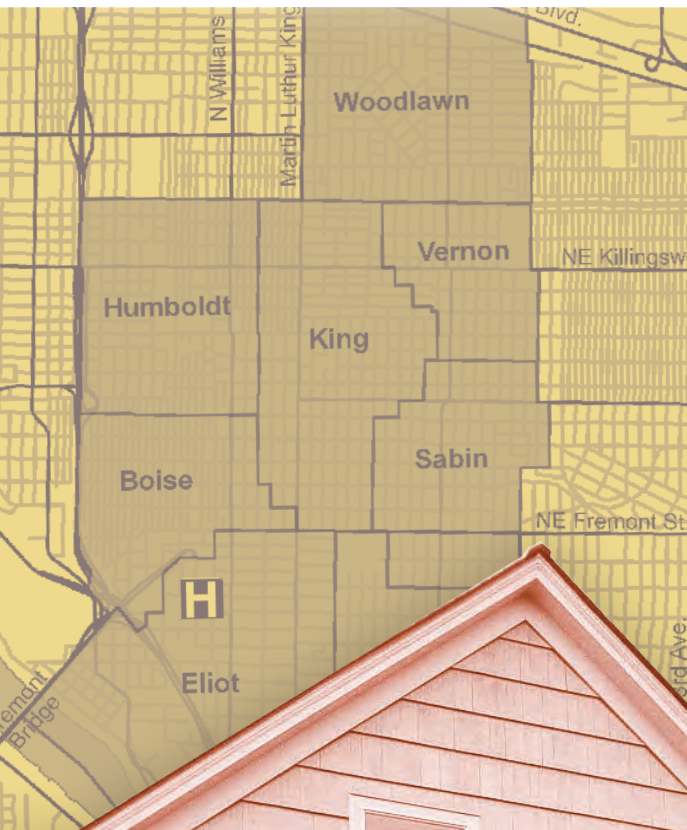


# PATHWAY 1000


# IMPLEMENTATION PLAN



**PATHWAY**

**1000**



A black and white photograph of a church service. In the foreground, a man in a suit stands at a podium, speaking into a microphone. His right hand is raised in a gesture. Behind him, a large, diverse congregation of people is seated in pews, many with their hands raised in prayer or agreement. The church interior features Gothic-style architecture with pointed arch windows and a large stained-glass window in the background. The overall atmosphere is solemn and communal.

**“Let us be those creative dissenters who will call our beloved nation to a higher destiny, a new plateau of compassion, to a more noble expression of humanness.”**

— Martin Luther King Jr.

## Portland Community - “We are the change we seek” – Barack H. Obama

As I consider Pathway 1000 and its intentionality – income imbalances and wealth disparities that exist in our City and in our nation guide my reflections. I ponder these exacerbated imbalances that persist in Black communities and other minority and low income White communities.

During his New Hampshire Primary Concession Speech, Barack Obama said “We’ve been asked to pause for a reality check. We’ve been warned against offering the people of this nation false hope. But in the unlikely story that is America, there has never been anything false about hope.”

However, we cannot ignore the fact America is a country born with slavery. In spite of the significant strides we have made as a nation, vestiges of this great nation’s negative history are pervasive.

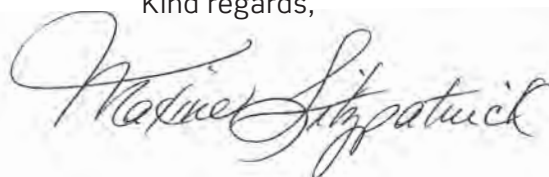
If we think about the racial and economic vulnerabilities existing in Portland, we can understand why the gentrification in NE Portland led to the rapid displacement of thousands of families, primarily Black families. The displacement occurred with little capacity in the community to challenge the changes.

We need only to examine the promises made and the apologies later received to know what’s needed now is more than promises and apologies can provide. Action is required.

Pathway 1000 addresses the housing issues caused by income disparities in the City of Portland and the State of Oregon. We are proposing corrective measures and long term solutions. The Plan addresses unemployment, under employment, wage disparities and the unequitable treatment that led to these noted disparate outcomes.

We welcome you to delve into our solutions, and hope when you are done reading our Plan, you will want to be a part of it.

Kind regards,



Maxine Fitzpatrick  
Executive Director



“An individual has not started living until he can rise above the narrow confines of his individualistic concerns to the broader concerns of all humanity.”

– Martin Luther King Jr.

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# EXECUTIVE SUMMARY

**W**hile Portland has evolved into a thriving, livable and sustainable city with world class restaurants, locavore food carts, micro-roasted coffee perfection, bike lanes, public transportation and the hipster culture made famous by Portlandia, its transformation has once again disrupted the lives and livelihoods of its Black community. Progressive Portland, the whitest big city in the country (American Community Survey, 2013), has a long history of racialized displacement driven by redlining, urban renewal policies, gentrification and speculative real estate forces that have had devastating consequences for the Black community in Portland.

**“We cannot undo the harms done, but rather must focus on restoring housing justice for those who were harmed. PCRI’s goal is to support and encourage displaced Black residents from North and Northeast Portland to focus on the future.”**

**— Maxine Fitzpatrick**  
*Executive Director, PCRI*

Formed twenty-five years ago due to a housing crisis created by redlining and predatory lending practices, Portland Community Reinvestment Initiatives, Inc. (PCRI) continues to be a solution to combat involuntary displacement in North and Northeast (N/NE) Portland, long the center of the Black community. Today, PCRI envisions Pathway 1000, a bold and ambitious ten-year displacement mitigation initiative to slow and reverse some of the involuntary displacement of long-term residents forced to move out of N/NE Portland and current residents at risk of displacement.

Pathway 1000 will build paths to stability and prosperity for Black and other low-income households. Over the next decade, it will create a minimum of 1,000 affordable homes primarily in N/NE Portland, 800 of which will be sold to new homeowners, as well as thousands of living wage jobs and business opportunities. Pathway 1000 will focus on homeownership, providing the nation’s most reliable form of security, stability and wealth creation, outcomes that have been historically denied to Black families in Portland. Pathway 1000 also reflects a larger vision for the N/NE neighborhoods as an income inclusive, racially diverse and welcoming community that celebrates its history as the center of Black culture in Portland.

## Pathway 1000 Goals

The overarching goal of Pathway 1000 is to address generational poverty of Black residents and others displaced from N/NE Portland by providing homeownership and rental housing opportunities that create wealth and stabilize families as well as provide living wage jobs for current and future residents of the community. In late 2014, PCRI prepared a Pathway 1000 Framework Plan that sets forth the benchmarks against which the success of Pathway 1000 will be measured (PCRI, 2014).

### Pathway 1000 Housing Goal:

Create a minimum of 1,000 new affordable units primarily in N/NE Portland over the next ten years, of which 800 are planned to be ownership homes and 200 will be constructed as affordable rental homes. Pathway 1000 will target housing opportunities for Blacks and other low-income households who were forced to move against their wishes by gentrification, redlining and other causes of displacement or are in danger of displacement from N/NE Portland.

### Pathway 1000 Neighborhood Empowerment Goal:

Create living wage jobs and business opportunities to mitigate the loss of African-American businesses spurred in part by disinvestment and subsequent gentrification of N/NE Portland.

## What is in the Plan

The Framework for Pathway 1000 was initially articulated in November 2014. From November 2016 through fall 2017, this plan was developed by PCRI in collaboration with its partner organizations and consultants. It includes the following sections:

**SECTION 1 – OVERVIEW AND CONTEXT** describes the historical context of N/NE Portland that led to involuntary displacement and economic instability of the Black Community; the demographic and community impacts of displacement; the disparities between the City's Black and White populations on measures of income, poverty, homeownership and wealth; and most importantly, the public policy context in Portland to address historical displacement and widespread gentrification.

“Maxine Fitzpatrick through PCRI has led a visionary, positive, proactive, collaborative and strategic effort to concretely address economic and systemic problems in the African American and NE Portland community. PCRI has included economic, technical and social support components in Pathway 1000. African American and long-time NE Portland residents, community organizations, and minority businesses who engage in Pathway 1000 will be uplifted and reap assets from their engagement and investment. MCIP and NAMC-Oregon are proud to be partners with Pathway 1000.”

— Tony Jones

*Executive Director,  
Metropolitan Contractor  
Improvement Partnership*

“Ambitious plans like Pathway 1000 reflect the efforts we need in order to continue addressing the housing crisis we are currently in. The alignment of a strategic forward looking plan, with the concerted efforts of our housing partners, will provide both rental and homeownership opportunities for our community. I look forward to working with PCRI in this effort.”

— Mayor Ted Wheeler

**SECTION 2 – COMMUNITY ECONOMIC BENEFITS** quantifies the key findings of the economic impact analysis of the Pathway 1000 Initiative using the IMPLAN model, an economic analysis standard widely utilized since 1979 in a broad range of applications. The IMPLAN study found that the \$300 million capital infusion to construct 1,000 dwelling units will have an \$850 million overall impact on the local economy. Also summarized in this section are collaborators National Association of Minority Contractors–Oregon’s (NAMC-OR) and Minority Contractors Improvement Project’s (MCIP) construction industry analysis, the plan to utilize a forecasting model to support contractors and the construction workforce needed for the sustained construction of Pathway 1000 homes, and the workforce training and utilization plan. This section includes the Pathway 1000 equity and inclusion strategies, a discussion of access to capital and concludes with workforce, business support and contracting policy actions.

**SECTION 3 – HOMEOWNERSHIP AND RESIDENT SERVICES** focuses on the benefits of asset building through homeownership for PCRI residents and Pathway 1000 homebuyers. This section includes a discussion of the linkage between PCRI residents, the community and Pathway 1000 homeownership opportunities, a discussion of the Black home buying gap, and an economic comparison of subsidized renting and homeownership. The conventional mortgage purchase, lease purchase and housing cooperative homeownership options and the homeownership education and counseling programs available to Pathway 1000 homeowners are described.

