



New Funds for Affordable Housing

**An Exploration of Possible
Funding Strategies for the
Portland, Oregon Metro Region**

Preliminary Analysis
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I. Introduction

Under the auspices of its Housing Development Sub-Committee, the Portland Business Alliance has joined with the Community Development Network, Home Builders Association of Metropolitan Portland and the Neighborhood Partnership Fund to explore potential funding strategies to generate new revenues for affordable housing development in the Portland metropolitan area. As a first step, the coalition hired a consultant team to conduct a preliminary analysis. That consultant team was comprised of Janet Byrd and Heritage Consulting.

The coalition charged the consultant team with four specific tasks: First, to assess the experience of a specific set of communities that had recently passed similar initiatives. Second, to interview a small group of civic leaders for their insights into the potential for such an initiative. Third, to understand the parameters of bond and levy initiatives in metropolitan Portland. Finally, to outline specific next steps for the coalition to follow as it explored the potential for a bond or levy initiative. To guide the endeavor, the stakeholders formed a small working group comprised of the funding partners, city, state, and regional representatives, and others. These stakeholders worked with the consultant team to identify the cities to be studied and the civic leaders to be interviewed.

Communities: Over two dozen ballot initiatives were identified across the country. The coalition then narrowed that list to a spectrum of eleven initiatives to be explored. In the first tier were Seattle, San Francisco, Tacoma, Charlotte and Baltimore. Second tier initiatives, for which less information might be sought, included Burlington, Los Angeles, Spokane and the states of California, Maine and Massachusetts. Seattle, which passed a 7-year \$86 million affordable housing levy in 2002, was by far the most intriguing of the initiatives to the coalition. This interest was based on the geographic proximity and a sense that Seattle was similar to Portland in socio-economic terms. San Francisco was also interesting, having narrowly rejected a \$250 million bond in 2002.

Civic Leaders: Similarly, the coalition asked the consultants to interview a spectrum of community leaders regarding a potential housing bond initiative. These leaders were regional, coming from Clackamas, Multnomah and Washington County, and included business and political leaders, as well as affordable housing advocates. The coalition worked with the consultants to develop a list of ten questions that would form the platform for the conversation. Research done by Conkling, Fiskum and McCormick in Spring 2002 into the attitudes of regional leaders about housing needs was also reviewed by the consultants.

Bond and Levies: The coalition asked the consultants to explain the differences between bonds and levies, not only in terms of definition, but also in terms of how the funds might be used. This culminated in a group discussion with Harvey

Rogers of Preston, Gates and Ellis who acts as Bond Counsel for the City of Portland. Multnomah County staff also provided valuable guidance to the consultants about the potential of these instruments.

Next Steps: From this wealth of material, the coalition then asked the consultants to begin to define the logical next steps in moving forward in the process.

2. Executive Summary

A coalition comprised of the Portland Business Alliance, Community Development Network, Home Builders Association of Metropolitan Portland and the Neighborhood Partnership Fund convened to explore the potential for a ballot initiative to generate new funds for affordable housing. As a first step, the coalition hired consultants Janet Byrd and Heritage Consulting Group (Rob Mawson and Kellee Jackson). They charged the consultants with four tasks: To survey ballot measures in other communities, to interview selected local decision makers, to assess the local potential of bonds and levies, and to outline next steps.

The consultants learned that unique local circumstances and barriers will largely define a bond or levy initiative in the Portland metropolitan region. The experiences of other communities, such as Seattle and San Francisco, are useful in inspiring creative thought about coalition building, approaches to voters, and effective program design. They do not provide a blueprint, but do highlight potential strategies and pitfalls.

Similarly, in the course of the interviews, the stakeholders offered a varied perspective on fundamental issues such as geographic focus and bond versus levy; often their perspective defined their opinion. All interviewed commented that the journey is important but noted that in light of current fiscal realities, the task is daunting and highly competitive. That said, collectively, they offer three fundamental suggestions: First, that specificity in a ballot initiative is essential for success. Voters simply will not endorse vague promises. Second, that the proponents need to convey to the voters in tangible terms why a “yes” vote is a wise investment. Third, the proponents need to build a broad coalition of support that extends beyond the usual housing stakeholders.

The peculiarities of Oregon law impact the choice between a general obligation bond and a levy. Neither choice is ideal, but careful planning can build upon the possibilities that do remain. Under the Oregon Constitution, both strategies will require a popular vote. A bond is restricted to use for capital projects owned by government jurisdictions, but if approved it generates a certain amount of money toward affordable housing. A levy offers more flexibility in that funds could be allocated for services and for non-government development. However, due to Measure 5 and 50, a levy faces the prospect of the available funding being compressed by a significant percentage.

If the coalition chooses to pursue a ballot initiative, below is a short decision tree that is expanded upon in the report. The coalition has before it four fundamental questions that need to be answered before moving forward. Each answer directs the ballot measure in a specific direction, and will guide further steps. However, information gathered in later steps may trigger a revisiting of previous decisions.

New Funds for Affordable Housing Steps in Framing a Ballot Initiative

1. Define the problem to be solved by additional funding. Set goals for total dollars, uses of funds and unit production targets.
2. Choose preferred funding mechanism, whether a bond, a levy, or some combination. If a bond, choose between tax exempt or taxable.
3. Explore level of commitment of political leaders. Explore parallel measures with regional partners and identify timing constraints. Determine the geographic boundaries and “home” agency.
4. Explore political feasibility. Decide whether or not to bundle housing with other initiatives.

Once these four fundamental questions have been substantially resolved, there are four logical next steps.

5. Prepare economic modeling that demonstrates specifically how the ballot funds would be spent. For example, if the bond is selected, the modeling should demonstrate how much of an assessment per \$1,000 would generate how much in bond funds that would be spent to build how many units, of what type, where, and owned by which government entity.
6. Secure commitments to perform from the “home” agency based on #5 and secure commitments from political leaders to place the question on the ballot.
7. Identify and meet with relevant political, housing, institutional and community leaders to determine general support for #5, or variant.
8. Begin opinion polling of the general public, first with focus groups.

3. Approaches of Selected Jurisdictions Funding Mechanisms for Affordable Housing

The consultants examined 11 political jurisdictions across the nation, broken into first and second tiers. These jurisdictions were selected from a broader list of nearly two-dozen compiled by the consultants, based on suggestions from the committee. The consultants were directed to focus primarily on initiatives that were more general in nature; several communities had ballot initiatives targeting specific interest groups (e.g., housing for veterans). These were not pursued.

The first tier is comprised of Seattle, San Francisco, Baltimore, Tacoma and Charlotte. The second tier included the State of California, State of Maine, Los Angeles, Spokane, Burlington and the State of Massachusetts. The two tiers were established based on the coalition's sense of how applicable the experience might be to Portland. Massachusetts passed a Community Preservation Trust initiative that then could be leveraged by local communities; for that reason, the Massachusetts communities are examined in a cluster.

The results of the community research are compiled in two ways. The first is a comparative matrix that allows the reader to compare and contrast different cities along basic categories. The second is a narrative report that provides more detail on the experiences of each community.

3A. New Funds for Affordable Housing Approaches of Selected Jurisdictions

First Tier Approaches

Jurisdiction	Seattle	San Francisco	Baltimore	Tacoma	Charlotte
Title of Measure	Housing Levy	Measure B Affordable Housing Bonds	Question A Community Development Loan	Proposition 4: Affordable Housing Facilities Bonds 2003 Tacoma Housing Trust Fund	City of Charlotte Housing Trust Fund
Mechanism	1981- Bonds issued by Seattle Housing Authority, repaid from new taxes 1986,1995,2002- tax levy	General Obligation Bonds, to be repaid from new taxes	General Obligation Bonds, repaid from new taxes	2001- General Obligation Bonds, repaid from annual taxes in excess of regular property taxes 2003- Levy (\$.10-.20/\$1000 assessed value over 5-7 years)	General Obligation Bonds, repaid from new taxes
Voter approved?	Yes, 60% required for bonds, 50% for levies	67% required for approval	Yes, simple majority approval	Yes, 50% required for levies, 60% for bonds	Yes, simple majority
How was it placed on the ballot?	City Council	City Council	City Council	City Council	City Council
Date	1981, 1986, 1995, Nov. 2002. Passed in 2002 with 53% yes, in 1995 with 54% yes.	Nov. 1996- passed Nov. 2002- Failed With 55.8% of the vote	Nov. 2000- passed with 85% of the vote Nov. 2002- passed with 84% of the vote	2001- bond failed with 53% of the vote 2003 levy yet to be decided	Nov. 2002- passed with 60% of the vote
Total Amount	1981-- \$48 million 1986-- \$50 million 1995-- \$60 million 2002-- \$86 million	Nov. 1996-- \$100 million Nov. 2002-- \$250 million	Nov. 2000-- \$26 million Nov. 2002-- \$43.5 million	May 2001-- \$5 million 2003—Option 1 \$5m Option 2 \$10m Option 3 \$7m Option 4 \$14m	\$20 million
Amount per Year	2002-- \$12.27 million	2002, Bonds to be issued over 5 years, paid back over 20 years	2000-- \$26m over two years	2001, Bonds to be paid back over 25 years 2003 levy—Option 1,3 \$1m/yr Option 2,4 \$2m/yr	\$10 million/year for two years
Cost/year per taxpayer	\$49/year for a \$310,000 home	Maximum \$67 per year for owner of \$300,000 home	No additional taxes?	2001 Bond: increase to City tax rates. Exemptions for disabled, seniors, and low-income 2003 Levy Option 1,3 \$15m/yr Option 2,4 \$30m/yr on a \$150,000 home	

Jurisdiction	Seattle	San Francisco	Baltimore	Tacoma	Charlotte
Uses of Funds	<p>1981 Bonds funded turnkey projects for Seattle Housing Authority by private developers. A 1986 levy fund targeted to special needs housing, low-income family units, and preservation of existing subsidized housing. 1995 levy added homeownership programs and an operating and maintenance trust for housing serving very low-income households. 2002 levy added rent assistance program.</p>	<p>1996 measure: \$85 million acquisition, construction, and/or rehab of existing housing</p> <p>\$15 million downpayment assistance to first-time homebuyers</p> <p>Repaid loans create revolving loan fund</p>	<p>2000: \$1m Neigh. Planning Prog.; \$2.5m match HOME; \$6.5m acquisition; \$300,000 match comm. Groups; \$3.5m demo/restoration; \$2m replacement; \$800,000 elderly; \$1.5 Day Resource Center; \$600,000 NCR Prg; \$1m museum; \$6.25m misc. 2002: \$9.7m abandoned structures; \$7m homeownership programs; \$5.25m housing repair assistance; \$4m public housing; \$3.1m special needs; \$4.7m CD loan program; \$2.5m acquisition; \$2.45m Neigh. Comm. Revitalization Prg; \$2m housing support city-wide; \$300,000 elderly</p>	<p>2001 affordable housing facilities bond to acquire, construct, equip, and improve long-term affordable housing 2003 levy for rehabilitation and new construction of single-family and multi-family units, Homeownership & Home Improvement Opportunities</p>	<p>Preserve the existing housing stock, expand the supply of low and moderate-income housing, and support family self-sufficiency initiatives</p> <p>FY03 Housing Trust Fund will be used for multi-family rental housing (new construction & rehabilitation), innovative homeownership program, special needs housing and transit station development</p>
Who benefits?	<p>In the 2002 levy, 59% of funds serve populations with incomes below 30% of median income. Only the Neighborhood opportunity and Homeownership programs serve individuals with incomes over 60% of median. All funds serve those below 80% of median.</p>	<p>2002: "low and moderate income housing", 2/3 rental housing 1/3 homeownership</p> <p>1996 – 68% to supportive housing 32% family. 240 homebuyer loans. 57% of people served have incomes below 50% area median income, 70% in rental program have incomes below 50% of AMI.</p>	<p>Low and moderate income levels, seniors, and special needs populations</p>	<p>2001 bond low-income individuals and families, seniors, and disabled 2003 levy income levels at 50% MFI and below with focus on senior and workforce housing and housing for young families</p>	<p>Targets housing for income levels of 60% MFI and below</p>

Jurisdiction	Seattle	San Francisco	Baltimore	Tacoma	Charlotte
Who Develops Housing?	Primarily CDCs, Open to for profit developers	Non-profits have been only applicants	Local government, non-profit and for profit developers	2003 levy open to non-profit & for profit housing developers	Non-profit housing developers, community development organizations, for profit developers, housing authorities
Criteria for Prioritizing Projects	Levy campaign spells out allocation of funds between programs. Criteria for each program published as part of the bi-annual Administrative and Financial Plan. All projects have 50-year affordability.	2002 proposal: Projects with significant leverage Projects to be awarded through competitive bid process Limit developer fees Audit required	Bond campaign lists allocation of funds for each program	RFP Process 2001 bond had permanent affordability requirements	RFP Process-Review process through the Housing Trust Fund Advisory Board & City Council. Affordability-Projects receiving up to \$40,000=10 yr More than \$40,000=15 yr New rental const.=20 yr
Who Manages?	Administered by City of Seattle Housing Office, except rent assistance program. Oversight Committee appointed by Mayor and Council.	Mayor's Office of Housing with support from San Francisco Redevelopment Agency	Administered by City of Baltimore Housing & Community Development Department	2001 bond City of Tacoma Housing Authority 2003 levy Tacoma Community Redevelopment Authority	Administered by the City of Charlotte Neighborhood Development Department
Key issues in success or failure	High levels of specificity and accountability for funds. Estimates of unit production are conservative, build in ability to exceed goals by 20% to 30%	1996 program had lower leverage than anticipated, did not meet goals for unit production Had strong opposition from for-profit developers	Bond issues on ballot in 2000 covered the 2002 and 2003 fiscal years because no election in 2001. Total bond package amt. \$45m with City's debt ceiling at \$60m. City had "A+" bond rating. Tradition to vote on bond packages.	2001 affordable housing bonds were packaged with other capital improvement bonds, each independently voted on, but marketed as a package. Campaign was put together in less than 2 months 2003 levy issue of raising taxes during tough economic times (polling shows renters are more supportive than owners)	Affordable housing bond coupled with two other bonds (\$224m school bond and \$80m road & sidewalk improvement bond) all voter approved

Jurisdiction	Seattle	San Francisco	Baltimore	Tacoma	Charlotte
Political leadership, Coalition in support	Placed on ballot by City Council, City staff does initial research and policy. Allies include non-profits, labor, lenders, LISC, chaired by 2 former mayors.	Non-profit developers, San Francisco Organizing Project (faith based coalition), Mayor's Office of Housing, Supervisor Tom Ammiano	Placed on ballot by City Council, City of Baltimore, Major's office, community & neighborhood organizations	2001 bond City of Tacoma led campaign, non-profit community supported 2003 levy has City support as well as non-profit/affordable community support	City of Charlotte, Chamber of Commerce organized vote, co-led campaign with the City's Corporate Communication Office. Endorsed by the Charlotte-Mecklenburg Black Political Caucus, Charlotte Center City Partners, the Arts and Science Council, and the Urban League
Argument in Favor	Compassion for lower income and Special needs populations, should be able to live near work, effective program that meets goals	Low income and working poor need housing, housing program will spur economic development	Bond Package messages, "Help shape the future growth and development of our city", "Uphold this proud tradition of civic responsibility"	2003 levy- Federal funding is shrinking along with a high unemployment rate, the need for housing has not gone away	Bond package, good for all, need for low-income housing, more options
Opposition	Seattle Times opposed the 2002 levy, some local builders	Residential Builder's Assn, some local papers	Some negative press; proposal for allocation of funds is too vague.	2001 bond received general anti-tax organization opposition 2003 levy deals with NIMBYs and general anti-tax opposition	Apartment owners opposed, "City has plenty of affordable units"
Grounds for opposition	Levy's focus has become too broad	Bonds a waste of money and not well managed, middle class not being served		2001 bond issued by the City imposed long-term affordability requirements on all projects	

Jurisdiction	Seattle	San Francisco	Baltimore	Tacoma	Charlotte
Other notable features/factors	Apartment owners had opposed the 1995 levy, were neutral in this campaign. Some members served on the steering committee	A political battle between neighborhood activists and the Residential Builder's Association hardened their opposition Also, \$1.5 Billion in other bond measures on the same ballot, plus California Bonds		2003 levy is focusing on educating the community on the housing situation including a citizen advisory committee and various workshops.	FY03 Housing Trust Fund RFP-projects greater than 24 units, but no more than 100 units per site, 20% of units set aside for income-qualifying households (exemptions are assisted housing under rehab, elderly, disabled populations, assisted for homeownership, conversions of market rate housing to assisted housing where no more than 50% of the units are receiving city funds)
Costs of campaign	1995 -- \$200,000 2002 -- \$350,000 Does not include substantial work done by City staff prior to measure being placed on the ballot and consultant hired to research market data.	Campaign was primarily mailers, door -to-door info drops (1/2 million pieces each). Did a get out the vote campaign in areas of strength		2003 levy, as of yet no budget set	
Polling	Did polling to help shape the message, but not to craft the contents of the measure	Did one baseline poll in Oct 2001 to gauge support		Did baseline poll to gauge support in Dec. 2002	
Grass Roots Efforts	Non-profit developers did a lot of media work, human interest stories, visibility efforts	Outreach through churches, lots of door to door work in neighborhoods served by non-profit developers, speakers bureau			

