - The team should consider the due diligence, making sure they have capacity.
- Flexibility-wise, if there are other funders in the project overlaying additional affordability covenants, it's a different conversation if someone can get it built with just the TOD grant and a perm lender to get to some units of affordability in the project.
- May be a conversation worth having, whether the TOD program is the last subsidy to get it funded.

*Derek Abe*

- Agreed with the previous comments.
- Should some of the nuance be accounted for in how much we're contributing.
  - Jon pointed out that financial need is one area that comes in. We can look at the financial-need piece, they'll provide proforma and it provides a check on what are they're doing that would generate that need. It's challenging for us to make those judgement calls.
- Innovation is not a requirement, but a factor to consider in determining how much to invest in a particular project.

*Guy Benn*

- In the third example, AMI levels are higher than local rents and it is hard to understand why we should support that hypothetical example.
  - Jon said that we are seeing these projects because they are coming in a lot denser than the projects around them, having funding sources that the market rate projects don't have access to and it makes more sense to build denser, because they can. The projects in the weaker market areas are bigger and taller than what we'd see in the market. There's a project in Gresham Civic that is doing six or seven stories, higher than most current market rate projects.
  - Eryn, in reference to the third slide, confirmed that it would typically be dependent on LITEC.
- Concerned that funding property that is above market may lead to funding non-viable developments.
- Market rents are dependent on demand and we may want to wait for the market meet the cost.

Eryn Kehe acknowledged that this is why this topic was brought to the committee for discussion. The team wants to get the committee's thoughts and make sure that the projects funded are achieving the goals of the program. The team would like to hear from someone about the production of housing moving the needle in response to Guy's concern, how the public subsidy is creating something that might not be created on its own.

*Rebecca Small*

- Still liked all the examples and would like to see a pathway for projects like that to be considered, with reservations if needed, to account for projects that might have more value in one part of the region than another.
- Would not want to see the door closed on more projects like deeply affordable microefficiency apartments.

*Madeline Miller*

- Agreed with Rebecca about microunits not being funded and doesn't think the process needs to be overly complicated, maybe predictable menus and flexibility.
- This is gap funding and projects may meet two out of three or two out of five criteria, but should not be eliminated by really nuanced disqualifiers.
- Units are units and helps with supply which helps the market.

Jon Williams let the committee know that staff will process what they've heard and come back with thoughts and next steps for further discussion in September, clarifying that this discussion was to get ahead of the issue. Eryn Kehe noted that the committee may like to have discussions to debate the attributes of a project that might be on the edge, how they play into regional differences, flexibility, bigger goals and needs.

Eryn Kehe thanked everyone. Liam Anthony thanked everyone and left at 3:55 p.m.

#### **IV. EXECUTIVE SESSION**

Chair Ellsworth declared an executive session pursuant to 192.660(1)(e), for the purpose of deliberating with persons authorized to negotiate real property transactions to discuss the projects: **M Carter Commons** and **Woodland Hearth**.

##### **Members present:**

Chair Mark Ellsworth, Derek Abe, Duncan Hwang, Guy Benn, Madeline Miller, Rebecca Small, Tai Dunson-Strane, Victor Caesar

##### **Staff Present:**

Eryn Kehe, Miriam Hanes, Andrea Pastor, Jonathan Williams, Patrick McLaughlin, Ashley McCarron, Eva Goldberg, Meredith Nelson

**Time executive session started: 3:56 p.m.**

**Time executive session ended: 4:32 p.m.**

#### **V. ACTION: M CARTER COMMONS**

**Action:** Tai Dunson-Strane moved to Authorize \$250,000 in TOD Program funding for M Carter Commons with the following conditions:

1. One six-story building.
2. 63 units including 62 restricted to incomes ranging from 30% to 60% of Area Median Income and one unregulated manager's unit.
3. Zero on-site parking spaces.

Guy Benn seconded the motion. The motion was **approved unanimously**.

#### **VI. ACTION: WOODLAND HEARTH**

**Action:** Derek Abe moved to Authorize \$300,000 in TOD Program funding, which includes \$50,000 for climate innovation bonus, for Woodland Hearth with the following conditions:

1. One five-story building.
2. 63 units restricted to incomes ranging from 30% to 60% of Area Median Income.
3. Approximately 59 on-site parking spaces.
4. Post-construction documentation of elements qualifying for climate innovation bonus: rooftop solar, preservation and planting of trees per site plan, and EUI reduction of at least 15% from code requirement.

Rebecca Small seconded the motion. The motion was **approved unanimously**.

#### **VII. STAFF UPDATES**

- Eryn Kehe let the committee know there are no big updates, staff will be working on discount to market.
- There is no meeting in August. The next meeting is in person, September 10<sup>th</sup>.
  - Virtual attendance can be accommodated, but in-person attendance is encouraged.

#### **VIII. ADJOURN**

Chair Ellsworth adjourned the meeting at 4:38 p.m.