**SECTION 4 – HOUSING SITE PLAN** summarizes the salient findings and recommendations of PCRI and Portland State University graduate students and faculty related to redevelopment of PCRI-owned sites and other potential Pathway 1000 sites. This section also describes small scale, higher density affordable ownership housing options for Pathway 1000 homeownership and recommends strategies to help PCRI secure additional land to achieve Pathway 1000 housing goals.

**SECTION 5 – FINANCE STRATEGY** delineates the financing plan for Pathway 1000 homeownership units, affordable rental housing and community benefits including contracting and workforce opportunities, resident opportunities and plan implementation. The funding approach, resources needed and the financial feasibility for each component are described.

**SECTION 6 – COMMUNICATION AND OUTREACH** summarizes the communication and outreach plan for Pathway 1000 to build awareness and understanding of the Pathway 1000 Initiative and to reach current residents of N/NE Portland, and previously displaced residents who may wish to return and benefit from Pathway 1000 homes, commercial spaces, jobs and workforce training or other opportunities. Implementation goals, strategies, and tasks for each phase of the plan are described.

**SECTION 7 – ACTION ITEMS** is a comprehensive action plan that delineates specific actions, success measures, timelines, and responsible parties to achieve the Pathway 1000 goals detailed in each of the sections listed above. The action plan also describes needed policy changes and the structure and process to be used to ensure success for each goal.

Appendices include acknowledgements of assistance from partners that helped prepare the plan, endorsements from partners including potential funders, references for sources cited in the plan and the Interstate Corridor Urban Renewal Area (ICURA) Plan Housing Goals.

## A Community Created Plan

Informed by a thorough and comprehensive planning process that included participatory community engagement processes, the Pathway 1000 Implementation Plan provides a framework for community accountability. By describing the collaborative, inclusive and integrated goals, strategies and action steps that PCRI and its partners and collaborators will follow to build a minimum of 1,000 units of affordable homeownership and rental housing in N/NE Portland over a ten-year period, PCRI declared its commitment to the action plan.

Pathway 1000 differs from community development initiatives planned by local public agencies because it focuses on housing stability, wealth creation through homeownership, and subsequently a reduction in poverty, specifically the generational poverty that exists in Portland's Black community. Pathway 1000 is community driven, community informed, community advocated and community built. Moreover, Pathway 1000 has intentionally developed strategies that are not reliant on public funding to catalyze and sustain the momentum – We believe our approach can be a model for other communities in Portland and elsewhere in the country impacted by gentrification and displacement.

“Here’s the bottom line: will Portland become a more diverse and economically thriving place for everybody? Or, will we continue to exploit and displace Black and Brown residents? I’d prefer the former. Therefore, we must support visionary work like Pathways 1000. Support it with policy. Support it with funding. Support it with leadership.”

— Rukaiyah Adams  
Chief Investment Officer  
Meyer Memorial Trust



**Referred to as “Black Broadway,”  
N. Williams Avenue was the center  
of Black culture in Portland.**

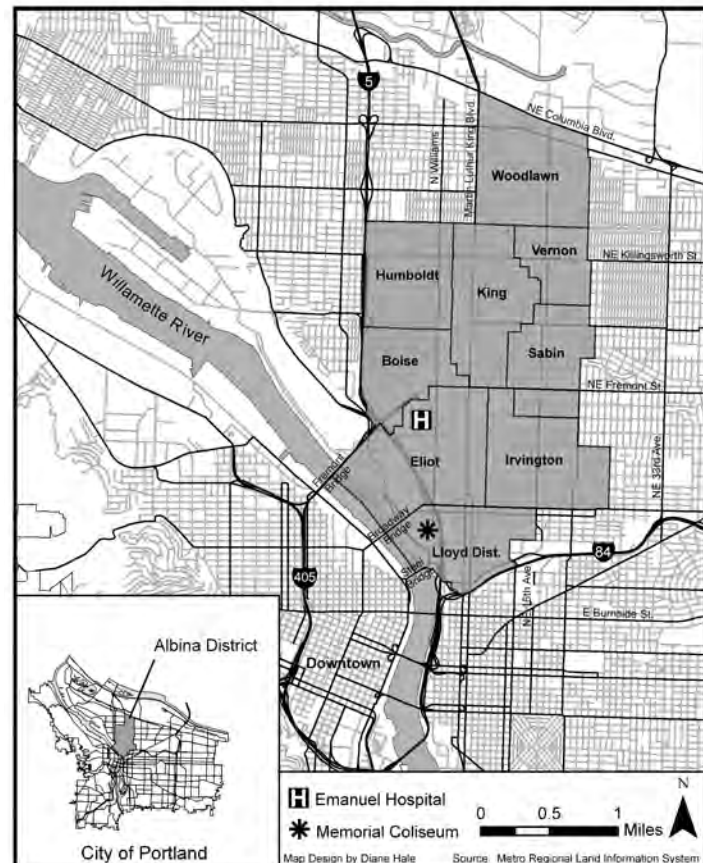
# OVERVIEW AND CONTEXT

Less than two decades ago, the neighborhoods that comprise the Albina District in North and Northeast (N/NE) Portland were home to the highest concentration of Black residents anywhere in the city or in the state. In 2000, there were ten Census tracts in Albina that were more than 50 percent Black. In 2010, after nearly 10,000 people of color (mostly Black) moved out, there were no Census tracts where the majority of residents were Black. **Essentially, this equates to 3 people per day for ten consecutive years forced to find a new place to live.**

## Historical Context

The Albina District, an area in N/NE Portland made up of the Eliot, Boise, Humboldt, Irvington, King, Overlook and Piedmont neighborhoods, is the historic center for the Black community in Portland. During the 20th century, the Black community grew slowly in Albina until World War II, when a large influx of Black workers moved to Portland to fill jobs for the local war effort, most of them in the large shipbuilding yards on the Columbia River. The surge also created a housing shortage, especially for Blacks who faced discrimination. In 1942, Vanport, the nation's largest war-time housing project, was built along the Columbia River in outer North Portland to house shipyard workers, many of whom were Black. Portland's Black population increased from 1,931 in 1940 to more than 20,000 in 1945.

Figure 1: The Albina District





**Vanport Flood.** Photo courtesy of Oregon Historical Society

**When the Columbia River flood of 1948 destroyed Vanport, over 16,000 people were displaced.**

When the Columbia River flood of 1948 destroyed Vanport, over 16,000 people were displaced. Black residents who lost their homes in the Vanport flood were faced with a difficult choice: they could return to their hometowns or resettle in Albina, one of the very few parts of Portland available to them due to redlining (the practice of denying or limiting financial services such as loans and insurance), and other discriminatory policies (BlackPast.org).

Homeless and unemployed, many of the Black former residents of Vanport rented rapidly aging homes or apartments in Albina. White Portlanders fled, and the city began a long pattern of disinvestment. By the 1950s, more than half of the Black population in Portland resided in Albina.

From the late 1950s to the 1970s, thousands of homes in Albina were demolished for the development of the Memorial Coliseum, expansion of Emanuel Hospital and construction of the Interstate 5 Freeway. In the 1970s, Portland declared many Black-owned homes and businesses blighted and shuttered them, driving people out.

Despite the displacement of thousands of residents over this period, Black businesses, community centers, churches and the local chapters of the Urban League and the NAACP thrived in Albina. Referred to as “Black



N. Williams Avenue in the 1950s. Photo courtesy of Oregon Historical Society



N. Williams Avenue in the 1970s. Photo courtesy of Oregon Historical Society

Broadway,” N. Williams Avenue was the center of Black culture in Portland. To the residents, these organizations and businesses provided the foundations of a community and the cornerstones of a cultural identity.

In the 1980s, Albina experienced significant disinvestment and property values declined as drugs, gang activity and housing abandonment increased in the area. Discriminatory lending practices and redlining exacerbated the problems and left many Black families unable to remain in their homes.

In the fall of 1990, an investigation in *The Oregonian*, “Blueprint for a Slum”, detailed the city’s neglect and lenders’ illegal practices. It found that Northeast Portland held one-third of the City’s abandoned homes, with 26 percent in just two neighborhoods, Boise and King. The investigation exposed the predatory lending practices of Dominion Capital, Inc., a major predatory lender in N/NE Portland that inflated the values of homes and provided risky financing to buyers without fully disclosing the terms. (Lane & Mayes, 1990).

Dominion Capital, which owned hundreds of homes in the area, was convicted of racketeering and fraud. Because families were still living in the firm’s homes, neighborhood and government leaders, and the families themselves collaborated to create a solution. Together, in 1992, they decided to form a non-profit organization, Portland Community Reinvestment Initiatives, Inc. (PCRI), to acquire the endangered homes, assist families to secure conventional mortgages to buy their homes back, and retain the unsold properties as long term affordable rentals. PCRI has been serving families in N/NE Portland since (PCRI, 2016).





Interstate Light Rail

**Reinvestment – occurring without adequate safeguards against displacement, and the City’s failure to honor homeownership commitments stated in ICURA Housing Goal #5 to increase opportunities for homeownership, prioritizing opportunities for existing residents has been a double-edged sword.**

With the adoption of the Albina Community Plan in 1993, the City began efforts to revitalize the area. Although the Albina Community Plan brought about some improvements, rising property costs during the economic boom of the 1990’s continued to force residents out of the area to resettle on the edges of the City and beyond.

The Portland Development Commission spent more than \$150 million in the area since 2001 including funding the TriMet MAX Yellow light rail line. Lured by the new MAX line and relatively inexpensive land, private investors have spent nearly \$1 billion, turning these historically Black neighborhoods in which banks would not make loans into hipster havens, home to expensive apartments, trendy office buildings, upscale restaurants and long lines for farm to table ice cream shops.

Reinvestment – occurring without adequate safeguards against displacement, and the City’s failure to honor homeownership commitments stated in ICURA Housing Goal #5 to increase opportunities for homeownership, prioritizing opportunities for existing residents has been a double-edged sword. Research conducted by the Oregonian’s investigative reporter Nikole Hannah-Jones found that the core of the City, particularly inner Northeast, became significantly Whiter from 2000 to 2010. In all, 38 census tracts in the City became Whiter and less diverse than in 2000. Hannah-Jones writes: “...those who left didn’t move to nicer areas. Pushed out by gentrification, most settled on the city’s eastern edges, according to the census data, where the sidewalks, grocery stores and parks grow sparse, and access to public transit is limited” (Oregonian, April 30, 2011).