Second Tier Approaches

Jurisdiction	State of California	State of Maine	Los Angeles	Spokane	Burlington
Title of Measure	Housing and Emergency Shelter Trust Fund Act of 2002	Affordable Housing Bond	Los Angeles Housing Trust Fund	Housing Levy	Burlington Housing Trust Fund
Mechanism	General Obligation Bonds, to be repaid from General Fund reallocation, not new taxes	General Obligation Bonds, repaid from new taxes	Portions from General Fund allocations, tobacco settlement, city business tax, hotel tax	Property tax levy	1% property tax surcharge (Trust Fund includes linkage fee monies due to an Inclusionary Zoning Ordinance)
Voter approved?	Yes, 50% approval required	Yes	No	Yes, 50% required	Yes, 50% required
How was it placed on the ballot?	Legislature	Legislature	N/A	City Council	City Council
Date	Nov. 2002 Passed with 57.45% of the vote.	Passed in Nov. 2001 Needed 50% of vote	Established 2000-2001. Made a \$100 million 3 year commitment beginning with 2002-2003 budget.	March 1994- failed with 45.6%	1989 passed by only 51% of the vote.
Total Amount	\$2.1 Billion	\$12 million	\$100 million (\$10.5 million in 2001-02, \$42 million in 2002-2003, \$47.1 million in 2003-04)	\$20.5 million Additional— Federal & State sources--\$23.6m Private--\$37.75m Total--\$81.9m	YTD Total investment of \$1,595,170 in public funds
Amount per Year	Paid back over 30 years	Expenditures over several years, repayment over 20 years	Trust Fund will be maintained at \$100 million	Over ten years	FY 2001 \$181,000 FY2002 \$184,000 FY2003 estimated at \$185,000

Jurisdiction	State of California	State of Maine	Los Angeles	Spokane	Burlington
Cost/year per taxpayer	No new taxes		No additional taxes	\$0.34/\$1000 assessed value	Dedicated amount of \$0.01/\$100 of assessed property value
Uses of Funds	<p>Multifamily Housing Programs, including new construction, preservation, supportive housing, student housing \$1.110 billion. 55 year affordability for low income households</p> <p>Homeownership Programs \$405 million Downpayment assistance for low/moderate income Farmworker Housing \$200 million</p> <p>Other Programs – Emergency Housing, Jobs-Housing Balance \$385 million</p>	Rehabilitation of properties, purchase of land, provide low-interest loans to build affordable units	Uses to be determined. A broad based Advisory Committee recommends that the first priority be expanding and preserving rental units affordable at 60% of AMI and below; second priority first time homeownership assistance; Third priority homelessness prevention; other priorities include predevelopment costs, leveraging funds, projects with no alternative funding.	1994 Levy: Capital Improvement & Assistance Fund for Low-Income Housing (\$6.75m), Rental Housing Investment Initiative (\$4.1m), Homeownership Acquisition & Rehabilitation (\$4.75m), Supportive Services & Property Management Assistance (\$2.75m), and Program Administration (\$2m)	'Perpetually' affordable housing projects and Homeownership Programs
Who benefits?	Elderly, Populations needing supportive housing, students, farmworkers, first time homebuyers, low and moderate income renters	Focus on Mentally Ill, homeless, victims of domestic violence	Renters with incomes at or below 60% AMI; persons facing eviction or homelessness; first time homebuyers with low and moderate incomes.	Targets housing for income levels of 50%MFI and below	Targets 'very low income' (50%AMI) and 'low income' (80%AMI) Perpetual affordability gets preference for all funds

Jurisdiction	State of California	State of Maine	Los Angeles	Spokane	Burlington
Who Develops Housing?	Local governments, non-profits, private developers	Primarily Non-Profits	Undetermined.	Financing would go to builders and developers (for and not-for profit)	Non-profit housing developers, community development housing organizations, housing authorities and for profit developers
Criteria for Prioritizing Projects	RFP process to local governments and non-profits will allocate funds among priority areas established in legislation	Leverage Unit Production Geography Need	In development. Advisory committee developed a priority scale.	Program Administration allocated funds for each program. Projects to be awarded through RFP Process.	Burlington Housing Trust Fund Administration Committee oversees- All projects have permanent affordability requirements
Who Manages?	State Housing Agency will issue RFPs	Maine State Housing Authority	Los Angeles Housing Department, with Advisory Committee	Administered by the City of Spokane	Managed by the City of Burlington Community & Economic Development Office, monitored by committee of the City Council
Key issues in success or failure		No opposition	Broad based coalition, effort over three years	Tax Revolt, Home Values, Levy Competition, "I'll take care of myself, but I won't take care of you" syndrome, Levy too complex	Affordable housing advocates had political power and an activist municipal government
Political leadership, Coalition in support	Legislature plus Extremely broad coalition of non-profit housing agencies, senior organizations, public service employees, local governments, local businesses, unions	State Senator, Housing Authority, Homeless Advocates, Chamber of Commerce, Domestic Violence Network	Non-profit developers, faith community, labor, tenants, advocates, business	Non-profit community took lead in political coalition, City of Spokane, legal and financial community representatives	City of Burlington, Affordable Housing Task Force assembled by the Community & Economic Department, non-profit housing community, affordable housing advocates

Jurisdiction	State of California	State of Maine	Los Angeles	Spokane	Burlington
Argument in Favor	Targeted audiences, focus on battered women, low income seniors, school children	Campaign focused on needs of homeless, high cost of housing, and public service workers who can't live in the communities they serve "she can't be your neighbor"	Need within various populations – farmworkers, seniors, students, and victims of domestic violence, tenants.	Campaign focused on charitable aspects and the needs of the homeless.	Attractive message to voters- "One penny for housing" Plus the income stream is consistent from year-to-year
Opposition	Generalized anti-tax opposition, not highly organized	No organized opposition	No real opposition	No organized opposition	No organized opposition, but lower income and more progressive neighborhoods supported, middle income/homeowner neighborhoods voted down.
Grounds for opposition	Cost, lack of focus on suburban housing needs, not specific enough				
Other notable features/ factors		Placed on ballot after unanimous vote of Senate, 2/3 majority in House.			Took four years from inception to formation. Takes voter approval to alter.
Costs of campaign		\$20,000		Budgeted at \$75,000, with heavy start-up funds by 9/93, but no funds until 1/94. Total-\$55,000 which axed all radio, all but 2 news ads, and cut TV time by half	City of Burlington Community & Economic Development staff helped lay the foundation. Lots of work prior to campaign done by city staff and task force.
Polling		None		None	
Grass Roots Efforts	Much grass roots effort by non-profits, also by coalition partners		Entire campaign focused on mobilizing and coordinating grass roots efforts		Task force and affordable housing advocates did a lot of neighborhood organizing, held public forums

Jurisdiction	State of Massachusetts	Communities of Massachusetts	North Andover	Westwood
Title of Measure	Community Preservation Trust Fund	Community Preservation Act	Community Preservation Act	Community Preservation Act
Mechanism	Trust matching funds come from existing surcharges on all real estate transaction at the Registry of Deeds and Land Court. (In 1999 \$25 million annually)	Community-wide real estate property tax surcharge up to 3% for the purpose of creating a local Community Preservation Fund	Community-wide real estate property tax surcharge 3% surcharge with low income and first \$100,000 exemptions	Community-wide real estate property tax surcharge 3% surcharge with low income and first \$100,000 exemptions
Voter approved?	No – State Legislature enacted enabling legislation	Yes, communities can opt out of CPA after 5 years	Yes, 50% required	Yes, 50% required
How was it placed on the ballot?	State Legislature	Town Meeting or City Council must vote to place on the ballot or through a petition process signed by at least 5% of city or town's registered voters	Special Town meeting	Citizens' petition drive
Date	Enabling legislation Passed in December 2000	Nov. 2002- Passed in 58 communities	March 2001 passed with 56% in favor	April 2001 Failed with 43% in favor
Total Amount	2001-\$18 million 2003 est. \$48 million		Example: \$2.4 million over five years for 35-acre Half-Mile Hill open space purchase	
Amount per Year	100% matching grants to 58 communities (cities and townships) Estimate by state is at least \$26 million per year	Examples: Cambridge, MA 2002 \$5,032,128 Hampden, MA 2002 \$22,955	2002 \$802,719	3% surcharge 2000 median home price \$379,950

Jurisdiction	State of Massachusetts	Communities of Massachusetts	North Andover	Westwood
Cost/year per taxpayer	<p>Filings at Registry of Deeds & Land Court \$20 most, \$10 municipalities</p>	<p>Up to 3% property tax surcharge Exemptions- people who qualify for low-income housing or low to moderate income senior housing, the first \$100,000 of taxable value of residential real estate, class three commercial or class four industrial properties</p>	<p>\$75.96/year for a \$300,000 home</p>	<p>\$83.22/year for a \$300,000 home</p>
Uses of Funds	<p>Cities and townships get 100% matching funds to protect open space, preserve historic buildings and landscapes, and create and maintain affordable housing.</p>	<p>Communities can spend the majority of funds collected on any one combination of the three uses, depending on their needs. However, each fiscal year, upon recommendation of the committee, the legislative body must spend, or set aside for future spending, 10% for open space, 10% for historic resources, and 10% for community housing. Community Housing- for capital projects or match for programs, rehabilitation or infill, homeownership programs, rental assistance, acquisition.</p>	<p>Open space protection, farmland preservation, reuse of community historic buildings, adapting homes for the elderly and disabled and down payment assistance programs</p>	<p>Protect open space, preserve historic buildings and landscapes, and create and maintain affordable housing</p>
Who benefits?	<p>Communities of Massachusetts</p>	<p>Homeownership in form of down payment assistance or to finance low-interest loan programs for income-eligible first-time homebuyers</p>	<p>Seniors, disabled, and low-income qualifying residents</p>	<p>Seniors, disabled, and low-income qualifying residents</p>

Jurisdiction	State of Massachusetts	Communities of Massachusetts	North Andover	Westwood
Who Develops Housing?		Public entities as well as non-profit and for-profit entities	Public entities as well as non-profit and for-profit entities	Public entities as well as non-profit and for-profit entities
Criteria for Prioritizing Projects	Commissioner of Revenue will allocate proceeds in several distribution rounds, total cannot exceed 100% of the amount raised by local tax 1 st round- 80% of fund balance is allocated equally to communities The remaining 20% is distributed solely among municipalities that have adopted the maximum 3% tax	Recommended by Community Preservation Committee to City Council or Township	Recommended by Community Preservation Committee to City Council or Township	Recommended by Community Preservation Committee to City Council or Township
Who Manages?	Massachusetts Department of Revenue Community Preservation Coalition	Municipality must establish a Community Preservation Committee to make annual recommendations to the legislative body on how money should be spent. The CPC is established by a separate municipal ordinance or bylaw that must be passed by a majority vote of the legislative body	Community Preservation Committee (5-9 members) and includes one representative each from the local conservation, parks, and historical commissions; planning board; and housing authority.	Community Preservation Committee (5-9 members) and includes one representative each from the local conservation, parks, and historical commissions; planning board; and housing authority.
Key issues in success or failure	Broad-based coalition needed, worked on legislation process for 10 years	Local control, local options, broad funding opportunities	CPA recommended as a funding mechanism to allow the town to purchase a 27-acre open space/water source, provided compelling messages, and had financial resources. Got the vote out.	Timing was not good. Westwood had high taxes and another increase was pending, the fund did not point to specific projects. Needed to reach out to senior voters, they didn't understand that CPA would affect them very little, only had 2 months to build support.

Jurisdiction	State of Massachusetts	Communities of Massachusetts	North Andover	Westwood
<p style="text-align: center;">Political leadership, Coalition in support</p>	<p>Community Preservation Act Coalition- Appalachian Mountain Club, Association for Preservation of Cape Cod, Bay State Historical League, Boston Greenspace Alliance, Boston Preservation Alliance, Citizens Housing & Planning Association, Conservation Law Foundation, Environmental Diversity Forum, Environmental League of Massachusetts, Historic Massachusetts, Mass. Affordable Housing Alliance, Mass. Association of CDC's, Mass. Association of Conservation Commissions, Mass. Audubon Society, Mass. Law Reform, Mass. League of Women Voters, Mass. Municipal Assoc., Mass. Watershed Coalition, Metropolitan Area Planning Council, Nashua River Watershed Assoc., National Trust for Historic Preservation, Nature Conservatory, Preservation Worcester, Sierra Club, Sudbury Valley Trustees, The Trustees of Reservations, Trust for Public Land, Upper Charles Conservation, WHALE, New Bedford</p>		<p>Trust for Public Land, Open Space Committee, Selectman on town board, local papers, Citizens for North Andover Preservation</p>	<p>Grass roots group of citizens representing historic preservation, open space, and affordable housing interest along with a town Selectman and Planning Board member formed the Westwood CPA coalition. Formal coalition included members of Westwood Preservation Society, OPEN, the Westwood Land Trust, the Planning Board, the Board of Selectmen, the Historical Commission, and the Housing Authority. Board of Selectmen unanimously endorsed CPA.</p>

Jurisdiction	State of Massachusetts	Communities of Massachusetts	North Andover	Westwood
Argument in Favor	“The Community Preservation Act can give a community the funds needed to control its future, a steady funding source for preserving and improving a community’s infrastructure”	CPA funds improve whole community, helps increase value of land and property over long term, curbs new developments that can lead to higher taxes, preserves unique qualities of community, funds can be spent on specific needs of community	“The Community Preservation Act: It’s Right for North Andover.” Open space lead issue, “anti-sprawl” argument, cost of new residential development, goals of protecting drinking water, rural character, expanding recreational opportunities, and community preservation	Preserving open space was main theme. Campaign argued the community was under development pressure and to preserve the character of the town, stop school growth, and higher taxes they must protect open space.
Opposition	Community Preservation Act was stalled or “killed” many times before passing in 2000.	General anti-tax increase opposition	Republican Town Committee	The Business Development Advisory Board opposed CPA, local papers ran negative editorials the week before election, including one on the front page with the Business report
Grounds for opposition				Felt it was a disproportionate tax on business
Other notable features/ factors	Community Preservation Act Coalition continually does education and outreach to local communities around issues of affordable housing, historic preservation and open space protection			Chose 3% surcharge because “we wanted to do it once and do it big while the state pot is full” said David White-Lief, co-chair of coalition.

Jurisdiction	State of Massachusetts	Communities of Massachusetts	North Andover	Westwood
Costs of campaign		Up to 5% of the annual CPA funds may be used for Committee costs	\$5,000 was raised to carry out public education campaign, mailings, fliers, and reply cards, yard signs. Campaign wrote letters to editor and met with editorial boards of local papers, placed ads in papers, and did phone bank just before election	\$2,000- Choose a "below the radar" campaign, identified supporters and spent attention on them. Compiled a "Green List" of supporters, maintained an informational website, presented to seniors, wrote letters to editors, and did a phone bank
Polling			No	No
Grass Roots Efforts			Education and outreach to recreational organizations	Citizens placed CPA on ballot. Education and outreach to senior citizens

3B. New Funds for Affordable Housing Narrative Descriptions: Approaches of Selected Jurisdictions

First Tier Approaches

Seattle, Washington

Seattle, Washington has a long, successful history in raising money locally for affordable housing. Most recently, in November 2002, Seattle voters approved an \$86 million housing levy, which will provide funding over seven years to increase housing opportunities for lower income people.

Specifics of Ballot Measure

Seattle's history of locally funding housing began in 1981 with the passage of a General Obligation bond package totaling \$48 million. These bonds funded housing for seniors and populations with special needs. The housing was developed and owned by the Seattle Housing Authority.

In 1986, 1995, and 2002 a tax levy was used, in part because of the greater flexibility in uses of levy funds, but primarily because voter approval for affordable housing levies requires a 50% majority while bond approval requires a 60% majority. In 2002, the levy received 53% of the vote, and in 1995 it received 54%.

Seattle has slowly increased the total requested in tax levies for housing. The 2002 request calls for \$12 million per year for seven years. This amounts to a tax increase of \$49 per year for the owner of a \$310,000 home, Seattle's median home value.