# Demographics of Displacement

During the economic boom of the 1990s, large numbers of White, higher-income families started buying homes in inner N/NE Portland, drawn in large part to the area's old Victorian housing stock, affordable home prices, commercial districts, and proximity to the City's core (Gibson 2007).

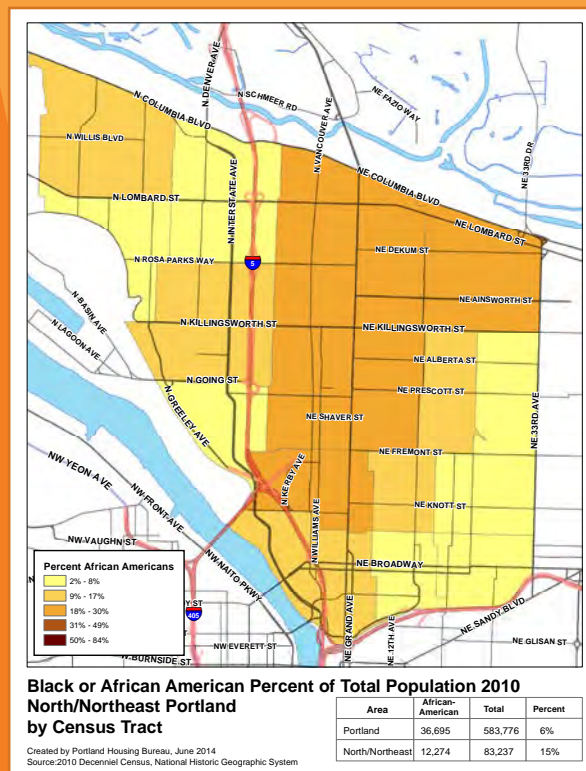
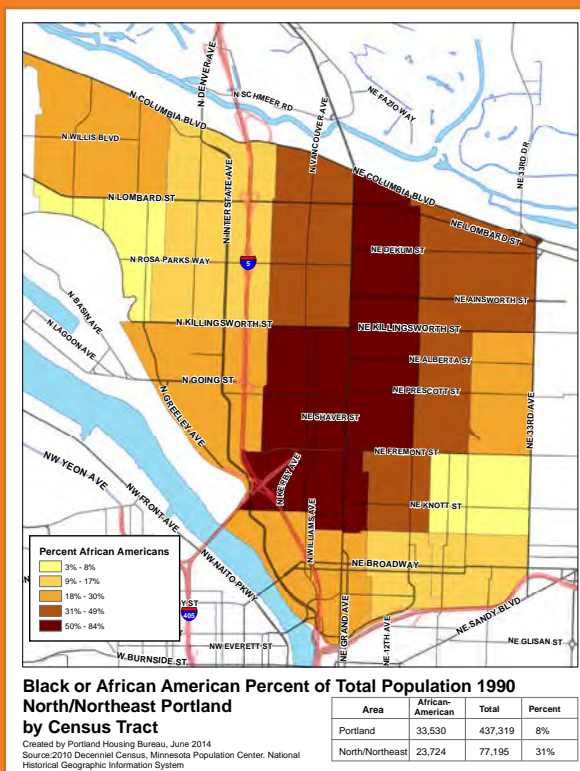
Maps created by the Portland Housing Bureau, based on decennial census data, illustrate the demographic changes in N/NE Portland neighborhoods from 1990 to 2010. In 1990, Black residents comprised 31 percent of the population of N/NE Portland and 8 percent of the total population of Portland. By 2010, the Black population had declined to 15 percent of N/NE residents and 6 percent of all Portland residents.

Together with more aggressive building code enforcement, the creation of the Interstate Corridor Urban Renewal District in 2000 and the completion of the Interstate Light Rail in 2004, the area was primed for reinvestment. The gap between the value of properties and what they could potentially earn was large enough for speculators to line up to buy tax-foreclosed properties in Albina (Gibson, 2007). Black residents in N/NE Portland did not share in the prosperity. Between 2000 and 2013, the median income for Blacks still in the neighborhood decreased 31 percent to \$24,322.

In 10 years 10,000 people of color moved out. That equals 3 people per day forced to find a new place to live.

By 2010, the Black population had declined to 15 percent of N/NE residents and 6 percent of all Portland residents.

Figure 2: Black or African American Percent of Population 1990 and 2010





N. Williams Avenue today

The Black community of inner N/NE Portland has largely disappeared from the new landscape of gleaming apartments and condos, yoga studios and cafes owned and occupied almost entirely by Whites.

Some were displaced involuntarily by rising housing prices; others departed historically Black neighborhoods where they no longer felt at home. Many Black residents of N/NE Portland were not able to take advantage of new funding for housing and business development that accompanied urban renewal in 2000. While some homeowners could reap home equity appreciation from higher prices when they sold, others struggled with repairs, taxes, and insurance due to rising values.

Today, the population of neighborhoods in the N/NE Portland shows a marked bifurcation. Because housing policies focused on new homebuyers and deeply subsidized rental housing while recent construction activity has been primarily upscale rental apartments, the population has become divided into two primary groups: affluent, White homeowners and renters and poor, Black renters. The combination of race and class makes “integration” in N/NE Portland neighborhoods a significant challenge. While neighborhoods are majority White, many public schools remain Black, Brown, and poor, as newcomers transfer their children away from neighborhood schools.

## Community Impacts of Displacement

A home is more than just shelter; a home is in a neighborhood, with access to amenities, services, and schools. Neighborhoods are more than just the opportunities available within close geographic proximity. They are communities that support families, social networks, and religious, social, and cultural institutions. When neighborhoods and communities are disrupted by gentrification and displacement, there are real consequences for the well-being of communities and the individuals they support.

The Black community in inner N/NE Portland has repeatedly experienced the trauma of displacement and the loss of home and community. As described above, the experience of Black residents has been marked by several cycles of traumatic displacement: in the natural disaster that was the Vanport flood to the Albina district neighborhoods; through the construction of the Memorial Coliseum, I-5 and other highway expansion projects, and Legacy Emanuel Hospital’s planned expansion, and more recently by revitalization as a designated urban renewal area that fomented rapid gentrification.

Black residents of Portland, who are now scattered in significant numbers across a wide terrain, continue to deal with familiar problems such as unemployment and poverty, however, their new neighborhoods

may not have the social services, mental-health resources, or proximity to higher performing schools they could have gotten in the urban core. The costs of displacement to a household or family include the intangible loss of a sense of community, social supports and history that has come with the loss of many members of the Black community. They also include tangible and measurable costs — loss of access to high opportunity locations and displacement to less accessible neighborhoods; the loss of assets/wealth when home-owning families exit without realizing increased values; and when longtime renter families cannot buy into increasing neighborhood value (Belfield, in Turner et al, 2008).

Residential displacement has detrimental consequences for the entire community – the effect of concentrated poverty on schools; spatial mismatch between low-wage workers’ homes and their jobs; and the social and economic costs of the health, educational, and employment impacts of housing instability. When individuals have inadequate housing, their opportunities and the development of human capital are limited, creating an overall economic impact (Belfield, in Turner et al, 2008).

## Income, Poverty, Homeownership and Wealth

Historically, it was assumed that the passage of the Civil Rights Act in 1964 and the Fair Housing Act in 1968 would mark the beginning of the end of racial residential segregation. Portland, however, has been slow to dismantle overtly racist policies, such as redlining practices that continued into the 1990s, long after they were prohibited through the Fair Housing Act of 1968. Almost fifty years after the passage of the Fair Housing Act, Black residents of Portland continue to face disparities in housing affordability, homeownership, employment and homelessness.

The hidden cost of being Black in the United States includes an unrelenting cycle of generational poverty for many families. In his recent book, *Toxic Inequality: How America’s Wealth Gap Destroys Mobility, Deepens the Racial Divide, and Threatens Our Future*, Thomas Shapiro reveals how “The lack of family assets along with continuing racial discrimination in crucial areas like homeownership dramatically impact the everyday lives of many black families, reversing gains earned in schools and on jobs, and perpetuating the cycle of poverty in which far too many find themselves trapped” (Shapiro, 2017).

“Just when we put down roots for the third time, the landlord sold the building and we said goodbye to the community we had always known.”



The historical advantages for Whites and disadvantages for Blacks in Portland and the U.S. lay the foundation for the disparities in income, homeownership, wealth and poverty. While it helps to understand the factors that got us to where we are now, where is that exactly? It is on the shores of a giant gulf where Black Portlanders are generally on one side and Whites on the other, and the water appears to be rising, pushing the two sides farther apart.

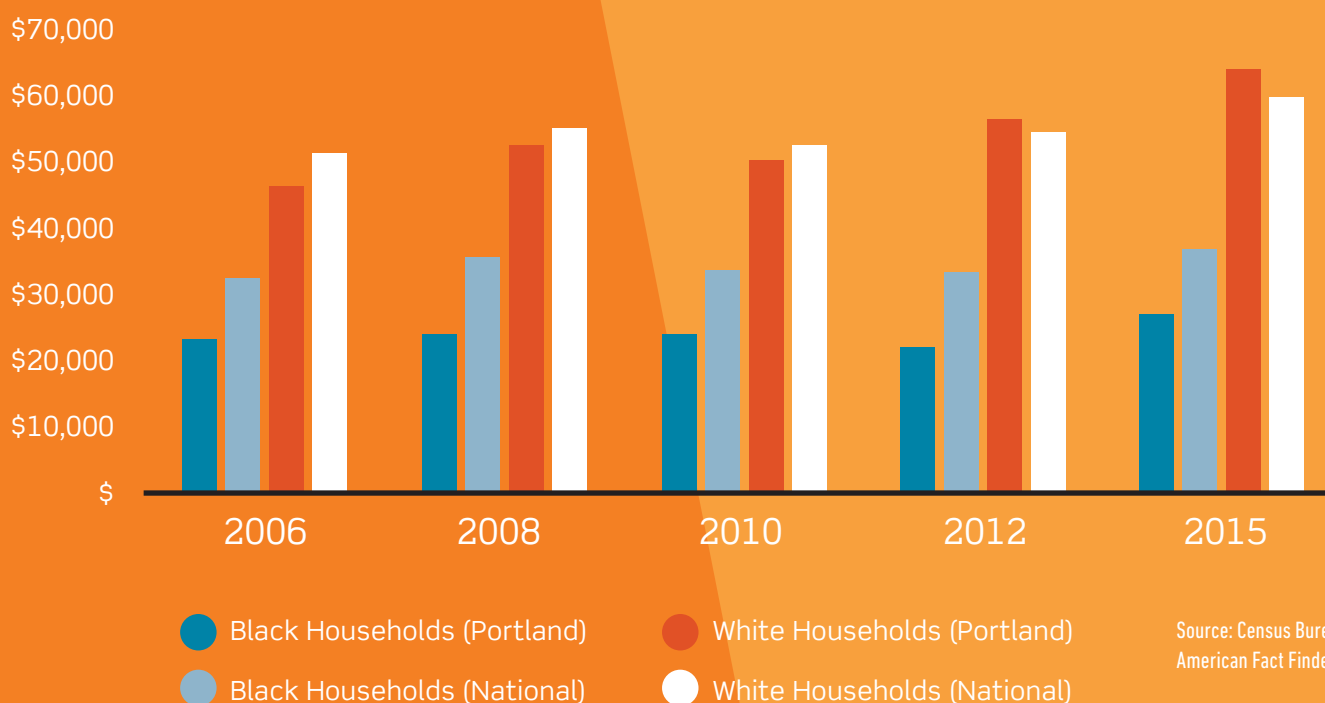
## Income

When considering a household's wellbeing, income is a logical place to start. In the decade from 2006-2015, as displayed in Table 1, the median Black household income in Portland has ranged from only two-thirds to three-quarters of the median Black household income in the U.S. In this relatively expensive City, the median Black family in Portland earns substantially less than the median Black family nationally. Over this same period, median Black household income in Portland has lagged the median White household income by even greater margins.

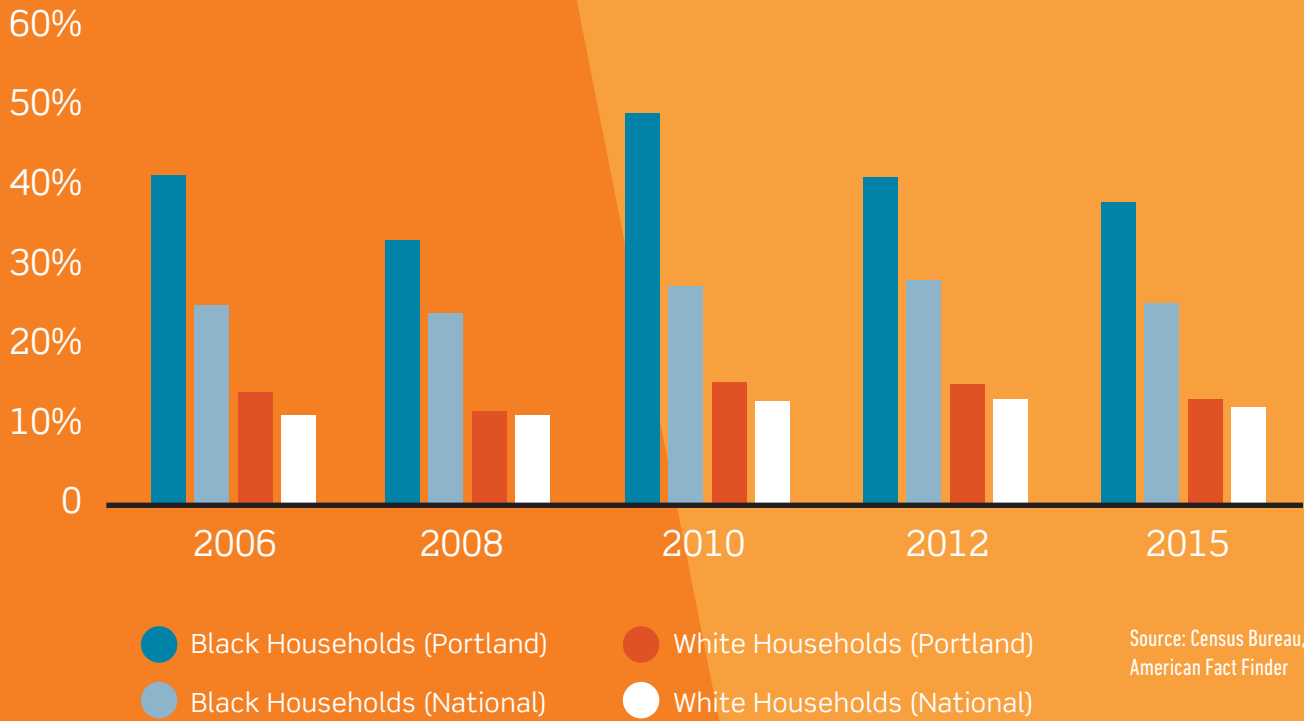
In Portland, the median Black household income as a percentage of the median White household income in the 2006-2015 decade ranged from a low of 40.1 percent in 2012, to 49.9 percent in 2006. In 2015, the most recent year for which data is available, the median Black household here earned \$27,207, only 42.3 percent of the \$64,260 earned by the median White household (Census Bureau, American Fact Finder).

Anyone paying attention to housing market trends in Portland over the past five years knows that finding an affordable place to live is a challenge at \$64,000 per year. It is extraordinarily difficult at \$27,000.

Table 1: Portland and National Median Black and White Household Income



**Table 2: Portland and National Percentage of Black and White Households Living in Poverty**



## Poverty

Poverty is experienced more than twice as often by Black Americans as by White Americans. As shown in Table 2, in 2015, the most recent data available, 25.4 percent of Blacks were in poverty within the previous year, compared with 12.2 percent of Whites. In Portland, the disparity is greater – over the past decade, Black residents have experienced poverty closer to triple the rate of Whites (38.8 percent to 13.1 percent in 2015). Over the ten-year period from 2006 to 2015, the Black poverty rate in Portland has been more than 50 percent higher than the national rate for Blacks.

## Portland State University and others identify three main types of poverty in the U.S.:

1

### **SITUATIONAL POVERTY,**

where an event such as job loss or a death cause a family to live in poverty temporarily. The most prominent characteristic of people in this group is that they typically return to the middle class.

2

### **WORKING CLASS POVERTY,**

where a family has income below the poverty line, and not enough to save money or build assets.

3

### **GENERATIONAL POVERTY,**

where a family has lived in poverty for two or more generations.

Patrick Sharkey of New York University professes, “Neighborhood poverty experienced a generation ago doesn’t disappear. It doesn’t become inconsequential. It lingers on to affect the next generation” (Ross, 2014).

Those experiencing working class or generational poverty have the fewest resources and the lowest probability of joining the middle class. A common characteristic between these two types of poverty is related to their homes. They generally do not own them (PSU, online).

This should not come as a surprise. Homeownership is the vehicle through which most American families build financial wealth and pass assets down to their children, something that by definition, those in working class or generational poverty do not have. For most families that own their home, it is their greatest single asset. Pathway 1000 works to create this asset for families that would not otherwise have this opportunity. In contrast, city of Portland homeownership policies have created barriers to wealth creation for Black residents and other low-income households.

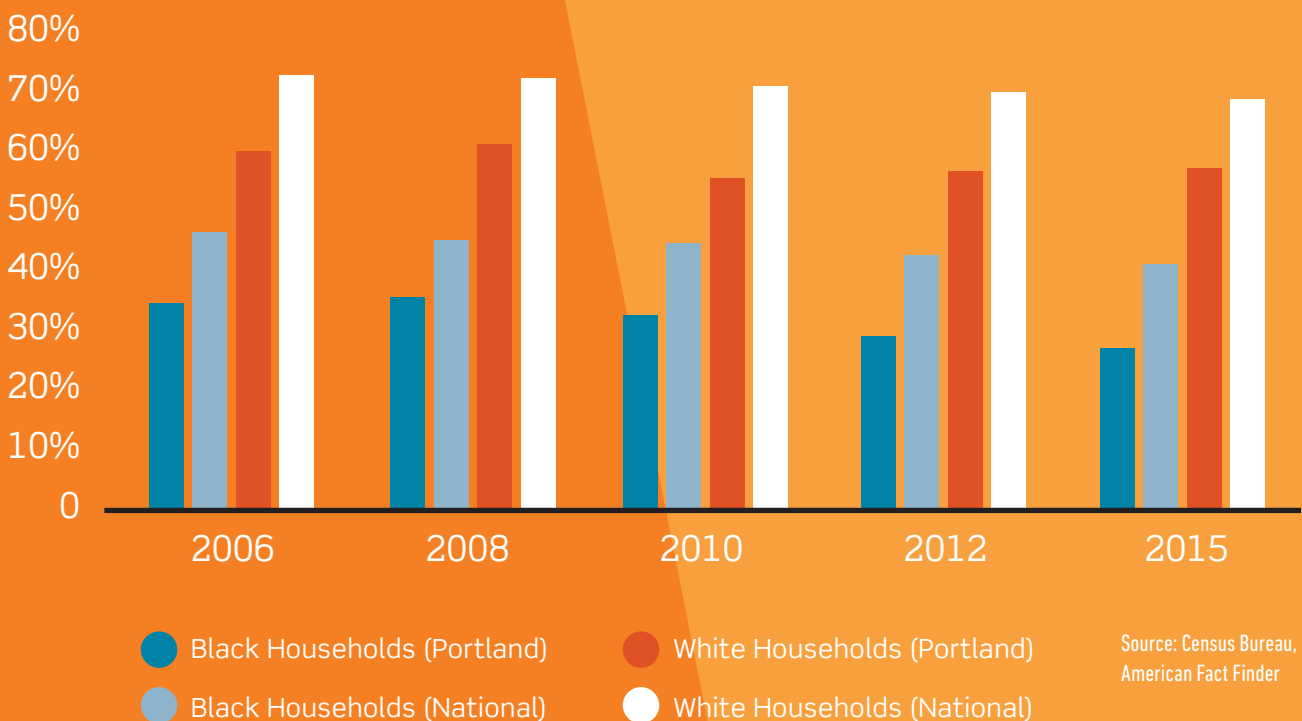
# Homeownership

As with poverty, substantial differences are found in homeownership rates between Blacks and Whites. As Table 3 shows, in Portland, the homeownership rate for Black households is only 27.1 percent which is less than half that of White households of 56.9 percent, according to the U.S. Census's 2015 American Community Survey. In 2015, Portland homeownership rates for both Blacks and Whites were lower than the national homeownership rates of 40.9 percent for Black households and 68.5 percent for White households (Census Bureau, American Fact Finder).