Uses of Funds, Beneficiaries, and Allocation

Funds raised in 1981 financed turnkey projects developed and built by local, for-profit builders and then turned over to the Seattle Housing Authority at completion. In 1986, levy funds were targeted to priority programs: special needs housing; low-income family units; preservation of existing subsidized housing. In 1995, homeownership was added, as was an operating and maintenance trust for housing serving very low-income households. In 2002, rent assistance was added to the list of funded programs.

In the 2002 levy, 59% of funds are designated to serve populations with incomes below 30% of the area median income. Two programs, Neighborhood Opportunity and Homeownership, serve those with incomes up to 80% of median income. All housing is subject to a 50-year affordability minimum, and after 75 years all loans are forgiven.

The strong network of non-profit developers in Seattle does the housing development financed by the levy, although the competitive bidding process is open to private developers. The program is administered directly by the City of Seattle Housing Office, except for the rent assistance program. The levy campaign spells out the allocation of funds between programs, and criteria for each program are published. There is a 13 member Oversight Committee for the levy, composed of a mix of City employees and outside parties appointed by the Mayor and City Council.

Key Issues in Success

The primary factor in Seattle's ongoing success has been the strategy of setting highly specific, reasonable, and measurable goals for each effort, and then exceeding those goals by twenty to thirty percent. Voters are presented with clear information about how the money will be spent and who the beneficiaries will be, as well as historical information about the uses of previous levy proceeds. For example, the 2002 campaign distributed a map of Seattle showing where over 1,750 units of housing had been built with 1995 levy dollars when only 1,300 were promised. The same map reminded voters that that housing would primarily benefit people earning less than 50% of median income, or \$13.10 an hour.

A second factor in Seattle's success has been the unified support of City government. The Seattle levy campaigns have been initiated each time by City Council, and have enjoyed strong political support. The 2002 campaign was developed by the City of Seattle Housing Office, which allocated 5 FTEs in the early stages of developing the concept, hired a consultant to research market data, and paid for early polling to frame the issue and arrive at a total dollar amount for the levy. The campaign was turned over to a campaign committee after City Council referred the levy to the ballot.

The Levy Campaign, 2002

The campaign was chaired by two former Mayors of Seattle and included broad community representation. Members included non-profit developers, labor, lenders, the Local Initiatives Support Corporation (LISC), faith representatives, and some business leaders. Total costs of the campaign were about \$350,000 excluding the early work done by City staff detailed above. The campaign budget paid for staff, mailings and radio ads between Labor Day and Election Day.

Campaign messages included the theme of continuing the work begun with the early levies, "Let's keep a good thing going!" Also key was the message that Seattle voters are compassionate "Seattle...one of the only cities in the entire country where voters have willingly taxed themselves to provide those less

fortunate with housing”. Statistics showing the need for housing and comparing median incomes with minimum wage were also used.

The campaign focused on people most likely to vote yes. Projects were highlighted, and the improvements that affordable housing offers a neighborhood were emphasized. Also stressed was the theme that workers should be able to live near where they work, and thereby ease the commuting burden. Grass roots campaign efforts were substantial, and included visibility efforts like Affordable Housing Day at the Mariners. Beneficiaries of previous housing levies were profiled and success stories were featured in the media.

Opposition to the measure was not highly organized. The Seattle Times editorialized against the levy on the grounds that the scope of the levy had become too broad, and that supporters had gone too far from its original intent. Apartment owners had opposed the 1995 levy, but were officially neutral in this campaign. Some active members of the apartment owners association served on the campaign steering committee.

San Francisco, California

San Francisco successfully passed a \$100 million general obligation bond issue in November 1996 which was used to build, acquire and renovate housing for very low income people and to begin a first-time homebuyer program. In November 2002 a general obligation bond measure was placed on the ballot for \$250 million. That measure failed to capture the two-thirds majority required and failed to pass with 55.8% of the vote.

Specifics of 2002 Ballot Measure

The 2002 Ballot measure called for bonds to be issued over a five-year period and repaid over twenty years. The maximum cost for the owner of a \$300,000 home was estimated at \$67 a year. The ballot measure was placed on the ballot by the Mayor and City Supervisors, at the urging of the Mayor's Office of Housing.

Uses of Funds, Beneficiaries, and Allocation

Two thirds of the 2002 funds were to be used to acquire, construct, and/or rehab existing housing for rental by low and moderate-income renters. One third was to be used to fund a first-time homebuyer assistance program for moderate-income homebuyers. This mirrored the uses of funds raised by the 1996 general obligation bonds.

The 1996 program used 68% of rental housing funds to create housing for special needs populations needing supportive services, 32% for family housing, and made 240 homebuyer loans. The repaid loans are being used to create a revolving loan fund. 57% of people served by the 1996 program have incomes below 50% of area median (70% of people in the rental housing program have incomes below 50% of area median). Only non-profits have applied for funds to develop rental housing.

The program is administered by The Mayor's Office of Housing, with support from the San Francisco Redevelopment Agency. The 2002 ballot measure spelled out some levels of accountability for the program. These included a requirement for a competitive bidding process for awarding of contracts, a limit on developer fees, an audit requirement, and the requirement that the funds be highly leveraged.

Key issues in Failure

The 2002 campaign had strong opposition from the for-profit development community. The opposition solidified after a coalition of housing advocates, neighborhood activists, and City Supervisors acted in 2001 to ban live/work housing development, which had been a lucrative development niche for the

members of the Residential Builders Association. The Residential Builders association then vowed to strongly oppose the renewal of the general obligation bond program. With a threshold for success at 67% of voters, this opposition proved deadly.

The 1996 program's failure to meet their stated goals also played a hand in the inability of advocates to generate the needed support. The 1996 program had lower leverage than anticipated, in part because of rapidly rising development costs, especially land costs. Goals for unit production were missed by about 20%.

Finally, the November 2002 ballot in San Francisco had a total of \$1.5 Billion in other local bond measures, the largest for an overhaul of the sewer system. And, statewide a campaign was being waged for a California housing bond, which the Residential Builders Association did support.

The campaign

The campaign had strong leadership, drawn from the non-profit community, several City Supervisors (most notably Tom Ammiano), and the San Francisco Organizing Project, a faith-based coalition. The campaign relied upon the argument that the low income and working poor need housing, and that housing spurs economic development.

The campaign only did one baseline poll, in October 2001. The campaign relied on mailers and door-to-door literature drops, with about a million pieces total. A get out the vote campaign targeted areas of strength. Grass roots efforts included substantial work through churches affiliated with the San Francisco Organizing Project, and in neighborhoods served by the non-profit development community. A large Speakers Bureau was organized and trained.

Baltimore, Maryland

Baltimore, Maryland has not had a single bond issue fail since 1975, giving the city a 27-year record. The City of Baltimore's last two elections included Community Development Loans in each of their Bond packages. Voters approved both of the Community Development Loans.

Specifics of Ballot Measure

The General Obligation Bonds placed on the ballot by Baltimore's City Council, raised \$26 million in 2000 and \$43.5 million in 2002. The bonds passed with 85% voter approval.

Each of the bond packages included funding for Community Development, Economic Development, Parks and Recreation, School funding, a Library loan, and various Arts & Sciences loans. All of the bond issues were voter approved with at least 73% approval.

Uses of Funds, Beneficiaries, and Allocation

In 2000, the first Community Development Loan for \$26 million funded various City Housing programs over a two-year period. The Neighborhood Planning Program, enacted in 2000, assisted local government and its non-profit and private sector partners in allocating resources more effectively. Other programs included; homeownership, demolition and restoration, site acquisition, housing replacement and local matching programs for both community groups and the federal HOME program. The Community Development Loan specifies the allocation of funds to each program.

In 2002, the Community Development Loan nearly doubled its resources raising \$43.5 million to fund similar programs for the City of Baltimore. The demolition and stabilization of abandoned structures throughout the City received \$9.7 million, the largest allocation of funds. \$7 million was dedicated to a homeownership program. Other programs included special needs facilities, public housing, acquisition, housing repair for the elderly, and a general Community Development Loan Program.

Key Issues in Success

The City emphasized that the bond issues on the 2000 ballot would cover the 2002 and 2003 fiscal years because there was no general election in 2001. They also promoted that the City's "A+" bond rating reflected the City's historical ability to maintain balanced financial operations through difficult economic times.

The Campaign

The campaign was led by the Mayor's office at the City of Baltimore. The mayor wrote promotional pieces directly to the voters urging them to support all the bond measures. Messages focused on tradition and civic participation, "...uphold the proud tradition of civic responsibility...and help shape the future growth and development of our city". Many neighborhood organizations and community groups supported the campaign as well as the City.

Although the bond packages received high voter approval, there was some opposition in the form of negative press. The negative press focused on the language of each bond issue. In each ordinance the last statement reads "and for doing any and all things necessary, proper or expedient in connection therewith." Some felt that even though the bond campaign listed specific programs, the language in the ordinance was too vague.

Tacoma, Washington

In 1999, the City of Tacoma established the Tacoma Housing Development Trust Fund after a 1996 housing summit to assist in the preservation and expansion of the affordable housing stock. The ordinance directed the Tacoma Community Redevelopment Authority to retain \$1 million in Urban Development Action Grant repayment funds for use by the Tacoma Housing Development Trust Fund. The City Manager was also directed to seek ongoing funding for the trust fund. The Tacoma Redevelopment Authority was directed to hold the \$1 million in UDAG repayment funds until total resources in the fund equal \$6 million or more.

Specifics of 2001 Ballot Measure

In May 2001 the City of Tacoma placed Proposition No. 4: Affordable Housing Facilities Bond on the ballot. The proposition was to use general obligation bonds for the acquisition, construction, and improvement of affordable housing. The initiative allowed the City to issue up to \$5 million of general obligation bonds maturing over 25 years and levy annual excess property taxes to pay and retire the bonds. However, the initiative was supported by only 47% of the voters and did not receive the required 60% approval majority.

Uses of Funds, Beneficiaries, and Allocation

The Affordable Housing Facilities Bond was one of multiple Capital Facilities Improvement Bond issues placed on the ballot by the City Council. The bond proposal combined proceeds with other public or private entities to develop housing projects for low-income individuals and families as well as seniors and special needs persons. The City of Tacoma's Housing Authority would impose long-term affordability requirements on the projects.

Key issues in Failure

The City's finance staff developed a finance plan to determine the City's bond capacity (controlled by a 1.5% statutory limit) and the availability of general revenues to repay the debt. The City Council determined housing should be included in the bond issue. The capital improvement bonds were marketed together as a package, but each was independently voted on.

Although the City of Tacoma and the non-profit community supported the bonds, the campaign was put together in less than 2 months and received general anti-tax organization opposition.

Specifics of Upcoming Levy Measure

By the end of 2001 the City of Tacoma's Economic Development Department put together the Tacoma Housing Development Trust Fund Work Group and began

looking at other trust fund capitalization options. Currently, the Work Group has decided that an Affordable Housing Levy is the best financing mechanism because it is easier to get voter approval (50% versus 60% approval), it is more flexible, and it is less expensive for the voter over time.

The use of an Affordable Housing Levy was first authorized by the Washington Legislature in 1995. Jurisdictions can levy up to \$0.50/\$1,000 of assessed value for housing serving those with incomes of less than 50% of the area median income. An Affordable Housing Levy requires City Council to: 1) declare that an emergency exists related to the availability of housing for very low-income people, and 2) adopt a financial plan for the expenditure of funds.

The administrative plan for the levy proposal provides four levy options ranging from \$0.10 to \$0.20/\$1000 of assessed value for five to seven years. Option 1 could raise \$5 million over 5 years at \$0.10/\$1000, Option 2 could raise \$10 million over 5 years at \$0.20/\$1000, Option 3 could raise \$7 million over 7 years at \$0.10/\$1000, and Option 4 could raise \$14 million over 7 years at \$0.20/\$1000 of assessed property value.

Uses of Funds, Beneficiaries, and Allocation

The City Council will determine types of projects or programs that target first-time homebuyers, seniors, and workforce housing for individuals with income levels at or below 50% MFI. The Tacoma Housing Authority, public development authorities, non-profit and for-profit developers will compete through a request for proposal process to fund rehabilitation and new construction projects for single-family and multi-family units. The Tacoma Community Redevelopment Authority, organized in 1973 as a municipal corporation, will administer the policies, rules and procedures of the Trust Fund.

The 2003 Campaign

In late 2000 the Work Group and the City of Tacoma hired the consulting firm of Pacific Development Concepts, headed by Nikki Parrot of Seattle to assist them in the formation of the levy campaign steering committee and campaigning process. The Work Group feels the most difficult issue facing the Levy campaign is the matter of raising taxes during tough economic times. Polling done in December 2002 to gauge support for the Levy showed renters are more supportive than homeowners.

Charlotte, North Carolina

In 2001, the City of Charlotte's City Council created a Housing Trust Fund. It was created to meet three basic goals of the City's Housing Policy: preserve existing housing stock; expand the supply of low and moderate-income housing; and support family self-sufficiency initiatives. Along with the assistance of the staff of Neighborhood Development, an Advisory Board was created to develop guidelines for project funding and opportunities to leverage funds.

Specifics of the Ballot Measure

In 2002 the City decided to propose the issuance of general obligation bonds totaling \$20 million (\$10 million a year for 2 years) to add to federal and state funding for affordable housing. The City Council brought a City Housing Bond proposal to voters in November 2002. The bond passed with 60% voter approval. The Housing Bond was on the ballot with two other bonds, a \$224 million school bond and an \$80 million road & sidewalk improvement bond. All were voter approved.

Uses of Funds, Beneficiaries and Allocation

The Housing Trust Fund Advisory Board oversees the fund operations and monitors its performance. Funding from the Housing Bond is made available to non-profit and for-profit housing developers through a competitive Request for Proposal process.

The first allocation of funds for 2003 is \$12,640,316. The housing targets income levels at or below 60% MFI. Multi-family rental housing development (rehabilitation and new construction) will receive 60% of the funds, innovative homeownership and special needs housing will receive 8%, and transit station development will receive 32% of the funds. The Charlotte City Council adopted the RFP document in January this year.

The Campaign

The City of Charlotte and the Charlotte Chamber of Commerce organized the campaign. It was endorsed by various organizations ranging from the Charlotte-Mecklenburg Black Political Caucus to the Arts & Sciences Council.

Local apartment owners were the only organized group who opposed the Housing Bond.

Second Tier Approaches

State of California

In November 2002, voters in the state of California approved a \$2.1 Billion bond measure, the Housing and Emergency Shelter Trust Fund Act of 2002.

Specifics of Ballot Measure

The ballot measure provides for general obligation bonds to be sold over several years to provide funding statewide for a variety of programs. Most of the programs already exist and have capacity for requesting and reviewing proposals and overseeing expenditures of funds. The bonds are to be repaid from general fund revenues over 30 years.

The measure was placed on the ballot by the State Legislature, which passed the referral legislation by an overwhelming majority. The measure passed in November 2002 with 57% of the popular vote.

Uses of Funds, Beneficiaries, and Allocation

The Ballot measure spelled out an allocation of the funds between numerous programs. More than half of the money (\$1.1 billion) is allocated to a variety of multifamily housing programs, including new construction, preservation, supportive housing, and student housing. All funds will require a 55-year affordability period, with housing available to low income households.

Slightly less than one quarter of the funds (\$405 million) is dedicated to homeownership programs, primarily down payment assistance for low and moderate-income households. \$200 million is allocated to Farm worker housing. Other programs, including programs to ensure a housing/jobs balance and emergency housing, will receive \$385 million.

Beneficiaries are many and diverse. The elderly, persons needing supportive housing, students, farm workers, low and moderate-income workers, first time homebuyers will all benefit. Funds will be allocated by the state housing agency according to the established formula through an RFP process to local governments and non-profits.

Key Issues in Success

The bond measure had broad appeal and enjoyed broad support from Chambers of Commerce, local governments, and constituencies. The funding will be spread through all communities and will meet such a broad range of needs that a wide variety of support emerged. The supporters list is pages long, and includes non-profit housing developers, labor, faith based groups, tenants, public service employees, local businesses, local government, chambers of commerce, senior

citizen organizations, and so on. For example, the Orange County Business Council issued a statement in support of the Bond measure on the basis that the lack of affordable housing is an impediment to economic growth.

The Campaign

The variety of uses for the Trust Fund ensured a broad coalition in support. The campaign worked to mobilize constituencies by focusing on senior citizen housing needs, public service worker housing needs, emergency shelter issues, domestic violence, the impact of the measure on school aged children. Local governments and local Chambers of Commerce saw the Trust Fund as a mechanism to address local issues with some flexibility.

The campaign mobilized these constituent groups very effectively. Opposition was less well organized, and focused on general issues of cost, lack of specificity in the measure, and a lack of focus on suburban needs.