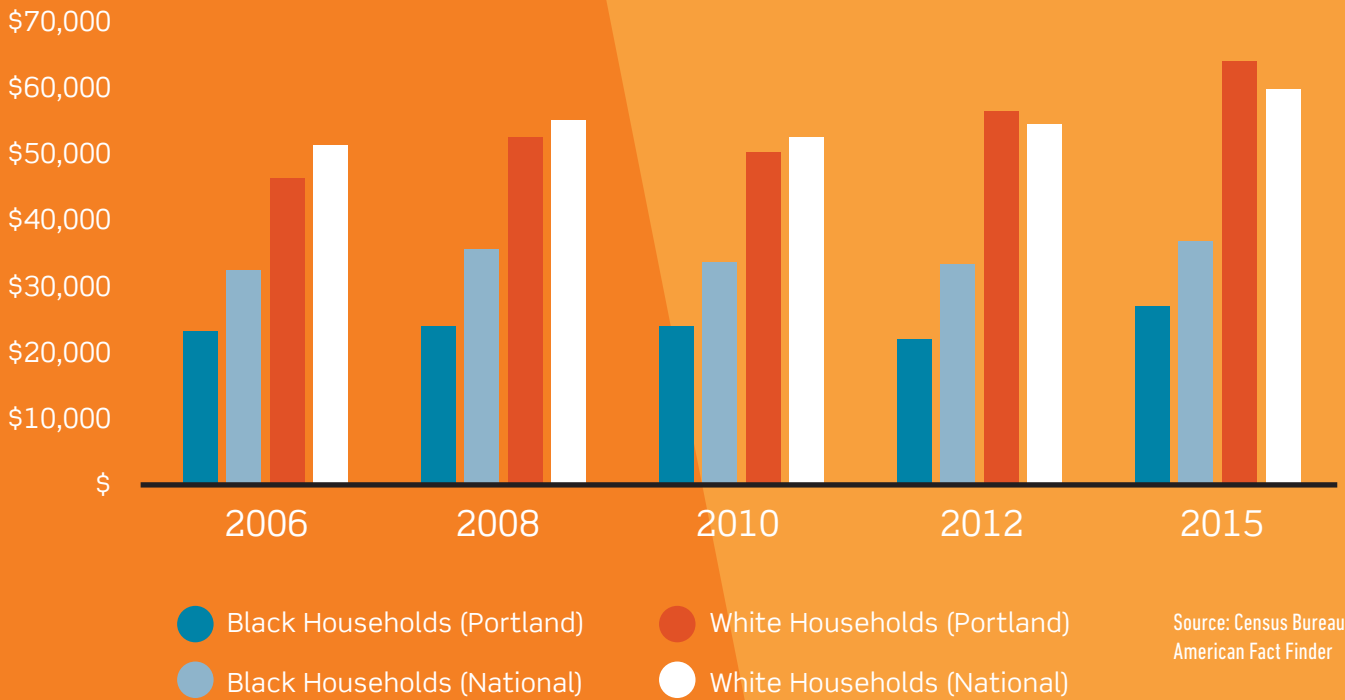
According to the Portland Housing Bureau's annual report, 2016 State of Housing in Portland, the average Black Portland household had a median income of \$27,441 and could not afford to purchase a home in any Portland neighborhood without becoming cost burdened and spending more than 30 percent of their monthly income on housing, not including taxes, insurance, or utilities.

The average Black Portland household... could not afford to purchase a home in any Portland neighborhood without becoming cost burdened and spending more than 30 percent of their monthly income on housing...

Table 3: Portland and National Black and White Homeownership Rates



**Table 4: The Widening Racial Wealth Gap, 1984 - 2013**



## Wealth

“Net worth” is the basic yardstick by which wealth is measured. The greatest share of the average U.S. household’s net worth is from home-ownership. With only about one quarter of Black households in Portland owning a home, this group’s ability to accumulate wealth is suffering.

In 2013, a scholarly paper titled “Is Homeownership Still an Effective Means of Building Wealth for Low-income and Minority Households? (Was it Ever?)” was published by the Harvard University Joint Center of Housing Studies. Its authors concluded “...that while there is no doubt that homeownership entails real financial risks, there continues to be strong support for the association between owning a home and accumulating wealth. This relationship held even during the tumultuous period from 1999 to 2009, under less than ideal conditions. Importantly, while homeownership is associated with somewhat lower gains in wealth among minorities and lower-income households, these gains are on average still positive and substantial” (Harvard, 2013).

When a household’s only substantial asset is its home, net worth and wealth are directly related to the housing market. When ownership lasts

a long time, this is generally positive, as market downturns can be outlasted. When ownership tenure is short or has only just begun, wealth can suffer from market swings. From the depths of the foreclosure crisis in 2010 up to 2013, median wealth for White households increased nationwide. For Black households, it fell 33.7 percent. This is due largely to the fact that White households have more diverse assets and the stock market was rising, even as home prices were not. For Black households with less diverse assets, a home is often the only net worth asset and home prices dropped significantly (Federal Reserve Bank, 2015).

The lesson here is that when a family is well prepared for the challenges of homeownership, and has both desire and ability to maintain it, its wealth is likely to grow.

Looking back, generational poverty tends to be the deepest kind, the hardest to escape. Here is where long-term ownership of a home can be especially beneficial. It is an asset that can be passed to the next generation, giving them a leg up and making them less reliant on public resources. This is an advantage in life that few Blacks in Portland have. Raphael Bostic of the University of Southern California's Price School of Public Policy writes, "Economists have found that intergenerational transfers – both during the parents' lifetime and after their death – account for at least half of the average American family's wealth. By excluding Blacks from certain geographies, policies weren't just denying them a house. They were denying access to the most effective source of wealth generation in the modern world. Homeownership accrues wealth faster than most retirement accounts, and with a fixed-rate mortgage, it's less volatile and easier to access than the stock market. It has literally built the American middle class" (Bostic, 2016).

## Alignment of PCRI's Mission and Pathway 1000

In an article written for the Federal Reserve Bank of San Francisco, Rick Lazio raises a critique at housing policy and programs at the macro level. "Housing programs are established to benefit people in certain income brackets, communities or target groups, but then these programs proceed to treat all potential borrowers, developers, and homeowners equally. Programs are also typically implemented at the national or state level, ignoring the regional, local, and cultural differences that exist in specific markets" (Federal Reserve Bank, 2015). Pathway 1000, however, provides a large-scale opportunity to work in a targeted local geography and cultural market to make a real difference in the lives of hundreds of families and thousands of people in Portland.

**"So whites moving to the suburbs were being subsidized in an accumulation of wealth, while blacks were being divested. As a result, there's a huge wealth differential between blacks and whites in this country that's largely associated with housing. The majority of Americans have their wealth in housing, and because the housing stock was so incredibly racialized, it created tremendous wealth in the white population and very little wealth in the black population."**

**– john a. powell**

*Director of the Haas Institute for a Fair and Inclusive Society*

“I would like to see... Increases in the rate of homeownership for African-American families. And increases in the rate of employment for African-Americans in Oregon. And frankly, I’d like to see some of those issues that lead to entrenched poverty stamped out.”

– Nkenge Harmon Johnson  
President and CEO of the Urban League of Portland

The previously cited paper from the Harvard Joint Center for Housing Studies “conclude[s] that homeownership continues to represent an important opportunity for individuals and families of limited means to accumulate wealth...The key, of course, is to identify the conditions where lower-income and minority households are most likely to succeed as owners and so realize this potential while avoiding the significant costs of failure” (Harvard, 2013).

This lies at the heart of PCRI’s mission. It is a dramatic and important investment in Portland and the Black community. PCRI will leverage the equity in its real estate to construct homes for motivated renters to purchase. It will carefully select homeowner candidates and work with them to prepare for the rigors and rewards of homeownership.

As a community based and community implemented initiative, Pathway 1000’s housing and neighborhood empowerment goals and implementation actions will substantially improve the severe community impacts of displacement and economic instability. Leveraging the economic benefits of building 1000 new affordable homes and aligning with the efforts of community partners, collaborators, residents and businesses, PCRI will assure that wealth creation gained through homeownership and the sustainable creation and retention of Black and other minority owned businesses result from these efforts.

## Policy Context

### State of Black Oregon 2015

Prepared by the Urban League of Portland in collaboration with PCRI, the State of Black Oregon 2015 report examines the compounding effects of racial inequities in key economic and social areas on the overall wealth and well-being of Black Oregonians.

#### DISPLACEMENT MITIGATION POLICY:

**Prevent and reverse the detrimental effects of gentrification through multilevel community development.**

#### WEALTH CREATION POLICY:

**Do more to encourage Black wealth creation—from homeownership to business development—through social enterprise and collaborative business endeavors.**

## The City of Portland Redevelopment and Housing Policy

In Portland, public policy and public investment has been an important cause of displacement and housing discrimination that has decimated Portland's Black neighborhoods. Although public investments have been made to improve living conditions for existing residents through housing rehabilitation, economic development, and improvements to infrastructure services, that has not been the effect in Portland. Understanding the potential consequences of policies and investments is as important as their intention. As has occurred in N/NE Portland, these consequences include losing the trust of communities negatively affected by housing market changes.

Although the public sector has only limited direct contribution to the housing stock, it does affect the housing market through the creation of general and specialized plans; through regulation of development; and with incentives. To understand how gentrification relates to public policy and investments, it is important to understand that neighborhood change and community displacement aren't due to "just the market" acting on its own, but occur within a context set in part by plans and policies, especially within areas designated for special public investment, such as urban renewal areas.

Public investments increase the investment potential of a neighborhood. When a city signals its commitment to a neighborhood through improvements to the built environment and development incentives, it decreases the risk of investment. The private market responds by making capital available and increasing development activities. Furthermore, as the public sector improves neighborhood access, infrastructure, and amenities, the neighborhood becomes more desirable and the demand to live there by higher-income households increases. When public investments are made in neighborhoods where markets are already heating up, it can increase the intensity of the change and exacerbate displacement.

Since the early 1990s with the creation of the Albina Community Plan, the city of Portland has prepared plans that expressed a commitment to mitigating the displacement of Black residents and others from N/NE Portland. The purpose of the Albina Community Plan was to spur housing development, assist low-income residents to become homeowners, rehabilitate distressed housing units for low- and moderate-income families, and revitalize the commercial corridor. Lisa Bates, a noted Portland State University (PSU) urban studies professor, says that funding arrived late and strategies to upgrade Albina homes did not always help residents avoid displacement (Colorlines, 2016).

Pathway 1000 – a displacement mitigation initiative with an overarching goal of creating generational wealth building opportunities through homeownership and rental housing opportunities, living wage jobs and business opportunities – and addresses the barriers to wealth accumulation in Black and low-income households in Portland.

## Interstate Urban Renewal Area

In August 2000, the Portland City Council approved the Interstate Corridor Urban Renewal Area (ICURA) Plan (2000). Unlike most Portland urban renewal areas, the majority of the ICURA land is residential and includes large portions of the historically Black neighborhoods in N/NE Portland. The ICURA Plan (Adopted 2000 and Amended and Restated, 2011) specifically states that the ICURA should “primarily benefit existing residents and businesses” and should protect them from the “threats posed by gentrification and displacement” (ICURA, 2000, 4).

For many residents who suffered through the devastation of neighborhoods wrought by urban renewal and public infrastructure projects, acknowledgements of prior mistakes and injustices do little to allay concerns that public officials may not have their best interests at heart when major projects are considered. Pauline Bradford, an Albina resident quoted in the ICURA Plan, summed up the legacy of urban renewal and the City’s history of relations with its Black community: “People were displaced – life investments and achievements were disrupted with no chance to rebuild.”

All people who were affected by condemnation had a difficult time re-establishing their lives. Blacks had an especially hard time achieving their housing goals – they faced discrimination, redlining, and the perception that they were considered a bad risk for the programs that were supposedly designed to assist them” (ICURA, 2000).

The ICURA Housing Strategy included six housing goals including a goal to “Increase the total housing stock by at least 4,000 housing units by the Year 2020 to increase the availability of rental and ownership housing opportunities for current and future residents and to support expanded services, businesses and employment opportunities” (ICURA, 2002). Sixteen years later, Kimberley Branam, the PDC executive director said that the plan’s intended beneficiaries “were, in fact, those who were most harmed” (Oregonian, November 5, 2016).

In 2013, City leaders offered a \$2.4 million discount to a developer hoping to build a Trader Joe’s on a vacant lot along Martin Luther King Boulevard in the heart of the historically Black community. To some in the community, it felt like an all too familiar echo from the past.

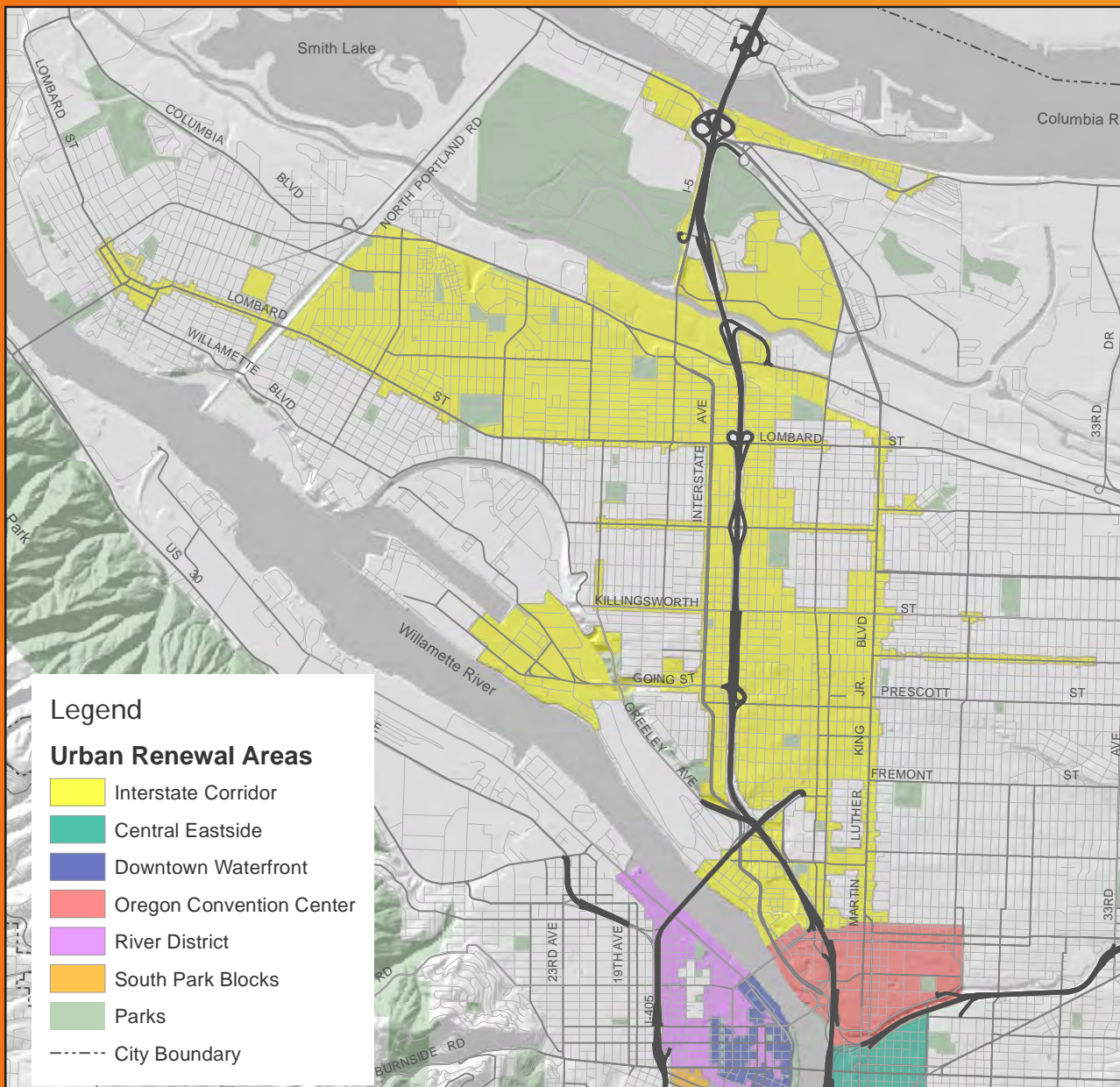
In the aftermath of this controversy which put Portland in the national gentrification spotlight, then Mayor Hales promised that \$20 million in urban renewal funds would be set aside to support affordable housing in the Interstate Corridor. To align the investment of the \$20 million with the stated priorities of the N/NE community, the Portland Housing Bureau implemented an outreach effort that resulted in the “North/Northeast Neighborhood Housing Strategy”. The first major project



**“People were displaced – life investments and achievements were disrupted with no chance to rebuild.”**

— Pauline Bradford,  
*Albina resident*

Figure 3: Boundary Map of the Interstate Corridor Urban Renewal Area



Source: Prosper Portland

developed using these urban renewal funds is Garlington Place, a new 52-unit apartment building for Veterans and displaced N/NE Portland community members in the Albina neighborhood scheduled to open in February 2018.

The PDC has recently pledged that the \$32 million remaining in the ICURA will be spent helping Black businesses and homeowners. To accomplish this goal, PDC produced the N/NE Community Development Action Plan, a comprehensive strategy that articulates how PDC will invest the remaining \$32 million in Tax Increment Financing (TIF) resources available for economic development in the ICURA.

The action plan and the investments are designed to ensure that the remaining Interstate Corridor economic development resources benefit

In 2013 City leaders offered a \$2.4 million discount to a developer hoping to build a Trader Joe's on a vacant lot along Martin Luther King Boulevard in the heart of the historically Black community. To some in the community, it felt like an all too familiar echo from the past.



the community that has been most negatively impacted by the changes. Legacy Health, Prosper Portland (formerly the Portland Development Commission) and the city of Portland recently announced a collaborative effort to kick off a process for the proposed development of a vacant 1.7 acre block at North Russell Street and North Williams Avenue currently owned by Legacy Health using TIF resources that may include affordable and workforce housing for seniors and families, community gathering spaces, a cultural business hub, open space, other community-desired amenities and medical uses.

Recognizing that the City's past actions marginalized and displaced many longtime residents, in 2015, Portland City Council voted unanimously to accept the N/NE Neighborhood Housing Strategy to address displacement and gentrification in North and Northeast Portland. The strategy includes tools and programs that prioritize the housing needs of displaced households. Several of the programs, including those that increase affordable housing and keep homeowners in their homes, are aligned to the stated goals of N/NE Neighborhood Housing Strategy.

It is important to note, however, the homeownership tools in the N/NE Neighborhood Strategy, including the prioritization of permanent affordability and repayment of Down Payment Assistance Loans (DPAL), create barriers to building wealth and assets for Black and low income families. Typically, homeowners that purchase homes through permanent affordability programs do not receive the full amount of the increased value of their homes at sale/refinance. Likewise, the homeowner does not reap the full equity appreciation with a DPAL because these loans require that the down payment be paid back within a certain timeframe or upon sale/refinance. However, that commitment will not address past and current displacement.