The Southern California Association of Non Profit Housing saw the campaign as an opportunity to educate and strengthen its membership base. They did extensive training of their members, and mobilized a large speakers bureau and flyer distribution network. They distributed more than 130,000 bi-lingual flyers through their own network. Their annual conference focused on the bond campaign, and featured a “luncheon spectacular” to increase enthusiasm among supporters. SCANPH also worked with union organizers to see that information on the bond measure was included in mailings to union households. This resulted in 526,000 messages in favor of the proposition to union households.

State of Maine

In November of 2001, the voters of the State of Maine passed a \$12 million Affordable Housing Bond with a solid majority (approximately 55% of voters). The bond is a general obligation bond, to be repaid from new taxes.

Specifics of Ballot Measure

The State Legislature placed the Ballot Measure on the ballot, after a unanimous vote in the State Senate and with a two-thirds majority support in the House. Senator Beverly Daggett was a primary champion of the bill.

The ballot measure provided for a \$12 million bond to provide \$2 million for housing for victims of domestic violence, and \$10 million in other housing programs. Because of the small amount of the bond, cost to taxpayers is minimal.

Uses of Funds, Beneficiaries, and Allocation

Funds will be used to rehabilitate properties, purchase land for land banking, and provide low-interest loans to build affordable units. Emphasis is being placed on units for the mentally ill, homeless, and victims of domestic violence. Housing will be developed by non-profits, through programs administered by the Maine State Housing Authority.

The Housing Authority has engaged in a priority setting process over the past 9 months, and is just issuing the first RFPs under this program. Criteria so far agreed upon are leverage, maximizing unit production, spread of geography, and serving the greatest needs.

Key Issues in Success

The bond was designed to attract support from different elements of the housing community, including the domestic violence network, the homeless network, housing rehabbers, developers of new construction, and the mental health network.

The bond had no organized opposition, and almost no visible opposition. Campaign support was fairly broad.

The Campaign

The Maine Housing Association, the Maine Association of Mental Health Services, the Maine Chamber of Commerce, and Coastal Enterprises (a non-profit support network) supported the campaign. The Chair of the Maine Chamber of Commerce headed up a campaign fundraising effort.

The campaign raised \$20,000, of which \$10,000 paid for a campaign manager and \$10,000 paid for newspaper ads and flyers. The campaign did no polling, and relied on media polls.

The campaign worked to emphasize the tremendous shortage of housing. It played up the fact that teachers, firefighters, and nurses couldn't live in the community they work in. Also emphasized was the plight of the homeless and of domestic violence victims.

Los Angeles, California

In 2000, the City of Los Angeles established the Los Angeles Housing Trust Fund. While not a ballot measure, this was a significant step taken by the Mayor and City Council to adequately fund affordable housing.

Specifics of Ballot Measure

The Trust Fund was created by City Council order in June 2000. The goal is to allocate \$100 million to the Trust Fund from City revenue sources, not involving a levy or new tax. Funds come from the general fund, from tobacco settlement monies, from hotel and tourist tax revenues, and from federal funds.

Campaign organizers avoided any proposal that would require voter approval, because of a state law mandating approval by a two thirds majority of all property tax based increases or fees.

Uses of Funds, Beneficiaries, and Allocation

Uses are still to be determined. A broad based Advisory Committee is meeting, and has recommended that the first priority be expanding and preserving rental units affordable at 60% of Area Median Income and below. The second priority is first time homeownership assistance. The third priority is homelessness prevention. Other priorities include predevelopment costs, leveraging funds, and projects with no alternative funding.

Funds will be targeted to renters at or below 60% of Area Median Income, persons facing eviction or homelessness, and first time homebuyers with low and moderate incomes. The program will be managed by the Los Angeles Housing Department, with ongoing input from the Advisory Committee.

Key Issues in Success

A broad based community campaign was waged over three years by Housing LA, a coalition that includes non-profit housing developers, labor, tenants, the faith community and neighborhood activists. The campaign had the support of faith leaders, business leaders, and others, and created a broad groundswell of interest and support for the campaign.

The Campaign

The Los Angeles effort did not involve taking a measure to the voters, but did involve a long effort to persuade public officials to commit revenue streams to the Trust Fund. Campaign organizers built the effort around four concepts. They knew they needed a broad effort. They timed their effort to peak in the first part of a new election term. They focused on the concept, not sources, although they

did propose some sources. And fourth, they focused first on building outside support and secondarily on getting City Hall votes.

The campaign was co-chaired by the cardinal of the Archdiocese of LA and the head of the LA Federation of Labor. Faith communities, labor, developers, tenants, environmentalists, social service agencies, social justice organizations all signed on. In addition, all of the tenant organizing groups in LA participated, and became the core of the campaign's appeal.

Campaign efforts during the primary season for City Council candidates included tours of neighborhoods, candidates' forums, and distribution of 10,000 candidate surveys. Also, a conference was hosted which brought together business interests as well as the advocacy community, and from which a joint agenda emerged.

Spokane, Washington

At the end of 1993, the City of Spokane began a campaign to place an Affordable Housing Levy on the March 1994 ballot. However, the voters of the City of Spokane failed to pass the \$20 million levy. It received only 45.6% of the vote, but required 50% (simple majority) to pass.

Specifics of Ballot Measure

The levy would have raised \$20 million over ten years by assessing a surcharge tax of \$0.34/\$1000 of assessed property value. The City Levy funds would be used to leverage additional funds from federal and state sources (HOME & CDBG) and private sources to provide underwriting and lender support, as well as homeowner assistance for the construction and maintenance of affordable housing for low-income residents (lower than 50%MFI).

Uses of Funds, Beneficiaries, and Allocation

The Affordable Housing Levy estimated the production of 2,500 new or rehabilitated structures and that 8,400-9,500 families would be assisted during the 10-year program. The housing developed would not be owned or operated by the City. Private developers and property owners would use the funds to build and maintain the affordable housing. The Levy divided funding into five parts: Capital Improvement and Assistance Fund for Low-Income Housing, Rental Housing Investment Initiative, Homeownership Acquisition and Rehabilitation, Supportive Services and Property Management Assistance, and Program Administration.

Key Issues in Failure

Campaign obstacles included fundraising, new tax assessment rumors, ignorance, and NIMBYism. The Housing Levy was also accompanied by two other levies on the ballot, a Technology Levy and a Maintenance & Operations Levy.

The campaign was expected to start in November 1993, with campaign materials, community forums, and paid media advertising allowing five months to acquaint voters on the proposed levy and the need for affordable housing. However, due to the lack of early contributions, campaign activities did not start until January leaving little time to educate voters on the problems in the rental market and in the low-priced home market.

Prior to 1994 many homeowners were enjoying the four-year lag in real property tax assessments. Tax increases were held to a 6% annual increase even though home prices had risen 65% since 1989. In February, rumors that the county was purposely withholding information about the reassessments until after the election came out through the media.

Also, by attempting to simplify the programs in the levy proposal, the campaign did not provide facts and figures to show how, where, and when goals would be accomplished. Many voters were not aware of current programs, and some public opposition emerged.

The Campaign

The campaign focused on charitable aspects and the needs of the homeless, as well as a simple description of each program and funding source. This was done due to the complexity of the programs and because the financing was going to builders and developers to produce housing from group rental to home purchases.

The strategy was to educate voters on three things: the need, the benefits, and the (low) cost of providing affordable housing. A video discussing the need for a housing program was shown at churches and community organizations along with printed materials and media advertisements.

The campaign costs were budgeted at \$75,000, with heavy start-up funds by September 1993, but funds were not received until January of 1994. The total campaign budget only reached \$55,000, which axed all radio advertising, all but two newspaper ads, and cut television advertising time in half.

Burlington, Vermont

In 1989, the voters of the City of Burlington passed a measure to add a one-percent tax to property taxes to fund the Burlington Housing Trust Fund. The purpose of the Housing Trust Fund is to assist the City's nonprofit housing organizations in building more affordable housing.

Specifics of Ballot Measure

Burlington's Community and Economic Development Office and members of the Community Development Committee of the City Council created the Burlington Housing Trust Fund. The Housing Trust Fund ordinances and resolutions were passed in 1988, but no funding came through this original initiative. The idea of raising property taxes by a penny to capitalize the Fund was put before voters by the City Council on March 7, 1989. The voters of Burlington passed the property tax surcharge with 51% of the vote.

The Burlington Housing Trust Fund monies come from the one-cent tax on property taxes as well as impact fees collected from an Inclusionary Zoning Ordinance. Dedicated into the Fund are payment-in-lieu monies from the city ordinance. During its ten-year existence, the Fund has invested \$1,595,170 in public funds.

Uses of Funds, Beneficiaries, and Allocation

Responsibility for administering the Trust Fund is shared by the Community and Economic Development Office and the Community Development Committee of the Board of Aldermen.

Over the life of the Trust Fund, the vast majority of project funding has been allocated to three non-profit organizations: the Burlington Community Land Trust, the Champlain Valley Mutual Housing Federation, and the Lake Champlain Housing Development Corporation.

Since 1989, the Burlington Housing Trust Fund has created 750 new units of housing and leveraged \$47,152,245 total project funding and \$7,295,798 organizational funding. Non-profit housing developers leverage Trust Fund grants to build perpetually affordable housing for low-income residents. Perpetual affordability projects get preference for all funds. The term of affordability of the projects for very low, low or moderate-income households ranges from ten to forty years.

Projects include the operation of a homeless shelter, transitional housing, community housing for homeless youth, mentally ill, single parents, and creation of housing alternatives for low-income residents through the Burlington Community Land Trust.

Key Issues In Success

The primary factor in the success of the Burlington Housing Trust Fund was a strong proactive municipal government. It took four years from the inception of the idea to the formation of the Trust Fund. Affordable housing advocates worked closely with the City.

In 1985, to promote the idea of more community-owned, affordable housing, the Community and Economic Development Office was instructed by the City Council to form an Affordable Housing Task Force. The Task Force included both public and private sector interests.

During this time research identifying a shortage of affordable housing was conducted. Community-based organizations were also forming and expanding resources due to federal housing funds declining. There was broad, general agreement that housing opportunities for many citizens were limited. These findings became the basis for some citywide ordinance changes. The Task Force recommended unanimously that the City create a Housing Trust Fund.

The Campaign

The City Council and the already established Affordable Housing Task Force largely led the campaign. A preliminary proposal was introduced to organizations and individuals at public hearings to assess public opinion. The Housing Trust Fund concept received overwhelming support from those consulted.

With support for the Fund recognized, the campaign focused on the appeal of a fund, established outside of the general budget with a dedicated income stream. "One penny for housing" was an attractive message.

There was no organized opposition towards the measure. However, lower income residents and more progressive neighborhoods supported the measure while middle-income and high homeownership neighborhoods voted it down.

State of Massachusetts

In September of 2000, the State Legislature of Massachusetts passed the Community Preservation Trust Fund, enabling legislation designed to aid communities in raising funds for planning and sustaining growth. As of November 2002, 58 communities in the State of Massachusetts have passed a Community Preservation Act.

The Community Preservation Act allows cities and towns of Massachusetts to raise local property taxes to acquire and protect open space, preserve historic buildings, and create and maintain affordable housing. It also provides state matching funds to participating communities.

Specifics of Ballot Measure

The Community Preservation Trust Fund (State) provides 100% matching grants to communities which establish a Community Preservation Act. The State Trust Fund monies come from existing surcharges on all real estate transactions at the Registry of Deeds and Land Court. The Community Preservation Act is a community-wide real estate property tax surcharge, which is placed on a local ballot by the City Council, Town Meeting, or petition process. The property tax can be up to 3% and include a low-income and/or first \$100,000 of assessed value exemption.

For example, in the town of North Andover a Special Town Meeting was held to place the Community Preservation Act on the March 2001 ballot. The measure passed by 56% in favor. North Andover raised \$802,719 in 2002.

In the town of Westwood through a citizen petition process signed by 5% of the town's registered voters, the Community Preservation Act received only 43% of the votes in favor on the April 2001 election ballot.

Uses of Funds, Beneficiaries, and Allocation

The Community Preservation Act requires that communities spend a minimum of 10% to: acquire, create, and preserve open space; to acquire and preserve historic building and landscapes; and to create, preserve and support affordable housing. The remaining 70% may be allocated to any one or a combination of the three main uses at the discretion of the community preservation committee and subject to approval of the City Council or Town Meeting.

Various communities have used the funds to build and repair housing for seniors, the disabled, and low-income qualifying residents. Homeownership programs in the form of down payment assistance or low-interest loans are also available for affordable housing uses.

When a municipality adopts the Community Preservation Act it must also establish a Community Preservation Committee that will make annual recommendations to the local city council or town meeting on how the money should be spent. The Committee includes one representative each from the local conservation, parks, and historical commissions; planning board; and housing authority.

Key Issues In Success/Failure

In North Andover, a representative from the Trust for Public Land led the campaign. The town was interested in acquiring a 27-acre property, an open space woodlands that drained into the town's drinking water source. The organization recommended the Community Preservation Act as a funding mechanism for the town to acquire the property.

The campaign used arguments and purposes that appealed to the residents of North Andover. The message was compelling and suited the community's needs. The campaign listed drinking water supply protection, reusing community historic buildings, adapting homes for the elderly and disabled, and down payment assistance programs as possible uses for the levy money.

The campaign was successful in getting its message to voters because they had the financial resources to send postcards, print fliers, and purchase ads. The postcards were a simple way to remind people to vote, explaining the purpose of the levy and stating the campaign slogan.

In contrast, the town of Westwood, where citizens placed the Community Preservation Act on the ballot through a petition, did not have a successful campaign. The message to residents of Westwood was not clear. Preserving open space was the main theme of the campaign, but there were no specific projects or parcels proposed for preservation.

Also, the campaign spent only two months to build support for the levy. Local papers ran negative editorials. Plus, the Business Development Advisory Board opposed the measure because they felt it was a disproportionate tax on business.

The Campaign

The Citizens for North Andover Preservation raised \$5,000 to carry out a public education campaign. They sent out mailings, fliers, reply cards, and put up yard signs. The campaign also wrote letters to the editorial boards of the local paper.

The campaign messages focused on anti-sprawl arguments, with open space as the lead issue. The campaign pointed out that preserving the town's rural character, expanding recreational opportunities, and community preservation

were long-term goals all found in the town's planning documents going back many years.

In contrast, the campaign in Westwood, which also carried the preservation of open space theme, raised approximately \$2,000. They chose to run a "below the radar" campaign by mainly focusing on identified supporters. The campaign mailed a booklet of information to a list of interested supporters.

4. Funding Opportunities for the Portland Metro Region

Explorations into funding strategies used by other jurisdictions were inspirational. However, Oregon faces unique constraints in the Oregon Constitution which will require careful planning for the use of bond measures or tax levy options. The experience of other jurisdictions provides valuable insight into strategies, voter behavior, and allocation mechanisms, but does not offer us a blueprint.

A. General Obligation Bond Issue

General obligations bonds are bonds issued by a government entity and repaid through a specific tax levy and/or guaranteed by the jurisdiction's general fund.

General obligation bonds could be issued and the proceeds used to finance construction of housing owned by a government entity and managed by a non-profit housing partner or private entity. General obligation bonds are the only bond option able to provide debt-free financing to housing because the bonds are repaid by taxes, not project revenue.

In Oregon, general obligation bonds must be approved by a majority vote in a general election (November of even numbered years) or by a majority in an election in which more than 50% of eligible voters participate.

General obligation bonds can be issued on a taxable or tax-exempt basis. Tax-exempt bonds require a lower interest rate and are therefore less expensive, but tax-exempt bonds are highly regulated as to use and reporting requirements.

There are three primary constraints to the use of bond funds which should be considered in developing a funding proposal. They are:

- ◆ Oregon Constitutional prohibition against lending credit;
- ◆ Oregon Constitutional limits on uses of bond proceeds; and,
- ◆ Tax-exempt bond use may trigger federal bond cap regulations.

Harvey Rogers of Preston Gates and Ellis offered his expertise to the committee. Notes on his discussion with us can be found in Appendix E.

1. The Oregon Constitution Article 11 Section 9 prohibits the state or its subdivisions (cities, counties, METRO) from "lending credit" to private entities. This rule is interpreted strictly and absolutely precludes a government jurisdiction from raising funds that may then be transferred either by grant or loan to a private individual or corporation, including not-for-profits. This is distinct from other programs, such as urban renewal funds managed by the Portland Development Commission. It has also been interpreted to mean that the issuing

jurisdiction must retain ownership of the property, at least until the bonds have been repaid.

One exception exists by Constitutional amendment for the state's elderly and disabled housing program. However, this program functions in such a way that project revenues, not taxes, fund the debt service on the bonds. The general obligation nature of the bonds simply acts as a credit enhancement.

Practically, this means that the issuing jurisdiction – City, County, or METRO would need to retain ownership of the property until the bonds are repaid. A long-term lease to a non-profit or other private entity is allowable, although the government would need to maintain an active oversight role.