In 2016, the city of Portland adopted the 2035 Comprehensive Plan, which implements the Portland Plan (Adopted, 2012). Among other

guiding documents, the Portland Plan sets forth a vision for the City of livability and equity. The vision of “complete neighborhoods” includes not only economic prosperity and a healthy built environment, but also access to opportunity through affordable housing. Through the Portland Plan, the City made a commitment to better monitor and evaluate where gentrification is occurring or is likely to occur in Portland, however, that commitment will not address past and current displacement.

## City of Portland Equity and Inclusion Policy

The Portland region has a history of discrimination against Black and other people of color businesses for public sector construction contracting. In 2009, the city of Portland commissioned a Disparity Study, which showed a statistically significant underutilization of minority and women owned prime contractors on City construction projects. The Disparity Study also found that Minority Owned Business Enterprise (MBE) and Woman Owned Business Enterprise (WBE) face barriers to working as prime contractors and subcontractors on public sector contracts, annual revenue of certain MBE/WBEs contractors was lower than other construction related firms, and that minorities and women face greater disadvantages than other owners when seeking capital, bonding and insurance.

In recent years, the city of Portland has taken several actions in its attempt to promote equity and inclusion. In 2011, the city of Portland established the Office of Equity and Human Rights (OEHR) to promote equity and reduce disparities within City government and provide education and technical support to City staff and elected officials to remove systemic barriers to fair and just distribution of resources. The Portland City Council established the Commission on Equitable Contracting and Purchasing in 2015 to increase utilization of minorities and women-owned businesses in City contracting. In 2016, the OEHR drafted the Community Equity and Inclusion Plan (CEIP), the contracting template to be used by all City bureaus for alternative procurement for construction contracting and employment opportunities for racial and ethnic minorities, women, and economically disadvantaged individuals on City projects (City of Portland, 2016).

The Pathway 1000 collaborators, PCRI, NAMC-OR and MCIP endorse the adoption of MBE and DBE (not ESB) equity and inclusion programs by the public sector and increased accountability for the results. However, the programs do not go far enough to mitigate and reverse the historic and ongoing disadvantage of the Black and Brown workforce and MBE and DBE businesses. In Section 2, we detail a Pathway 1000 Community Economic Benefit Plan that leverages and expands the expertise of NAMC-OR and MCIP to support priority businesses and workforce.

“Our community has been involuntarily displaced five times. This resulted in decades long, staggering loss of wealth and neighborhood stability. These racially discriminatory practices had a devastating impact on Black home ownership. PCRI is to be applauded for its Pathway 1000 plan, and it’s effort to again make home ownership in Albina a reality for Black families.”

— Ronald Herndon,  
*Director of Albina Head Start*

## The Role of Metro

Metro, the Portland area's regional government, has a long-standing commitment to mitigating displacement and fostering equitable housing. In 1995, Metro adopted the 2040 Growth Concept, a long-range regional growth plan. It includes policies to promote safe and stable neighborhoods for families and housing for people of all incomes in every community. In 2016, Metro's Equitable Housing Initiative released a report exploring the nature of the region's housing challenges and providing a four-part strategic framework that includes a strategy to mitigate displacement and stabilize communities through a variety of renter protections and financial assistance measures. Pathway 1000 complements and advances the strategies in Metro's framework.

In 2006, Metro established the Community Planning and Development Grant program to help local communities do the hard work of thinking for the future – planning for development, investment and collaboration that help communities revitalize existing neighborhoods. Through its Community Planning and Development Grant Program, Metro awarded a competitive grant to the city of Portland in late 2015 to support the Pathway 1000 planning work recognizing its value in creating a community driven revitalization and investment model. The grant has supported the preparation of this Pathway 1000 Implementation Plan and the work of PCRI's collaborators that inform this report.

## Pathway 1000 Policy Impacts and Recommendations

Pathway 1000 is a community-focused framework for achieving the equitable objectives and opportunities that the best of these policy efforts envisions honoring the wisdom of the N/NE communities, especially Black Portlanders, when they identify household stability, homeownership, and building assets as their highest priorities. We are significantly in tandem with the community-sourced recommendations described in The Urban League of Portland's State of Black Oregon 2015 report.

Pathway 1000 supports and leverages the work of our collaborators to offer new models for reinvesting in these communities by growing incomes and building assets as pathways up and out of poverty. It is worth restating that the Pathway 1000 ten-year implementation plan is not reliant upon deep or ongoing direct public subsidy; moreover, it is built on the trust that PCRI and the collaborators have established with the community and a commitment to the community for accountability in the implementation and public resource allocation that has been missing in the past.

While PCRI acknowledges the relative value of the policy initiatives that



will help make Pathway 1000 successful, it is important to address two points at the outset. First, compared to the assets and opportunities lost over decades by displaced households, the public resources described above fall far short of the scale of investment needed to mitigate the losses. And even more important to the Pathway 1000 vision, most public programs are not designed to address the underlying issues of poverty and inequity that have been built into or exacerbated by many publicly funded efforts and public policies. Pathway 1000 will be a significant opportunity to make a positive impact in the lives of thousands of people and families who have been harmed over the past seventy years, but it does not represent the finish line of the effort.

In Section 7 of this document we recommend public sector policy changes that will demonstrate government responsiveness to community driven solutions. These include:

- **Removal of barriers to asset building in Down Payment Assistance (DPA) programs**
- **Utilization of PCRI's established and trusted Right to Return displacement mitigation program for Pathway 1000 clients**
- **Increased support for Pathway 1000 contractor and workforce development programs**

This section paints the bleak picture of discrimination, oppression and the negative effects of economic cycles suffered by the Black community in Portland over the past seventy years. Pathway 1000 will make tremendous strides to help this community regain a significant presence in N/NE Portland, and start building wealth and security for their families to enjoy now and in future generations.

PCRI's first homeownership project, completed in 2010. Featured in Fine Home Building Magazine. (Photo by David Papazian. Courtesy of Fine Home Building Magazine).

A construction worker wearing a yellow hard hat and a blue and red plaid shirt is focused on his work. He is using a power drill to work on a wooden structure. He is wearing yellow work gloves and has a tool belt with various tools attached. The background shows the wooden framing of a building under construction.

**“The future belongs to those  
who prepare for it today.”**

— Malcom X

*Black Leader and Human Rights Activist*

# COMMUNITY ECONOMIC BENEFITS

The Pathway 1000 framework document created in 2014 guides the development of this implementation plan. The framework articulates PCRI's overarching goal of addressing generational poverty of Blacks and others displaced from N/NE Portland, and a specific goal aimed at economic benefits for the impacted community.

## Pathway 1000 Community Benefits

The Pathway 1000 Neighborhood Empowerment Goal is to create living wage jobs and business opportunities to mitigate the loss of Black businesses spurred by disinvestment and subsequent gentrification in N/NE Portland.

Pathway 1000 intends to work with the Black community to secure economic benefits that historic barriers and common practice prevent them from accessing.

In describing the strategies, actions and community economic benefits of Pathway 1000, it is important to distinguish between this community driven, community focused, and community implemented plan and a traditional Community Benefits Agreement (CBA). Created in the late 1990s as a way for the communities most impacted by economic development projects to participate in the planning process and seek to ensure that development benefits will accrue to existing communities. A CBA is a contract signed by community groups and a real estate developer that requires the developer to provide specific amenities and/or mitigations to the local community or neighborhood. Although some CBAs have proven to be successful tools to improve the economic development process, CBAs do not offer a way to ensure that they are truly representative of community needs and desires.

In contrast, Pathway 1000's community designed and implemented plan for delivering economic benefits will be brought forth through:

- **Outreach and engagement of priority populations**
- **Formal and informal working agreements among the Black community based collaborators and their trusted partners**
- **Program development and goal setting.**
- **Ongoing measurement of outcomes and program adjustments**

**Pathway 1000  
Neighborhood  
Empowerment Goal:  
Create living wage  
jobs and business  
opportunities  
to mitigate the  
loss of Black  
businesses spurred  
by disinvestment  
and subsequent  
gentrification in  
N/NE Portland.**

Over the ten years of the Pathway 1000 initiative, significant opportunity exists for public sector partners to deliver on their economic opportunity equity goals by aligning their investments and programs in support of Pathway 1000.

Creating living wage jobs and business opportunities are the shared benchmark of Pathway 1000 – and these goals have a greater likelihood of success than a traditional CBA that is not implemented by the community.

Over the ten years of the Pathway 1000 initiative, significant opportunity exists for public sector partners to deliver on their economic opportunity equity goals by aligning their investments and programs in support of Pathway 1000. While implementation of Pathway 1000 is intentionally not reliant upon deep public subsidy, the programs and strategies represent excellent opportunities for public agencies to listen, learn and participate as the community leads.

The economic impact of the Pathway 1000 Initiative will reach far beyond the construction impacts of building 1,000 new affordable housing units and the 1,000 households that will directly benefit from living in affordable housing. Over the next ten years, as illustrated in Table 5, the projected \$300 million infusion of capital generated by Pathway 1000 housing construction activities is projected to have an \$837 million economic impact in the city of Portland, which extends to other areas of Multnomah County. Moreover, Pathway 1000 is a replicable, community driven model that other communities in the Portland metro region, around the state and across the country can utilize to mitigate displacement and to provide economic opportunities for displaced low-income residents in their communities.

## IMPLAN Economic Impact Analysis

To quantify the economic impacts of Pathway 1000 Initiative, PCRI retained David Paul Rosen & Associates (DRA) to prepare an economic impact analysis (DRA, 2016). Completed in August 2016, the analysis used the IMPLAN model, an industry standard widely utilized since 1979 in a broad range of applications from major construction projects to natural resource programs.