These limits on ownership would effectively prevent the coupling of bond proceeds with tax credit financing, because tax credit properties must be owned by a Limited Partnership or a Limited Liability Corporation. A condominium development is possible under these restrictions, in which part of the building would be owned by a tax-credit partnership and part by the unit of government.

2. The Oregon Constitution strictly limits the uses of bond proceeds. Bonds can only be used to pay for capital expenses. This has been strictly interpreted to mean permanent building fixtures and direct costs of development only. Bonds cannot fund an operating reserve, or any operating costs. Bonds may therefore be less useful in supporting development of housing for very low income households, where enhanced property management is needed.

3. Tax exempt bonds that involve a significant private (non-governmental) use or which generate payments returning to the government may be limited by the federal private activity bond cap. This is a per capita limit imposed by the federal government on the total dollar amount of tax-exempt bonds that can be issued in the state in one year. A statewide committee is charged with allocating the amount of the federal limit each year. Some years there is significant competition for allocations of bond cap, in other years, competition is less significant.

B. Tax Levy option

Tax levies are an attractive option because of the flexibility of uses for funds raised through a levy. Funds could pay for operating costs, rent subsidies, or other non-capital expenses associated with owning and managing affordable housing.

There are two primary constraints to the use of a tax levy to raise funds for affordable housing. They are:

- ◆ Restrictions on ability to levy taxes
- ◆ Restrictions on total taxes raised

1. Local government jurisdictions, including the City of Portland, Multnomah County and Metro have only two options for the levying of property taxes.

- ◆ First, they have the ability to levy taxes with a vote of the governing body up to the limit established by their **permanent tax rate** (capped by constitutional amendment). Funds raised through these taxes go into the jurisdiction's general fund and can be spent as decided by the local elected officials.
- ◆ Second, jurisdictions can impose a **local option levy**. A local option levy can be levied for ten years for capital or five years for operations. Local option levies must be approved by a majority of voters. In a general election (held in November of even numbered years), a simple majority is sufficient. In primary or special elections, a majority vote and at least 50% voter turnout (double majority) is required.

2. Measure 5 and 50 then provide for the "compression" of taxing authority if limits are exceeded. Taxes levied through a local option are property taxes, and are subject to limitations under Measures 5 and 50. These measures limit the total tax for general government, not including schools, to \$10 per thousand dollars of real market value of a property. Schools are limited to \$5 per thousand.

If total general government taxes exceed \$10 per thousand, tax rates are "compressed" to fit within the limits. Local option taxes would be reduced first, possibly to zero. Then other tax rates would be reduced proportionately.

Currently, Multnomah County has properties at compression. Any additional local option levies would reduce the amounts collected under existing levies, i.e. the library levy and the Children's levy. Multnomah County's current best estimate is that tax bills calculated in October of 2003 will see levy totals reduced 25 to 30 percent by compression (conversation with John Ryles, Multnomah County, 2/27/03)

Compression also impacts local governments' ability to sell bonds based on future levy collections. The City of Portland's Fire Police Disability Retirement Pension has uncapped levy authority. Should the City need to tap into that levy authority, all other levies would be reduced to zero. This is an unacceptable risk for a bond issue and means that any levy would have to fund a "pay as you go" program.

Exacerbating the potential for an affordable housing levy are the numerous other bond and levy issues currently planned and/or discussed for 2003 and 2004 as jurisdictions face continuing budget shortfalls. The most noteworthy bond

proposal is one to rebuild the Multnomah County Courthouse, for an amount between \$150 and \$200 million, planned for 2004. Other tax levies under discussion include a Multnomah County public safety levy for operation costs of the county jails. Clackamas County is also considering a public safety levy. METRO is discussing a parks/greenspace measure in 2004. School related measures will also appear on the ballot in 2003 and perhaps in 2004.

5. Next Steps

As the Portland Business Alliance, Community Development Network and affordable housing advocates contemplate next steps in exploring possible new revenue sources for affordable housing, the consultants offer the following guidance. Our findings are based upon our research into the efforts of jurisdictions outside of Oregon, research into opportunities and barriers unique to Oregon, and our interviews of individuals working in the affordable housing arena.

A. The goals and objectives need to be defined

The fundamental charge in this report was to evaluate the potential for a ballot initiative as a new and substantial source for funding affordable housing. Affordable housing however is a broad umbrella. Research has clearly indicated that it is too broad as a ballot initiative and that more definition is needed, particularly in three areas:

Need for Program Specificity: Fundamental questions need to be specifically answered about intended uses for the money to be raised. What problem is to be solved by additional funding?

- * What income groups are to be served?
- * What social groups are to be served?
(e.g., families, working poor, singles)?
- * What geographic areas would be served?
- * How many units would be built?
- * What is the project model?
 - * Single family units (or variant) versus multifamily?
 - * Single or mixed use?
 - * Single building or project?
 - * Single or mixed economic groups? What ratio?
 - * High, medium or low density?
 - * Rental or ownership?

The greater the specificity of goals, the greater the chance for success.

Need for Financial Specificity: The more money to be raised, the smaller the chances of success. That so, it is imperative that the dollar parameters of a ballot initiative be defined. At one end of the spectrum is a proposal that attempts to raise enough money to “solve” the problem, a proposal doomed to failure but certainly viable as a public awareness strategy. At the other end of the spectrum is a proposal that is so small as to virtually guarantee success, while raising so little money as to be nearly counter-productive.

The answer clearly is somewhere in the middle. Compared to previous local bond or levy campaigns, a realistic aspiration is \$0.40 to \$0.80 per \$1,000 of assessed property. Depending on the jurisdiction, those assessments would raise between \$40 and \$80 million.

In an initial initiative, a lower dollar amount might be preferable, and offer the opportunity to demonstrate capacity. Subsequent campaigns could target increased amounts of funding.

Need for Defined Impact: A ballot measure that promises ongoing funding for an ongoing problem is less likely to pass than one that has identified a finite, specific problem that the funds raised will solve. An initiative must pass the “so what” test. The proponents need to identify a specific and pressing social challenge, articulate that issue to the voting public and convey that the ballot measure will fundamentally address that challenge. As demonstrated by the Seattle experience, the ability to create a track record of success allows the proponents to return to the ballot successfully over time with larger initiatives.

A clearly defined, achievable and specific measure is essential for success.

Other considerations:

There are other goals that may be relevant, and perhaps dominant, that need to be examined as the proponents determine their course of action. The opportunities and limits of the various funding options need to be considered in the context of each of these goals.

1. Services: How critical are housing services? If they are essential to addressing the fundamental problem, then a bond measure needs to be attached to a stream of resources for services, or a levy should be used.
2. Capacity Building - 1: How important to the endeavor is the direct ownership participation of community development corporations? If this is critical to the initiative, then a bond measure is not a viable solution. Constitutional limits, as discussed at length below and elsewhere, would limit CDCs to a management role.
3. Capacity Building – 2: If regional housing development is a goal, a mechanism for regional development must be identified. METRO’s vague charter allows a role in housing, but that role has been undefined.
4. Non-government options: Is one of the aspirations to offer a non-government alternative for addressing the affordable housing challenge? If so, then a bond measure is not a viable solution. The Oregon Constitution does not allow government jurisdictions to “lend” their credit.

5. Engaging the Development Community: To what extent is the aspiration to involve the private development community, both for-profit and not-for-profit? If this is important, then a bond measure is not the best solution. The Oregon Constitution does not allow government jurisdictions to “lend” their credit.

To the extent that these other considerations are important, the proponents may also choose to focus on other priorities than a bond or levy initiative. They may wish to explore changing the Oregon Constitution to allow jurisdictions to lend their credit to corporations in support of affordable housing; such was done in support of housing for the elderly and disabled. They may also wish to explore adding housing to Metro’s charter authority.

B. The need to chose a funding mechanism: Bond versus Levy

There is no clearly preferable funding mechanism. A bond or levy each has its own sets of opportunities and limitations. A third alternative, not explored in this study, is the niche tax, such as a real estate transfer tax.

Bonds and levies are not necessarily mutually exclusive. It is possible that a bond measure could be supplemented by a small levy that would offset operating costs of the properties developed using bond funds.

The choice of a bond or levy for the first ballot initiative would also not rule out a change in mechanism for later campaigns. Seattle began with a bond measure and switched to levies.

1. Levy: Levies can be five years for operations or ten years for capital. Typically levies are 3-7 years in length. The ballot measure requests a per \$1,000 assessment yearly for the life of the levy. Typically, they tend to fund more operationally oriented endeavors and are found most typically in libraries and public safety. They are “pay-as-you-go” in that each year, the levy generates a set amount (compared to a bond which may raise the entire bond amount at once).

Compared to a bond, a levy is attractive primarily because it offers flexibility. If defined in the initiative, funding could be used for housing services, for capacity building and other non-capital costs. Funds could be leveraged with private developers, and could be structured to be regional in nature. By comparison, bond funds can only be used for capital projects owned by the jurisdiction.

Compared to a bond, a levy is attractive because it is more finite in time. A levy is designated for a set number of years. As that term expires, it may almost be considered expected that the levy will appear on the ballot. This is the example of the Multnomah County library. By comparison, a bond may be repaid over 5 to 25 years. There is not necessarily an “expiration” or logical time to raise more funds through an additional bond. The existence of outstanding bonds, if

repayment is made over a long term, may work against efforts to secure additional monies.

A levy is a “pay as you go” mechanism. A 5-year levy for \$100 million would raise \$20 million per year. Levies cost less over time because there are no interest payments.

Compared to a bond, a levy is unattractive as it falls under current Measure 5 and 50 constitutional limitations. Measure 5 and 50 set maximum property tax assessments. The assessments will vary across the region depending not only on county or city jurisdiction, but also urban renewal, school districts, water districts and other subdistricts. In those instances where the maximum is reached, general government operations take precedence and all other assessments are “compressed”, or proportionately reduced. In Multnomah County, current best estimates are that tax bills calculated in October 2003 will see reductions in local option levy amounts of 25 to 30%. As levies are pay as you go, this amount would vary year to year and potentially could reduce the amount of funds available to zero. By comparison, bonds fall outside compression.

2. General Obligation Bonds: Bonds typically are 10-25 years in length, though bonds could be issued for repayment in as little as 5 years. The ballot measure requests bonding authority to issue the bonds against future property tax receipts. The obligation is incurred only when the bonds are actually issued. They must be used for capital projects. The Oregon Constitution places strict limits on the use of bonds. A jurisdiction may not “lend” credit to a corporation; this means that bonds may only be used by the “owner” jurisdiction empowered to fulfill that responsibility. Projects could be leased to non-profit organizations or other private entities, but the government owner must exercise an active oversight role. Transfer of properties developed using bond proceeds could be made after the bonds had been repaid, but such transfers cannot be negotiated as part of the development or lease.

General Obligation Bonds (or G.O. Bonds) should not be confused with revenue bonds. The latter are bonds that are issued against a guaranteed income stream. For example, a water filtration plant could be funded by revenue bonds backed by an increase in water rates. It is not possible to use unrelated alternative revenue streams; for example, an increase in water rates could not be used as a revenue stream for affordable housing.

Compared to levies, G.O. Bonds are attractive because they raise a guaranteed amount. By definition, bonds fall outside compression. Thus a \$100 million bond will raise \$100 million, whereby a \$100 million levy that may face compression of 25% will only raise \$75 million.

Compared to levies, G.O. Bonds are attractive because they may raise the entire amount at once or as needed. Bonds are issued typically on an annual basis in the amount needed. There is no set deadline. This means a large complicated project that takes several years to plan does not face an arbitrary deadline. By comparison, a levy is generally expected to spend the funds generated within the levy period.

Compared to levies, G.O. Bonds are less attractive because they are less flexible. The funds must be spent on government-owned capital projects. By comparison, a levy may be used for non-capital uses if authorized.

B-2. G. O. Bonds: Tax Exempt versus Taxable Bonds

If a decision is made to use general obligation bonds, a second decision must be made between Taxable versus Tax-exempt Bonds. Tax-exempt bonds are cheaper to the issuing jurisdiction, but are restricted in their use to housing serving lower income households. Generally, a mixed income or market rate project could not be funded by tax-exempt bonds. By comparison, taxable bonds are more expensive to the issuing jurisdiction, but offer flexibility in that they may be used for projects that are mixed income or market rate.

C. Jurisdiction / Geography

For any ballot measure, the jurisdiction must be defined. Affordable housing is increasingly identified as a regional challenge requiring a regional solution. This regional solution is based on the need for a job/housing balance, a fair-share solution, and the availability of developable land. Yet, a regional approach poses several challenges.

Most significantly, it appears that it would be difficult to build a campaign around a regional housing solution that was to be controlled by METRO. METRO does not clearly have housing development and management in its charter authority, and has no capacity for housing ownership.

Perhaps the best regional strategy is to consider parallel regional bond measures or levies. Under this approach, similar measures would appear on regional ballots in the same election. This would allow an umbrella campaign focusing on housing needs and strategies. At the same time, solutions offered would be localized to the jurisdiction, and voters would be assured that benefits would be felt by local populations. Our research emphasizes the importance of tangible, specific and local impacts.

Choosing the jurisdiction will require a weighing of several factors. These include funding impact, voter attitudes and election behavior, jurisdictional interest and commitment, institutional capability of the jurisdiction, and regional balance.

1. Funding impact relates to the amount of money raised and the impact on the individual property owner. Obviously, a larger geographic area allows either more money to be raised or a smaller impact on individual taxpayers. This is true of a bond or levy.

2. Voter attitudes and election behavior can be determined in part by past support for levy and bond proposals and the recent income tax proposal, Measure 28. Key will be the perception of voters that the measure will address a problem they identify as important in a way that they approve of.

Appendix A contains information about recent bond and levy elections in the metro region, and Appendix C contains election results for Measure 28 by county. Support has been consistent in Multnomah County (although weaker in the eastern part of the county), and variable in Clackamas and Washington counties.

3. Jurisdictional interest and commitment is obviously crucial to success, as a bond or levy is not likely to pass without the enthusiastic endorsement of the government which will administer the program and/or own the properties to be developed. Gary Conkling's interviews with elected officials from throughout the metro area highlight a lack of unanimity about both goals and solutions (see Appendix G). There is also a lack of trust between regional governments that might affect buy-in to broadly drawn solutions.

4. Institutional capacity of the jurisdiction to develop, own, and manage housing or oversee partners in these tasks will be important in making a case to the voters. Voters and supporters must be confident of the successful achievement of the stated program goals. A credible method for allocating funds, underwriting, and prioritizing projects must be articulated as a part of demonstrating this institutional capacity.

5. The balance of housing needs and the supply of affordable housing across the metropolitan region has been an important issue in housing policy. The development of a funding proposal must weigh political viability against the overarching regional housing picture. Because the region is increasingly interrelated economically and socially, it is essential to recognize and plan for addressing regional issues in a coordinated way.

D. Political Feasibility / Bundling strategy

Political feasibility is a major consideration in the current economic climate. The economic downturn will make any ballot measure tougher to finance and tougher to win. Housing advocates will need to make a strong case for a position on the ballot. As discussed on page 46, several bond measures and levy campaigns

are already under consideration, and the lack of general fund revenues and state support will drive more and more critical issues onto the ballot.

1. Bundling or No: Housing advocates will need to work to ensure that housing needs are at the table for discussion when campaign decisions are made within the relevant jurisdictions. A critical initial step is to decide whether to bundle housing with other community needs or to pursue a stand-alone strategy. The experience of other communities suggests that a ballot measure may be more successful if it broadens its focus beyond affordable housing. For example, Vermont and Massachusetts both have been successful in bundling housing with open space and historic resources. Possibilities over the long term could include parks after the expiration of the 2002 levy. Short-term possibilities include special needs housing or a broad public safety measure. Linkages will need to be evaluated in light of how the bundling strengthens the entire package.

At the same time, many local interviewees suggested that bundling would simply muddy the waters. They cited the need to offer a demonstrated strategy to fix a problem and that bundling for the sake of bundling only brought political baggage. They advocate instead that the proponents focus on better articulating the community benefits of an affordable housing initiative and allow an up or down vote on that issue.

2. Coalition Building: Regardless of bundling, it is critical that a housing initiative be the product of a broad-based community coalition. This coalition needs to articulate the community needs for affordable housing, but also the direct impact of the proposed ballot measure not only on the community at large, but also to the individual taxpayers. Put another way, it is important that the proponents be able to justify the ballot measure as an investment by the taxpayer and clearly articulate the returns on that investment.

New Funds for Affordable Housing Steps in Framing a Ballot Initiative

1. Define the problem to be solved by additional funding. Set goals for total dollars, uses of funds and unit production targets.
2. Choose preferred funding mechanism, whether a bond, a levy, or some combination. If a bond, choose between tax exempt or taxable.
3. Explore level of commitment of political leaders. Explore parallel measures with regional partners and identify timing constraints. Determine the geographic boundaries and “home” agency.
4. Explore political feasibility. Decide whether or not to bundle housing with other initiatives.

Once these four fundamental questions have been substantially resolved, there are four logical next steps.

5. Prepare economic modeling that demonstrates specifically how the ballot funds would be spent. For example, if the bond is selected, the modeling should demonstrate how much of an assessment per \$1,000 would generate how much in bond funds that would be spent to build how many units, of what type, where, and owned by which government entity.
6. Secure commitments to perform from the “home” agency based on #5 and secure commitments from political leaders to place the question on the ballot.
7. Identify and meet with relevant political, housing, institutional and community leaders to determine general support for #5, or variant.
8. Begin opinion polling of the general public, first with focus groups.

Appendices:

- A. History of tax levies and bond measures
- B. Multnomah County Current Long-Term Debt
- C. Measure 28 election results by county
- D. Oregon constitution – selected articles
- E. Notes from discussion with Harvey Rogers
- F. Interviews with key decision makers

Appendix A:

History of Tax Levies and Bond Initiatives in the Portland Metropolitan Area

History of Portland Regional Tax Levies and Bond Measures

Date	Meas	Description	Vote For	Starts	Ends	Amount	Notes
Nov-02	26-38	Mt. Hood Comm College Bonds	42%	Failed			
Nov-02	26-33	Portland 5-yr Children's Levy	54%	2003	2008	\$50m	\$0.4026/\$1000
Nov-02	26-34	Portland 5-yr Park Levy	65%	2003	2008	\$49.4m	\$0.39/\$1000
Nov-02	26-44	Gresham Barlow SD Operating Levy	33%	Failed			
Nov-02	26-39	Riverdale Fire District	68%	2003	2008	\$1.047m	\$0.43/\$1000
Nov-02	26-36	Multco 5-yr Library Levy	58%	2003	2008	\$145.5m	\$0.755/\$1000
Nov-02	3-93	Lake Oswego Parks Bond	58%			\$5.2m	authority to issue 20-yr bonds
Nov-02	26-41	Troutdale Parks & Greenway	48%	Failed			
Nov-02	26-42	Parkrose SD Operating Levy	41%	Failed			
Nov-02	26-40	Reynolds SD Operating Levy	35%	Failed			
Nov-02	5-104	Scappoose SD Refurbish Bonds	55%			\$33.4m	authority to issue 25-yr bonds
Nov-02	26-45	Multco Rural Fire Prot Levy	44%	Failed			
Nov-02	26-37	Alto Park Water District Levy	79%	2003	2008	\$20k	\$0.25/\$1000
May-02	26-32	Multco 5-yr Library Levy	59%	Failed			needed 50% turnout
May-02	26-28	Portland 5-yr Parks Levy	70%	Failed			needed 50% turnout
May-02	26-31	Mt. Hood Community College Bonds	52%	Failed			needed 50% turnout
May-02	5-99	Scappoose RFPD 5-year Option Tax	73%	2003	2008		\$0.66/\$1000
Nov-01	5-92	Scappoose RFPD 5-year Option Tax	65%	Failed			needed 50% turnout
Mar-01	5-84	Scappoose RFPD 5-year Option Tax	62%	Failed			needed 50% turnout
Nov-00	26-15	Maywood Park Debt Authorization	68%			\$30k	authority to borrow from the state
Nov-00	26-24	Troutdale Tax Levy	33%	Failed			
Nov-00	34-22	Beaverton SD Bonds	59%			\$149.7m	authority to issue 21-year bonds
Nov-00	26-17	Centennial SD Bonds	53%			\$31m	authority to issue 21-year bonds
Nov-00	3-89	Clackamas Cty Fire Dept Bonds	45%			\$9m	authority to issue 15-year bonds
Nov-00	26-13	Corbett WD Bonds	41%	Failed			
Nov-00	26-16	David Douglas SD Bonds	53%			\$39.9m	authority to issue 21-year bonds
Nov-00	26-18	Gresham Barlow SD Bonds	49%			\$40.2m	authority to issue 21-year bonds
Nov-00	34-18	Hillsboro SD Bonds	100%			\$98m	authority to issue 20-year bonds
Nov-00	2-8	Lake Oswego SD	60%			\$85m	authority to issue 25-year bonds
Nov-00	26-7	PCC Bonds	65%			\$144m	authority to issue 23-year bonds
Nov-00	26-12	Reynolds SD Bonds	49%			\$45m	authority to issue 20-year bonds

History of Portland Regional Tax Levies and Bond Measures

Date	Meas	Description	Vote For	Starts	Ends	Amount	Notes
Nov-00	26-25	Riverdale SD Tax Levy	53%	2001	2006	\$1.2m	\$.665/\$1000
Nov-00	26-23	Sauvies Island RFPD	73%	2001	2006	\$55k	\$.11/\$1000
Nov-00	5-68	Scappoose RFPD Tax Levy	50%	Failed			
Nov-00	34-38	Tualatin Vy Fire & Rescue	50%	2001	2005	\$27m	\$.25/\$1000
Nov-00	26-15	Gresham Community Center Levy	26%	Failed			
Nov-00	26-20	Gresham Parks Levy	43%	Failed			
Nov-00	26-19	Gresham Fire Facilities Bonds	39%	Failed			
Nov-00	26-14	Fairview Police Services	40%	Failed			
Nov-00	26-22	Gresham Operations Levy	18%	Failed			
May-00	26-1	Portland Community College Bonds	59%	Failed			needed 50% turnout
	34-13	Beaverton School District Bonds	59%	Failed			needed 50% turnout
	26-4	Centennial School District Bonds	49%	Failed			
	26-5	Gresham Barlow SD Bonds	45%	Failed			
	3-81	Lake Oswego SD Levy	62%	Failed			needed 50% turnout
	26-2	Portland School District 1J Levy	65%	Failed			needed 50% turnout
	26-3	Reynolds School District Bonds	45%	Failed			
	3-70	Clackamas Cty Fire District Bonds	45%	Failed			
May-99	26-99	Troutdale Local Option Tax	43%	Failed			
Nov-98	26-69	Metro Convention Bonds	37%	Failed			failed 36-57 in Multco
	26-70	Portland Parks Bonds	49%	Failed			failed 46-47 in Multco
	26-71	PCC Workforce Training Bonds	49%	Failed			passed 48-42 in Multco
	26-72	Portland Public Safety Bond	60%			\$53m	authority to issue G.O. bonds
	26-74	South-North Light Rail	48%	Failed			passed 49-46 in Multco
	3-20	Lake Oswego Open Space Bond	37%	Failed			
	26-95	Troutdale G.O. Bonds	55%			\$16m	authority to issue 16-year bonds
	26-97	Centennial School Bonds	40%	Failed			
	26-98	Reynolds School Bonds	40%	Failed			
	26-75	Riverdale Local Tax	60%	1998	2003	\$831k	\$0.43/\$1000
	5-46	Scappoose School Bonds	52%			\$1.5m	authority to issue 10-year bonds
	5-47	Scappoose School Acq Bonds	49%			\$950k	authority to issue 20 year bonds
	34-89	TV Fire/Rescue Bonds	53%			\$10m	authority to issue 20 year bonds
Sep-98	26-73	Rockwood Water PUD Bonds	42%	Failed			

History of Portland Regional Tax Levies and Bond Measures

Date	Meas	Description	Vote For	Starts	Ends	Amount	Notes
May-98	26-56	City of Troutdale Bond	62%				
	34-75	TV Fire & Rescue G.O.	58%				
	5-39	Scappoose School Bonds	55%				
	5-40	Scappoose School Bonds	54%				
May-97	26-58	Multnomah Library Serial Levy	51%	1998	2003		
	26-56	Troutdale Bond	62%				
	26-55	Interlachen Water Levy	88%				
Mar-97	26-54	City of Troutdale Bond	58%				
Nov-96	26-52	Gresham Serial Levy	37%	Failed			
	26-51	Gresham G. O. Bonds	34%	Failed			
	3-78	Lake Oswego Serial Levy	44%	Failed			
	3-80	Lake Oswego G.O. Bonds	50%				
	32	Light Rail Bonds	56%				
May-96		Multco Library Serial Levy	69%	1997	2000		
		Multco Jail Serial Levy	55%	1997	2000		
		Multco Library Bonds	60%				
		Multco Jail Bonds	52%				
		Lake Oswego Road Bonds	64%				
		Gresham Tax Base for Public Safety	41%	failed			
		Washington Cty G.O. Bond	44%	failed			
		Gresham G. O. Bond	47%	failed			
Nov-94	26-10	Portland Parks Bond	66%			\$58m	authority to issue 20-year bonds
Jun-89	26-1	Portland 3-yr Levy for 911	62%	1990	1993	\$7.5m	\$.17/\$1000
		Portland 3-yr Levy for Parks	56%	1990	1993	\$7.3m	\$.166/\$1000
Mar-89	26-4	Portland 3-yr Levy for Street Lighting	66%	1989	1992	\$21m	\$0.49/\$1000
May-89	51	Portland 3-yr Levy for Street Lighting	66%	1986	1989	\$17m	\$.50/\$1000

Appendix B:

Multnomah County Current Long-Term Debt

REGISTRY OF LONG TERM INDEBTEDNESS
(Unaudited)
2002-03

	Date of Issue	Amount of Original Issue	True Interest Cost	Amount Outstanding 6/30/01	Amount Outstanding 6/30/02	2002-03 Interest	2002-03 Principal
MULTNOMAH COUNTY							
General Obligation:							
Library Repair/Improvement 1994A	3/1/94	22,000,000	5.20	5,120,000	5,120,000	176,850	975,000
Library Repair/Improvement 1994B	10/1/94	9,000,000	5.92	1,510,000	1,510,000	53,013	365,000
Library Repair/Improvement 1996A	10/1/96	29,000,000	5.12	7,340,000	7,340,000	154,090	510,000
Refunded Jail Construction/Improv. 1996B	10/1/96	79,700,000	5.33	26,520,000	26,520,000	1,008,138	2,735,000
Public Safety 1999B Refunding Bonds	2/1/99	66,115,000	4.53	65,770,000	65,770,000	2,877,458	340,000
Total General Obligation		205,815,000		106,260,000	106,260,000	4,269,548	4,925,000
METRO							
General Obligation Bonds:							
Convention Center 1992 Series A	3/15/92	65,760,000	6.10	48,445,000	0	0	0
OCC Refunding Series 2001 A	6/15/01	47,095,000	4.32	47,095,000	47,095,000	2,027,664	3,250,000
Open Space Acquisition - 1995 Series A	9/1/95	74,170,000	5.47	62,275,000	62,275,000	3,157,716	2,945,000
Open Space Acquisition - 1995 Series B	9/29/95	5,219,923	5.26	3,000,998	3,000,998	136,940	463,060
Open Space Acquisition - 1995 Series C	10/15/95	56,210,000	5.23	47,740,000	47,740,000	2,302,963	2,145,000
Washington Park Zoo-Oregon Project	11/1/96	28,800,000	5.31	25,385,000	25,385,000	1,336,260	1,095,000
Total General Obligation Bonds		277,254,923		233,940,998	185,495,998	8,961,543	9,898,060
PORT OF PORTLAND							
General Obligation Bonds:							
Series 1993 B (WXYZ)	10/12/93	4,125,000	4.06	115,000	0	0	0
Total General Obligation Bonds		4,125,000		115,000	0	0	0
TRIMET							
General Obligation Bonds:							
West Side Light Rail	7/1/92	125,000,000	5.84	11,225,000	11,225,000	158,400	5,760,000
Advance Refunding (Part of West Side)	4/13/99	79,965,000	4.53	79,715,000	79,715,000	3,955,775	275,000
Unamortiation Adjustment				(1,768,314)	(1,607,558)		
Total General Obligation Bonds		204,965,000		89,171,686	89,332,442	4,114,175	6,035,000

CITY OF PORTLAND**General Obligation:**

Performing Arts Center & Civic Stadium	12/1/86	30,130,000	5.52	855,000	0	0	0
Parks Improvements - 1995 Series A	3/1/95	20,000,000	5.70	16,395,000	16,395,000	312,535	855,000
Parks Improvements - Series B	3/1/95	38,800,000	5.57	31,755,000	31,755,000	599,418	1,665,000
Emergency Facilities Bonds	6/1/99	24,500,000	4.93	22,880,000	22,880,000	1,092,988	900,000
Parks Improvements - 2001 Series A	6/1/01	<u>29,810,000</u>	4.57	<u>0</u>	<u>29,575,000</u>	<u>1,350,050</u>	<u>130,000</u>

Subtotal - General Obligation 143,240,000 71,885,000 100,605,000 3,354,991 3,550,000

General Obligation - Water Improvements:**(No Current Property Tax Levy)**

Water Series 1993	9/1/93	20,070,000	4.84	13,470,000	13,470,000	571,790	1,135,000
Water Series 1993B (Refunding)	11/15/93	27,950,000	4.45	13,550,000	13,550,000	433,519	2,625,000
Water - Series 1993C (Refunding)	11/15/93	15,560,000	4.41	7,445,000	7,445,000	214,185	1,820,000
Water Series 1994A	1/15/94	5,140,000	3.92	1,500,000	1,500,000	40,800	500,000
Debt Assumed through Annexations	Various		Various	10,868	10,868	355	2,174
Less Unamortized Discounts				<u>(301,374)</u>	<u>(242,982)</u>		

Subtotal General Obligation Water Bonds 68,720,000 35,674,494 35,732,886 1,260,649 6,082,174

Total General Obligation 211,960,000 107,559,494 136,337,886 4,615,639 9,632,174

CITY OF GRESHAM**General Obligation Bonds:**

Open Space Acquisition	12/1/91	5,000,000	5.78	2,550,000	2,550,000	119,200	400,000
Open Space Acquisition	5/1/94	5,285,000	5.61	3,290,000	3,290,000	165,598	360,000
Park Development (1997Refunding)	11/1/97	<u>2,785,000</u>	4.26	<u>1,690,000</u>	<u>1,690,000</u>	<u>47,005</u>	<u>415,000</u>

Total General Obligation Bonds 13,070,000 7,530,000 7,530,000 331,803 1,175,000

CITY OF TROUTDALE**General Obligation Bonds:**

Park Improvements	8/1/93	300,000	4.43	105,000	105,000	2,459	35,000
Park Improvements	6/1/94	300,000	5.24	100,000	100,000	3,728	35,000
Wastewater Treatment Plant	2/1/99	<u>16,000,000</u>	4.55	<u>15,085,000</u>	<u>15,085,000</u>	<u>625,970</u>	<u>635,000</u>

Total General Obligation Bonds 16,600,000 15,290,000 15,290,000 632,156 705,000

MT. HOOD COMMUNITY COLLEGE**General Obligation Bonds:**

Construction - Refunded ('74 Issue)	8/15/78	1,596,000	5.41	220,000	220,000	21,000	120,000
Construction - Refunded ('75 Issue)	9/1/92	<u>5,610,000</u>	5.02	<u>1,115,000</u>	<u>1,115,000</u>	<u>43,780</u>	<u>335,000</u>

Total General Obligation Bonds 7,206,000 1,335,000 1,335,000 64,780 455,000

PORTLAND COMMUNITY COLLEGE**General Obligation Bonds:**

Construction - Series 1992 A	7/22/92	33,000,000	5.86	2,695,000	1,410,000	38,070	1,410,000
Construction (Zero Coupon) Series 1993	3/24/93	5,965,000	3.63	5,965,000	4,465,000	1,324,787	3,140,213
Construction - Series 1994	2/22/94	25,355,000	4.99	17,820,000	1,335,000	65,802	1,335,000
Series 1997 GO Partial Refunding (1992)	11/1/97	21,885,000	4.98	21,885,000	21,885,000	1,088,408	0
Series 2001A	5/15/01	46,000,000	4.91	46,000,000	46,000,000	2,239,965	1,535,000
Series 2001B	7/1/01	98,000,000	4.80	0	98,000,000	4,620,438	3,135,000
Series 2002 GO Partial Refunding (1994)	5/1/02	15,605,000	3.49	0	15,605,000	673,714	430,000
Total General Obligation Bonds		245,810,000		94,365,000	188,700,000	10,051,183	10,985,213

Certificates of Participation:

Major Capital Facilities	4/1/98	2,530,000	4.80	2,365,000	2,365,000	100,925	95,000
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Loans:

Utility Loan	2/1/96	174,250	4.18	144,000	144,000	4,447	11,129
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TOTAL - PORTLAND COMMUNITY COLLEGE		248,514,250		96,874,000	191,209,000	10,156,555	11,091,342
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PORTLAND SCHOOL DISTRICT NO. 1**General Obligation Bonds:**

Capital Construction and Technology	12/1/95	100,000,000	4.37	29,500,000	29,500,000	637,500	15,000,000
Capital Construction and Technology	9/1/96	96,700,000	5.02	86,325,000	86,325,000	4,032,125	11,800,000
Total General Obligation Bonds		196,700,000		115,825,000	115,825,000	4,669,625	26,800,000

PARKROSE SCHOOL DISTRICT NO. 3**General Obligation Bonds:**

New High School & Safety Repairs	2/1/95	34,950,000	5.70	28,360,000	28,360,000	545,619	2,125,000
2002 Refunding of 1995 GO Issue	1/14/02	17,055,000	4.01	0	17,055,000	804,850	80,000
Total General Obligation Bonds		34,950,000		28,360,000	28,360,000	545,619	2,125,000

TOTAL - SD NO. 3 - PARKROSE		34,950,000		28,360,000	28,360,000	545,619	2,125,000
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REYNOLDS SCHOOL DISTRICT NO. 7**General Obligation Bonds:**

School Facilities	12/1/95	29,500,000	5.29	24,795,000	6,865,000	298,425	1,315,000
School Facilities Series 2000	12/5/00	45,000,000	5.11	45,000,000	45,000,000	2,346,215	635,000
2001 Refunding of 1995 issue	9/6/01	18,175,000	4.30	0	18,175,000	872,675	20,000
Total General Obligation Bonds		92,675,000		69,795,000	70,040,000	3,517,315	1,970,000

GRESHAM-BARLOW SCHOOL DISTRICT NO. 10**Debt incurred after the new District No 10 was formed:****General Obligation:**

School Repairs/Improvements District-wide	10/1/96	32,100,000	5.41	26,725,000	26,725,000	1,333,209	1,080,000
School Repairs/Improvements District-wide	12/15/01	40,200,000	5.18	40,200,000	40,200,000	2,072,600	165,000
Total General Obligation		72,300,000		66,925,000	66,925,000	3,405,809	1,245,000

SUBTOTAL SD NO. 10 - GRESHAM-BARLOW		72,300,000		66,925,000	66,925,000	3,405,809	1,245,000
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Debt incurred by individual districts prior to merger:**FORMER UH2-20 - GRESHAM HIGH****General Obligation Bonds:**

Gresham High - 1992	2/1/92	4,300,000	5.39	350,000	350,000	0	0
1998 Series B Refunding (1992)	2/1/98	2,365,000	5.82	2,290,000	2,290,000	93,308	375,000
Total General Obligation Bonds		6,665,000		2,640,000	2,640,000	93,308	375,000

SUBTOTAL SD 2 - GRESHAM HIGH		6,665,000		2,640,000	2,640,000	93,308	375,000
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FORMER DISTRICT NO. 4 - GRESHAM**General Obligation Bonds:**

Bldg Construction - 1992	2/1/92	22,500,000	5.26	1,700,000	1,700,000	0	0
1998 Series A Refunding (1992)	2/1/98	15,390,000	5.97	15,100,000	15,100,000	750,630	2,070,000
Total General Obligation Bonds		37,890,000		16,800,000	16,800,000	750,630	2,070,000

SUBTOTAL SD NO. 4 - GRESHAM ELEM.		37,890,000		16,800,000	16,800,000	750,630	2,070,000
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FORMER DISTRICT NO. 26 - DAMASCUS GRADE**General Obligation Bonds:**

Damascus - 1993	6/1/93	3,830,000	5.14	2,940,000	2,940,000	148,110	190,000
Total General Obligation Bonds		3,830,000		2,940,000	2,940,000	148,110	190,000

SUBTOTAL SD NO. 26 - DAMASCUS GRADE		3,830,000		2,940,000	2,940,000	148,110	190,000
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FORMER DISTRICT NO. 6 - ORIENT**General Obligation Bonds:**

Partial Refunding (1990 Series)	6/1/93	2,113,148	5.26	1,783,148	1,783,148	62,862	195,000
Total General Obligation Bonds		2,113,148		1,783,148	1,783,148	62,862	195,000

SUBTOTAL SD NO. 6 - ORIENT		2,113,148		1,783,148	1,783,148	62,862	195,000
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TOTAL - SD NO. 10 - GRESHAM-BARLOW		122,798,148		91,088,148	91,088,148	4,460,718	4,075,000
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CENTENNIAL SCHOOL DISTRICT NO. 28J**General Obligation Bonds:**

Facility Additions - Zero Coupon	10/1/92	7,769,901	5.73	4,114,902	4,114,902	292,977	402,023
Facility Additions - Zero Coupon	1/1/93	6,029,665	5.82	3,239,665	3,239,665	13,250	500,000
School Repairs/Improvements	2/1/01	31,000,000	4.96	31,000,000	31,000,000	1,546,598	665,000
Total General Obligation Bonds		44,799,566		38,354,567	38,354,567	1,852,825	1,567,023

CORBETT SCHOOL DISTRICT NO. 39**General Obligation Bonds:**

Elementary Building	6/1/94	6,850,000	5.86	1,075,000	1,075,000	40,535	250,000
Refunding of 1994 Bond	5/28/98	5,610,000	4.71	5,495,000	5,495,000	250,050	35,000
Total General Obligation Bonds		12,460,000		6,570,000	6,570,000	290,585	285,000

DAVID DOUGLAS SCHOOL DISTRICT NO. 40**General Obligation Bonds:**

School Facilities & Equipment	6/1/93	19,800,000	5.47	15,345,000	15,345,000	796,119	1,000,000
School Facilities & Equipment	3/1/01	39,900,000	4.88	39,900,000	39,900,000	1,885,803	540,000
Total General Obligation Bonds		59,700,000		55,245,000	55,245,000	2,681,922	1,540,000

RIVERDALE SCHOOL DISTRICT NO. 51J**General Obligation Bonds:**

New High School - Gym Repair	7/15/96	10,555,000	5.59	2,265,000	2,265,000	108,415	435,000
Refunding 1998 (Refunds 1989 and 1996)	11/1/98	8,335,000	4.42	8,040,000	8,040,000	330,193	155,000
Total General Obligation Bonds		18,890,000		10,305,000	10,305,000	438,608	590,000

TOTAL - SD NO. 51JT - RIVERDALE		18,890,000		10,305,000	10,305,000	438,608	590,000
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SAUVIE ISLAND RFPD NO. 30

General Obligation Bonds:

New Fire Station	6/15/96	<u>300,000</u>	6.26	<u>250,000</u>	<u>250,000</u>	<u>14,223</u>	<u>10,000</u>
Total General Obligation Bonds		<u>300,000</u>		<u>250,000</u>	<u>250,000</u>	<u>14,223</u>	<u>10,000</u>

Appendix C:

Measure 28 election results by County

January 28, 2003 Special Election

State Measure No. 28

Temporarily Increase Income Tax Rates

County	Yes	No
Baker	2,396	4,644
<i>Benton</i>	18,149	12,796
Clackamas	54,786	76,609
Clatsop	6,530	7,553
Columbia	6,661	11,386
Cook	9,308	15,233
Crook	1,843	5,269
Curry	3,161	5,849
Deschutes	15,451	32,285
Douglas	12,082	27,521
<i>Gilliam</i>	520	451
Grant	738	2,508
Harney	1,088	2,071
Hood River	3,186	3,606
Jackson	31,469	39,134
Jefferson	1,924	3,817
Josephine	13,106	17,568
Klamath	7,122	14,926
Lake	939	2,112
<i>Lane</i>	61,420	60,226
Lincoln	8,507	8,834
Linn	13,539	23,482
Malheur	2,608	5,221
Marion	45,395	49,517
Morrow	1,461	1,582
Multnomah	134,520	100,281
<i>Polk</i>	12,662	12,509
Sherman	390	483
Tillamook	4,645	5,752
Umatilla	9,487	9,870
Union	4,693	5,725
Wallowa	1,359	2,071
Wasco	4,263	4,856
Washington	68,693	81,865
Wheeler	249	474
Yamhill	11,496	18,126
Total	575,846	676,312

Appendix D:

Oregon constitution – selected articles

Selected provisions of the Oregon Constitution regarding bonds

ARTICLE XI CORPORATIONS AND INTERNAL IMPROVEMENTS

Section 5. Restriction of municipal powers in Acts of incorporation. Acts of the Legislative Assembly, incorporating towns, and cities, shall restrict their powers of taxation, borrowing money, contracting debts, and loaning their credit.

Section 7. Credit of State Not to Be Loaned; Limitation Upon Power of Contracting Debts. The Legislative Assembly shall not lend the credit of the state nor in any manner create any debt or liabilities which shall singly or in the aggregate with previous debts or liabilities exceed the sum of fifty thousand dollars, except in case of war or to repel invasion or suppress insurrection or to build and maintain permanent roads; and the Legislative Assembly shall not lend the credit of the state nor in any manner create any debts or liabilities to build and maintain permanent roads which shall singly or in the aggregate with previous debts or liabilities incurred for that purpose exceed one percent of the true cash value of all the property of the state taxed on an ad valorem basis; and every contract of indebtedness entered into or assumed by or on behalf of the state in violation of the provisions of this section shall be void and of no effect. This section does not apply to any agreement entered into pursuant to law by the state or any agency thereof for the lease of real property to the state or agency for any period not exceeding 20 years and for a public purpose.

Section 9. Limitations on powers of county or city to assist corporations. No county, city, town or other municipal corporation, by vote of its citizens, or otherwise, shall become a stockholder in any joint company, corporation or association, whatever, or raise money for, or loan its credit to, or in aid of, any such company, corporation or association. Provided, that any municipal corporation designated as a port under any general or special law of the state of Oregon, may be empowered by statute to raise money and expend the same in the form of a bonus to aid in establishing water transportation lines between such port and any other domestic or foreign port or ports, and to aid in establishing water transportation lines on the interior rivers of this state, or on the rivers between Washington and Oregon, or on the rivers of Washington and Idaho reached by navigation from Oregon's rivers; any debts of a municipality to raise money created for the aforesaid purpose shall be incurred only on approval of a majority of those voting on the question, and shall not, either singly or in the aggregate, with previous debts and liabilities incurred for that purpose, exceed one per cent of the assessed valuation of all property in the municipality. [Constitution of 1859; Amendment proposed by S.J.R. 13, 1917, and adopted by the people June 4, 1917]

Section 10. County debt limitation. No county shall create any debt or liabilities which shall singly or in the aggregate, with previous debts or liabilities, exceed the sum of \$5,000; provided, however, counties may incur bonded indebtedness in excess of such \$5,000 limitation to carry out purposes authorized by statute, such bonded indebtedness not to exceed limits fixed by statute. [Constitution of 1859; Amendment proposed by initiative petition filed July 7, 1910, and adopted by the people Nov. 8, 1910; Amendment proposed by initiative petition filed July 2, 1912, and adopted by the people

Nov. 5, 1912; Amendment proposed by S.J.R. 11, 1919, and adopted by the people June 3, 1919; Amendment proposed by H.J.R. 7, 1920 (s.s.), and adopted by the people May 21, 1920; Amendment proposed by S.J.R. 1, 1921 (s.s.), and adopted by the people Nov. 7, 1922; Amendment proposed by S.J.R. 5, 1921 (s.s.), and adopted by the people Nov. 7, 1922; Amendment proposed by H.J.R. 3, 1925, and adopted by the people Nov. 2, 1926; Amendment proposed by S.J.R. 18, 1925, and adopted by the people Nov. 2, 1926; Amendment proposed by H.J.R. 19, 1925, and adopted by the people Nov. 2, 1926; Amendment proposed by H.J.R. 21, 1957, and adopted by the people Nov. 4, 1958]

ARTICLE XI-I(2)
MULTIFAMILY HOUSING FOR ELDERLY AND DISABLED

- Sec. 1. State empowered to lend credit for multifamily housing
for elderly and disabled persons
2. Source of revenue
3. Bonds
4. Legislation to effectuate Article

Section 1. State empowered to lend credit for multifamily housing for elderly and disabled persons. In the manner provided by law and notwithstanding the limitations contained in section 7, Article XI of this Constitution, the credit of the State of Oregon may be loaned and indebtedness incurred in an amount not to exceed, at any one time, one-half of one percent of the true cash value of all taxable property in the state to provide funds to be advanced, by contract, grant, loan or otherwise, for the purpose of providing additional financing for multifamily housing for the elderly and for disabled persons. Multifamily housing means a structure or facility designed to contain more than one living unit. Additional financing may be provided to the elderly to purchase ownership interest in the structure or facility. [Created through H.J.R. 61, 1977, and adopted by the people May 23, 1978; Amendment proposed by S.J.R. 34, 1979, and adopted by the people May 20, 1980; Amendment proposed by H.J.R. 1, 1981, and adopted by the people May 18, 1982]

Section 2. Source of revenue. The bonds shall be payable from contract or loan proceeds; bond reserves; other funds available for these purposes; and, if necessary, state ad valorem taxes. [Created through H.J.R. 61, 1977, and adopted by the people May 23, 1978]

Section 3. Bonds. Bonds issued pursuant to section 1 of this Article shall be the direct obligations of the state and shall be in such form, run for such periods of time and bear such rates of interest as shall be provided by law. The bonds may be refunded with bonds of like obligation. [Created through H.J.R. 61, 1977, and adopted by the people May 23, 1978]

Section 4. Legislation to effectuate Article. The Legislative Assembly shall enact legislation to carry out the provisions of this Article. This Article shall supersede all conflicting constitutional provisions. [Created through H.J.R. 61, 1977, and adopted by the people May 23, 1978.]

Appendix E:

Notes from Discussion with
Harvey Rogers, Preston Gates Ellis

Notes on Conversation with Harvey Rogers, Preston Gates and Ellis

The Committee asked Harvey Rogers of Preston Gates and Ellis to help us answer our questions regarding use restrictions on proceeds of general obligation bonds. Mr. Rogers is bond counsel for the City of Portland. Notes on his responses to our questions follow.

1. *If the proceeds of general obligation bonds issued by the City of Portland, Multnomah County, or METRO are used to purchase land, can the land be leased to a non-profit or private entity for purposes of housing development? Are there upper and lower limits on the lease term?*

Leases are possible, but true oversight would be required by the ownership entity. Bonds would be taxable unless all of the uses of the property met the requirements of the Internal Revenue Code Section 42, which regulates tax exempt housing. City bonds are usually issued for 20 years or less.

2. *If the proceeds of general obligation bonds issued by the City of Portland, Multnomah County, or METRO are used to purchase land and build housing can the land and housing development be leased to a non-profit or private entity to manage? Does the lease agreement need to specify that the housing serve a specific population? Are there upper and lower limits on the lease term?*

Yes, see above.

3. *If the City or County purchase land and develop housing paid for with proceeds from a general obligation bond, could the property be leased to or could ownership be transferred to the Housing Authority of Portland?*

This might be possible, because HAP is a governmental unit. A lease would be easier.

4. *If the City or County were to issue general obligation bonds to fund a land bank, at what point could the City sell the land or improvements? What are the issues in a sale of such property? Does the length of time structured to repay the bonds affect the length of time property would need to be held?*

Land and improvements could be sold at the end of the bond repayment period. A sale would need to be negotiated at the time of bond payoff, and could not be a condition in the lease.

5. *Does City purchase of a property using proceeds from a general obligation bond preclude the use of tax credits to partially fund the project? (Tax credit property must be owned by a Limited Partnership or a Limited Liability Corporation).*

Yes. The owner of property built with bond financing must be a governmental unit, not an LLC or LP.

6. *Are there any restrictions on the use of funds raised through a local option tax levy? Can property or buildings funded with tax levy proceeds be owned by private entities including non-profit CDCs?*

Levies must be for a public purpose. Properties financed by levies are not subject to the ownership restrictions that bonds are. Levies are either for operations or capital. The definition of capital for a levy is slightly broader than that for a bond, allows freestanding equipment to be considered capital.

7. *Are there any differences in how the City or County may contract with a housing authority as compared with a 501(c)(3) nonprofit?*

Yes. HAP is a unit of government.

8. *If a sale of land or building(s) by a governmental entity is acceptable, is agreeing to sell or granting a 501(c)(3) nonprofit the option to purchase the land or building(s) in the future also acceptable as part of the initial project plan?*

No. Sales and options must be negotiated after bonds are repaid. It is possible that a first right of refusal might be a part of a lease.

Additional notes:

Constitution limits in Article 11, Section 9 are from the railroad days, designed to prevent government entanglement with private business. Governments cannot lend credit, be stockholders, etc. this is a clear prohibition, and there is no case law that alters it.

The City has outstanding levy authority that is not being used, for Urban Renewal and for the Fire police Disability Retirement Pension. This outstanding authority coupled with the absolute limit on taxes imposed by Measure 5 means that a levy cannot be used as a payment stream on a bond issue, as bond purchasers would be unwilling to risk the levy dedicated to the bonds being compressed to zero.

Appendix F:

Interviews with Key Decision Makers

Rex Burkholder

Clyde Doctor

Clayton Hering

Bill Kennemer

Pat Lacrosse

Tim Nesbitt

Barbara Walker

Susan Wilson

Rex Burkholder, METRO Councilor

February 27, 2003

Mr. Burkholder feels that METRO is not doing enough on affordable housing right now. He would like to see a broader role for METRO. He sees that as a possibility given new leadership. Part of the issue is resources. METRO's small general fund budget is stretched as it is – to focus more on housing would be to take staff resources from something else. He thinks that perhaps the METRO charter is too vague, and helps lead to leadership ambivalence about METRO's role in housing.

He feels that we have not paid enough attention during boom times to housing supply. The private market does not build enough lower cost units. The real issue is how to encourage supply, because the market is too risky.

METRO is looking at a bond measure of \$15 million per year for four years to improve open space lands they presently own. A 2004 election is under consideration.

METRO is also looking at proposals for resource sharing – a Senate proposal is pending. They are also looking at a windfall profits/value recapture tax.

He thinks housing is definitely a regional issue. He thinks voters like to think regionally, but may have negative or no perception of METRO. He thinks other jurisdictions don't want to have Portland's problems associated with them. There is also not enough of a perception that we're all in this together. In-migration breaks down these divisions however. New migrants don't come for Tigard or Hillsboro. They move into the Portland region.

He thinks the message should emphasize "just plain folks" and avoid perceptions of subsidizing poverty. He also thinks we need to focus on what local jurisdictions will do to ease restrictions on housing development. Portland is raising height limits and easing other code restrictions, while other jurisdictions are simply raising fees.

Clyde Doctor, City Club member, co-author of the City Club Housing Report
February 25, 2003

Mr Doctor has been a business manager, and a developer of low income housing in Washington County. He was also active in local government in Hillsboro.

Mr. Doctor feels that housing is never anyone's top priority. While politicians care about housing it never reaches the top of the agenda. He sees links with other issues, particularly health care, education.

He defines affordable housing as housing for poor people, with incomes less than 50% of median. He sees homelessness as the greatest need, partly because the impacts on society are greater in terms of disease, economic impacts, the impacts on education of kids in homeless families.

He dislikes the notion of and focus on elderly housing, because elderly are not really a class. Low income elderly and ill elderly should be helped because they are low income or ill.

He is concerned about voter response on this issue. Measure 28 was a disappointment. Voter attention is cyclical. All the attention on issues now may impact voter willingness to support a measure. Ballot overload is an issue, as is the obstacle of the double majority requirement.

He thinks Portland may have a better chance for voter approval. He thinks proposal should be compartmentalized, so that if Clackamas and Washington go down Portland can still move ahead. Parallel ballot measures.

Being part of a general tax increase may be the most effective strategy. Coalition effort may be the most effective.

METRO doesn't have high favorables, but offers the advantage of being regional. METRO would need strong support from counties, cities. He thinks METRO should not own and operate housing. He sees it as a capacity and competency issue. He sees that a regional approach could also easily lead to infighting. Beware of over-reaching.

Mr. Doctor would characterize the challenge as not enough affordable housing, which is a money problem. The challenge is convincing voters that this is something they want to deal with. A focus on the lowest income households could help ensure voter concern.

Mr. Doctor would prefer to see a levy option, income tax surcharge, or RETT because he wants to see money available for rent subsidy. Because they have been reduced over several years and are spread so thin, construction subsidies are not adequate to make housing affordable for low-income households. Rent

subsidies are required to fill the gap. Also, rent subsidies help disperse poverty when made available as vouchers.

Bonds would bring in the coalition builders, CDCs, service agencies. A percentage could be designated for special needs housing.

He sees Portland becoming a yuppie town. The city does not welcome economic and social diversity. Gentrification is driven by public policy.

The City Club report estimated the annual housing need for a subsidy program at \$195 million per year.

Clayton Hering and Wally Harding, Norris Beggs & Simpson
February 27, 2003

Mr. Hering is President of Norris Beggs & Simpson and a long-time downtown business leader active in the Association for Portland Progress and now the Portland Business Alliance. Wally Harding is Mr. Hering's financial expert.

Mr. Hering recognized the need for housing, particularly affordable housing, but also cited the need to ensure that solutions did not pose a barrier to business growth. One of the challenges is the disproportionate nature of the vote. A bond or levy costs the property owner; the larger the property, the higher the cost. But the property owner only gets one vote. Non-property owners also get to vote, even though there is no direct cost to them. Put another way, there is no correlation between the voter and the cost to the voter. This kind of "cost-shifting" is problematic, where taxes and fees are shifted to business rather than the populace because it is more politically acceptable. This "cost-shifting" then creates a negative business environment in two ways. First, the business community is dispossessed without a voice on how the funds are to be spent. Second, the higher cost of doing business creates a negative tension that eventually encourages the business owner to look for new pastures.

Mr. Hering also believed that the timing is unfortunate. From his broad perspective, with the budget crisis, there are numerous needs important to the community. School funding is paramount. The compelling need for housing simply has not been demonstrated as the city or region's highest priority. Any initiatives would need to articulate the issue much better – particularly in light of resources already committed to housing (including tax credits, tax exemptions as well as urban renewal funding and direct subsidy).

Then too, any initiative needs to be focused. Where is the real need? Where do you subsidize? Is it projects for students? elderly? youth? How about families? Is it downtown or in the suburbs? These questions need to be answered.

Mr. Hering did not think a levy would be successful. In pursuing a bond, he thought it made sense to change the state's constitution to allow private developers to receive funding through state bonds. A bond program needed to create a reasonable operational program where private developers can participate. At the same time, the City has to change its zoning and building code and processes to be more supportive.

Politically, no initiative had a chance without a broad-based business coalition of support, even if it was simply political backing. That said, he did think a well-crafted initiative could get the support of homebuilders and developers so long as there was not an unfair competitive advantage of affordable over market. The relationship of affordable and market housing needed to be better understood!

Regardless, he thought to make an impact on the housing challenge, a G.O. bond of \$100-\$200 million was needed. He did think that it should be a stand-alone ballot item, not bundled with other aspirations. Bundling would only lead to confusion. If it is a housing vote, it should be a housing vote.

He also did not think this was a Metro issue and that no effort should be expended to expand Metro's charter.

In the end, there was a need for specificity. How would the money be used? What income levels would be served? What family sizes would be served? What is the need? What is the balance?

Bill Kennemer, Chair, Clackamas County Commission

February 20, 2003

In defining the need for affordable housing in Clackamas County, Mr. Kennemer makes a distinction between special needs housing and housing for low and moderate income households. He sees the County's focus shifting to be special needs housing, especially in light of service cuts. He points out that the county owns a substantial number of units, which are becoming more restricted to housing the mentally ill and those with physical disabilities.

The county has a history of successful partnerships with the National Alliance for the Mentally Ill and with Northwest Housing Alternatives. They have done some very innovative work with mixed results – difficult to plan for all possible outcomes.

The County's focus is now on creating complete communities. They would like Clackamas County to be seen as a place to live, work, and play. They are nervous about the creation of bedroom communities, because residents don't become fully invested.

They are a high growth county, but have a jobs/housing imbalance. In light of the growth, they are asking how they will maintain affordability. They are also concerned about the huge demographic shifts they see, with rural cities adding population. Traffic impacts are also a concern.

He noted that a high priority in the Damascus area, newly added to the urban growth boundary, is to couple job creation with population growth.

He noted that voters don't seem to have a clear view of either the problem or solutions. Also, that they don't get voter support for even basic services – a sheriff's levy in Clackamas County failed with 33% of the vote. There will also be competition on the ballot – they now have requests in for a library levy, a sheriff's levy, parks, a transportation/ utility fee, and a courthouse renovation.

He feels that ideally, housing should be regional. They think they are seeing the creation of pockets of housing, concentration of low-income households. There is a distrust of METRO. He thinks there's a lot of division and competition between governments – but that growth and resource shortages will force some changes.

He believes that resources should go to the highest need populations. He thinks voters won't support helping those who should be making it on their own.

Pat Lacrosse, former executive director of PDC

Thursday, February 27, 2003

Mr. Lacrosse is the former executive director of the Portland Development Commission and a long-time civic leader.

Mr. Lacrosse believes that affordable housing is a critical issue for the City of Portland. He believes that currently there is a dynamic tension between the suburbs and the city and that the City is in danger of losing its critical mass. At that point, the tax base shifts out and the City begins a downward spiral. He is particularly concerned about the out migration of school age families, which has a long-term undermining affect on the City.

That said, he believes that the solution is clearly a regional one. The City of Portland cannot bear the cost of affordable housing without suburban contribution. Particularly with light rail and transit-oriented development, a regional solution makes the most sense.

A regional solution means Metro. In that sense, a charter change would have to be done quickly. Otherwise, people would begin to anticipate the housing bond to follow and would oppose the charter change.

It is not a good climate, however for a funding initiative. The timing may be not great right now. Still, the aspiration should be a Metro general obligation bond. He also supported the notion of changing the state constitution to provide the most flexible funding opportunities.

He also thought a bond was superior to a levy. The bond would generate the larger pool of money upfront. It could be leveraged better and could be invested while waiting for projects. A levy would dole out the money over time. He believed a close look at the economics would show that you got more money from the bond.

Opposition would likely be from the coalition of anti-government activists that have been around over the past decade. They would oppose based on philosophy.

Mr. Lacrosse did think that before an initiative was put out there, that the population needs, affordability levels, regional needs, relationship to federal, state and local subsidies all needed to be looked at. From his perspective, the kind of initiative that seemed most viable is one that builds housing for the working poor up to moderate income.

\$100 million on a regional basis was appropriate.

He did not think bundling was a good idea. It would only confuse the voters, which would likely result in a “no” vote.

Tim Nesbitt, President, Oregon AFL-CIO

March 4, 2003

Mr. Nesbitt identified housing as a lower priority for his members than issues like quality health care, the need for adequate wage levels, and other state funding issues, but acknowledged that housing is important. Because union members, if working, are paid wages adequate to support a family, homeownership programs are the housing issue most likely to be important to union members.

The AFL apparently has its own homebuyer assistance program available to members.

As far as housing being an economic stimulus or job creation program, he noted that single family construction is not typically the realm of union laborers. He noted recent union pension fund investments in multi-family housing (LINK CDC) and that with multi-family developments, particularly high rises, there might be more possibility of union participation as a job creation option. Union resources in this climate need to be tied to job creation.

When asked about his views on a possible bond or levy vote, he identified competition with other needs such as schools and human services as a significant barrier. He suggested taking a hard look at special tax sources, eg hotels, tourism, gas tax. What's the natural tax source for housing? Is it system development charges, something else specifically linked to real estate.

He mentioned that part of the AFL-CIO legislative agenda is to raise the question of limiting mortgage interest deductions to a loan equivalent of \$300,000 to 350,000 and/or limiting deductions of tax and mortgage payments on second homes. They are also part of the drive to look closely at tax credit programs.

In terms of other strategies, he had no strong feelings either way about a constitutional amendment to allow more housing uses for bond proceeds. In terms of bundling housing and other issues, he sees greenspaces as being more important to voters than historic preservation. In part this is because voters perceive historic preservation as a way to subsidize wealthy homeowners.

Mr. Nesbitt also strongly suggested that we consider a niche tax with a strong nexus to housing, such as a Real Estate Transfer Tax.

He noted the recent speaker from the Oregon Food Bank who noted housing costs as high on the list of reasons people seek food assistance. He suggested broadening the housing coalition by bringing in other constituencies.

Barbara Walker, Community Activist

February 25, 2003

Ms. Walker is a long-time advocate for greenspace and parks in the Portland metropolitan area and has been involved in bond and levy initiatives for Parks.

Ms. Walker generally was pessimistic about the potential for a bond or levy initiative relating to affordable housing. Her phrase was “not a prayer of passing.” Her pessimism was generated by a sense that too few people would be served; that is, the initiative would only ameliorate the problem, not solve it. Secondly, she noted the long list of issues of equal import that also demanded attention – beginning with but not limited to the school system.

Regardless, Ms. Walker posited that a bond/levy initiative was premature. She suggested that considerably more work needed to be done to make the problem more real to the everyday person. She cited a fact sheet by the Portland Development Commission that clarified who typically falls into the “affordable housing” category – including a long list of both fully employed and underemployed. She noted that the fact sheet included numerous lower-paid professions, white-collar worker as well as blue-collar workers. She felt that a broader constituency was essential before any effort began.

In terms of geography, she thought the problem was region-wide but the solution needed to be local. She cited her experience with the Parks Levy where their polling demonstrated that the voters wanted to know specifically where the money was being spent and how much was being spent on each project. She also noted that their polling clearly demonstrated that while maintenance and repair might be supported, new construction was not.

On those lines, she did not think Metro should be empowered to address housing. She noted that the organization did not have the support system to address the issue. Philosophically, she also thought that the proper role of Metro was to act as a facilitator and coordinator, and that the agency should only embark on new ventures that clearly fell outside existing authorities.

She thought bundling programs together was not a bad idea, but noted that it would be difficult to sort out among the stakeholders. She also noted that for the limited amount of money that might be raised, bundling together would only dissipate the impact and undermine chances of future success.

Opposition she felt would come from every other agency and stakeholder with designs on funding; too little money, too many issues. That would include parents, schools, parks, libraries, roads, light rail, etc.

Rather than pursue a bond or levy, she recommended that the stakeholders take a step back and attempt to craft a new paradigm that was cost-effective in

building quality affordable housing, forming a model approach that might be funded and then spun off for future work. She pointed to the success of groups such as Habitat for Humanity and of establishing a track record to build on “one house at a time.” She also emphasized the need to be creative in approaches. Simply doing business as has been done in the past and asking for more money would be doomed from the start. Money, in her eyes, was not the primary first step to the solution.

In that sense, she did ponder that perhaps the coalition should first attempt to revise the constitution so that new initiatives might be fundable in the future. She did believe that in general the public views government ownership in an unpleasant light, particularly as it relates to maintenance.

Among jurisdictions and agencies, she believed the City was in the best position to play the lead role and that PDC was best able to own and master lease affordable property. She felt that HAP might have the capabilities – she just wasn’t familiar enough with them, but suggested that HAP had an identity problem in that it was associated with some rather unpleasant housing projects in the past and that maybe a new name/identity might advance that cause.

As for scale, she believed that the Parks Bond and Parks Levy really were able to get as much money out of the voters as was possible. That cost was in the neighborhood of \$0.50 per \$1,000.

She did believe that any bond/levy funds must provide for permanent affordability.

Her parting thoughts were that the proponents needed to do a considerably greater job of spade work in building a broad-based coalition, while developing a new and creative model solution.

Susan Wilson, Director of Housing, Washington County

February 28, 2003

Ms. Wilson is responsible for both the housing authority and housing services for Washington County.

Ms. Wilson offered three fundamental premises:

- 1) that Washington County was splintered between a more conservative rural perspective (including the unincorporated areas of Metzger and Bull Run) in the west and the more liberal urban perspective in the east.
- 2) that the best approach to deal with the housing issue was what may be termed a “confederated” one, where similar initiatives were developed under a single campaign but then voted and executed on a local basis. The critical issue was local control and Metro’s standing in the county; she did not think Metro should get into the housing business.
- 3) that specificity was the key to success, that an initiative had to cite how much money was going to be raised, how many housing units would be built, what income categories would be served and in the ideal world where those units would be located. She offered the comparison of the County’s vote for the Sheriff’s levy, which was specific and passed, and Measure 28, which was not specific and failed.

In terms of bond versus levy, she noted that Washington County was not like Multnomah County or the City of Portland. They were not under compression and did have capacity. Of the two, she suggested that certainly the levy offered greater flexibility in management and ongoing funding. She also noted that Washington County did have authority for a real estate transfer tax, but that those funds were dedicated to other services; any efforts to increase the RETT or redirect it would be challenging.

In the bond scenario, her agency would likely be the “home” agency. None of the Washington County cities (Beaverton, Tigard) own and manages housing, while the County does. The county presently has that capacity.

In general, she spoke of the need to develop a message that focused on the benefit to the voter.

She did note that one of the challenges in Washington County was the availability of developable parcels.

Ms. Wilson thought the idea of bundling issues together made sense, particularly parks and housing. She liked the Massachusetts model, though again was wary of any initiative that tampered with the county’s existing RETT.

She did not have any strong suggestions of groups that might inherently oppose a bond or levy initiative. She did recommend talking with “Vision West,” a public-private initiative in Washington County that was attempting to look at the future of the county. Housing is one of that group’s issue areas.

She also cited the need to engage the major, particularly out-of-state managed, employers in Washington County. Her sense was that they did not see housing as a particularly relevant issue, and that any initiative needed to connect with them.