IMPLAN is an input-output model that depicts how output from one industrial sector may become an input to another industrial sector. Economic impacts of Pathway 1000 were divided into three categories:

- 1. Direct construction employment and labor income;**
- 2. Indirect and induced economic effects from expenditures of residents moving into the new housing units; and**
- 3. Property tax revenues and expenditures to the city of Portland.**

## Key Findings

According to data derived from the IMPLAN analysis, as shown in Table 5, beyond the direct economic benefits of the housing, Pathway 1000 is projected to create a total of 1,581 new jobs with a total labor income of \$104.1 million over a ten-year period. Direct short-term construction jobs will total 838 and generate labor income of \$53.6 million. As the construction income from these new units circulates through the local economy, a total of 743 indirect and induced short term jobs with labor income of \$50.5 million will be created. The construction jobs will be distributed across several construction trades; however, the greatest employment impacts will occur in the concrete and rough carpentry trades, followed by electrical, grading, siding, drywall, and painting and decorating. The indirect and induced jobs will be created primarily in wholesale trade, retail sales, restaurants, health care, real estate and architectural and engineering services sectors.

Another substantial long term economic benefit of Pathway 1000 will result as residents of the new ownership and rental housing purchase goods and services in the local economy. Table 5 also shows that over

**Table 5: Summary of Pathway 1000 Economic Impacts**

10 YEAR TOTAL IMPACTS <sup>1</sup>	DIRECT (CONSTRUCTION)	INDIRECT AND INDUCED	TOTAL
<b>Total Jobs</b>	<b>838</b>	<b>743</b>	<b>1,581</b>
<b>Total Labor Income</b>	<b>\$53.6 million</b>	<b>\$50.5 million</b>	<b>104.1 million</b>
<b>Total Household Income <sup>2</sup></b>			<b>\$341.8 million</b>
<b>Total Household Expenditures <sup>3</sup></b>			<b>\$256.4 million</b>
<b>Employment Generated by Household Expenditures</b>		<b>325</b>	<b>325</b>
<b>Indirect Labor Income</b>		<b>\$91.5 million</b>	<b>\$91.5 million</b>
<b>Property Tax Revenue to City <sup>4</sup></b>			<b>\$43.2 million</b>
<b>Total Output</b>			<b>\$837 million</b>

Source: Derived from the DRA IMPLAN Economic Impact Analysis

<sup>1</sup> Impacts are based on the high scenario.

<sup>2</sup> In 2016 Dollars.

<sup>3</sup> After deductions for federal and state income taxes, Social Security and Medicare (FICA) taxes, and personal savings, based on data from the Tax Policy Center for households at the income levels projected.

<sup>4</sup> Based on a property tax rate of 2.4 percent derived from a range of property tax levies in the city of Portland from "Multnomah County Table of Consolidated Tax Rates for Levy Code Areas 2015-2016".

“As a cultural and educational anchor in our part of town, we at the Cascade Campus are committed, through education and workforce training, to empowering the current and former residents of inner North and Northeast Portland to stay in – and return to – the neighborhoods they have called home for so long. The Pathway 1000 project from Portland Community Reinvestment Initiatives Inc. aligns with this commitment and with PCC’s broader mandate to support underrepresented communities through affordable education, workforce development, and community engagement. PCC and the Cascade Campus are happy to endorse Pathway 1000 and look forward to working with PCRI to help the communities of North and Northeast Portland to prosper.”

— Karin Edwards

*President,  
Portland Community  
College Cascade Campus*

the ten-year Pathway 1000 buildout period, the cumulative increase in household income is projected to total \$341.8 million. Household expenditures of Pathway 1000 residents are projected to total \$256.4 million over the ten-year period. The indirect and induced effects of new resident spending are projected to include the creation of a total of 325 jobs at build-out with a total labor income associated with these jobs of \$91.5 million.

The city of Portland will receive a substantial increase in property taxes resulting from the increase in assessed valuation associated with the development of 1,000 new Pathway 1000 housing units. As shown in Table 5, the City is projected to receive a total of \$43.2 million in property taxes from the owners of Pathway 1000 homes just over the 10-year buildout period.

## NAMC-OR/MCIP Contractor and Workforce Initiative

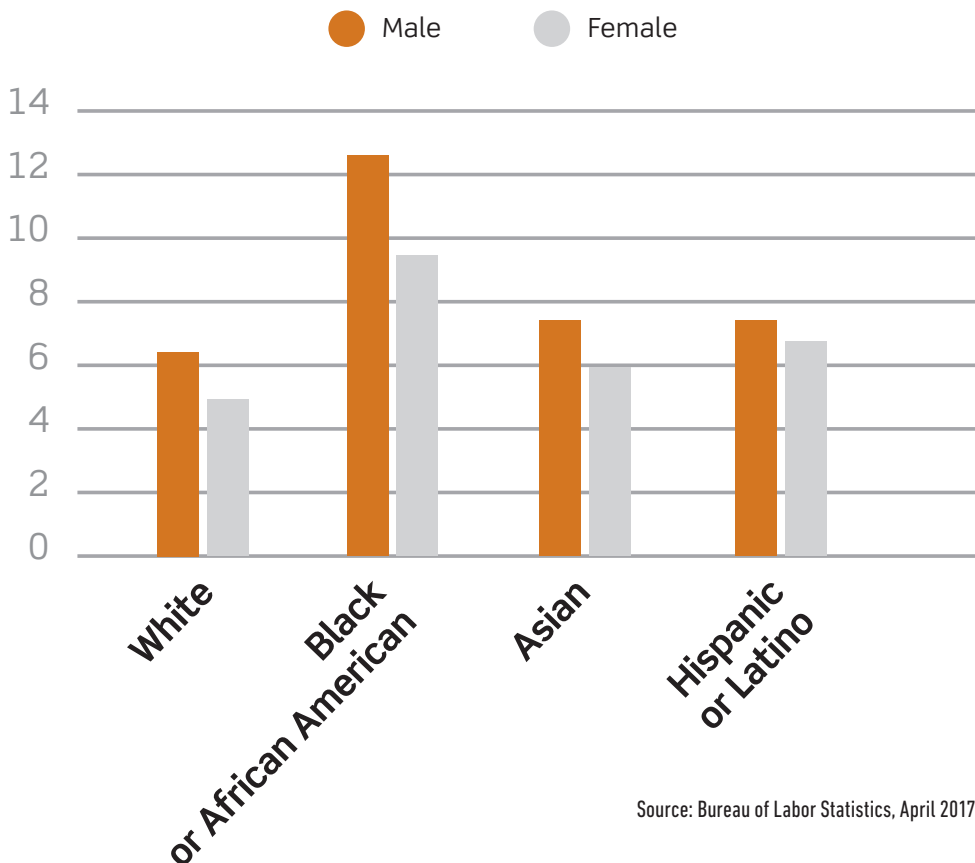
The Pathway 1000 contractor and workforce initiative is a pilot project for Black and Brown recruitment and retention in workforce programs, with a focus on construction. The project is intended to supplement and enhance current efforts to increase diversity and opportunities in construction by offering a pipeline of projects for ten years or more. The project is unique in its focus on providing equitable contracting and training opportunities for minority populations underrepresented in the trades. The primary purposes of the plan are:

- **Use the Pathway 1000 collaboration to create a pipeline of projects for a minimum of ten years.**
- **Increase recruitment and retention of minority and women workers and contractors.**
- **Reduce employment disparities in communities of color.**
- **Provide equitable contracting and training opportunities for underrepresented minorities.**
- **Provide mentors for minority youth who are successful in a wide-range of vocations.**
- **Expand available career options and equip minority communities with insights to make connections in the construction industry.**

Core Pathway 1000 collaborators are the local chapter of the National Association of Minority Contractors (NAMC-OR), the oldest minority construction trade association in the United States and the Metropolitan Contractors Improvement Partnership (MCIP), a Portland business support and training organization for minority and disadvantaged businesses (MBE/DBEs). Target Community Economic Impact Projections have been prepared which will be used to develop a Contractor and Workforce Implementation Plan designed to provide contractor capacity, workforce development programs and jobs that connect this priority population to the construction and economic opportunities provided by Pathway 1000.

Communities of color in Portland, in particular Black and Brown residents, like many other communities of color across the country, struggle with high youth unemployment. Black males age 18-34 have the highest unemployment rate in America. Other minority groups, have also seen similar disparity. As shown in Table 6, the 2017 unemployment rate for Black males ages 18-34 is more than 12 percent which is double the unemployment rate for White males at just over 6 percent. The unemployment rate for Black females is above 9 percent which is higher than the unemployment rate for White and Brown females ages 18-34.

**Table 6: Unemployment by Ethnicity, 2017 (ages 18-34)**





“NAMC-Oregon is pleased to partner with PCRI on Pathway 1000. Our collective vision is to see economic development and prosperity spread throughout minority communities in Portland, Or. As a construction advocacy organization NAMC-Oregon believes this partnership will improve the awareness, capacity and skills of minority businesses and workers to achieve economic independence and entrepreneurial success on these pipeline projects.”

— Nate McCoy

*Executive Director  
NAMC-Oregon*

NAMC-OR and MCIP have established partnerships with minority contractors and culturally responsive workforce development organizations. NAMC-OR and MCIP will develop or expand programming to specifically address segments of the priority population:

- **Black and Brown youth who lack access to culturally matched role models and mentors who are successful in a wide-range of vocations, specifically construction**
- **Unemployed or underemployed residents of PCRI rental housing**
- **Displaced N/NE residents and their families who were pushed further out, away from economic opportunities in the vibrant City center**

# Target Community Economic Impact Projections

NAMC-OR and MCIP worked in partnership with PCRI to prepare economic impact projections for the Pathway 1000 target community that explore more deeply the construction employment projections in the DRA economic impact analysis. The Target Community Economic Impact Projections include four components:

- 1. Construction Industry Market Data**
- 2. Minority Business Participation**
- 3. NAMC-Oregon, MCIP and Community Capacity**
- 4. Forecasting and Project Pipeline**

NAMC-OR and MCIP collaborated to develop an extensive report on the current demographics which make up the Oregon construction industry. The booming Oregon construction market is currently growing at more than two times the economy overall. Statewide, the construction industry comprises more than 96,900 jobs, 13,700 firms, and accounts for more than \$5,000,000,000 in annual industry payroll with an average salary of more than \$63,000. Not surprisingly, most Oregon construction employment is concentrated in the Portland Metropolitan Area. The Portland construction industry accounts for more than 6% of total employment.

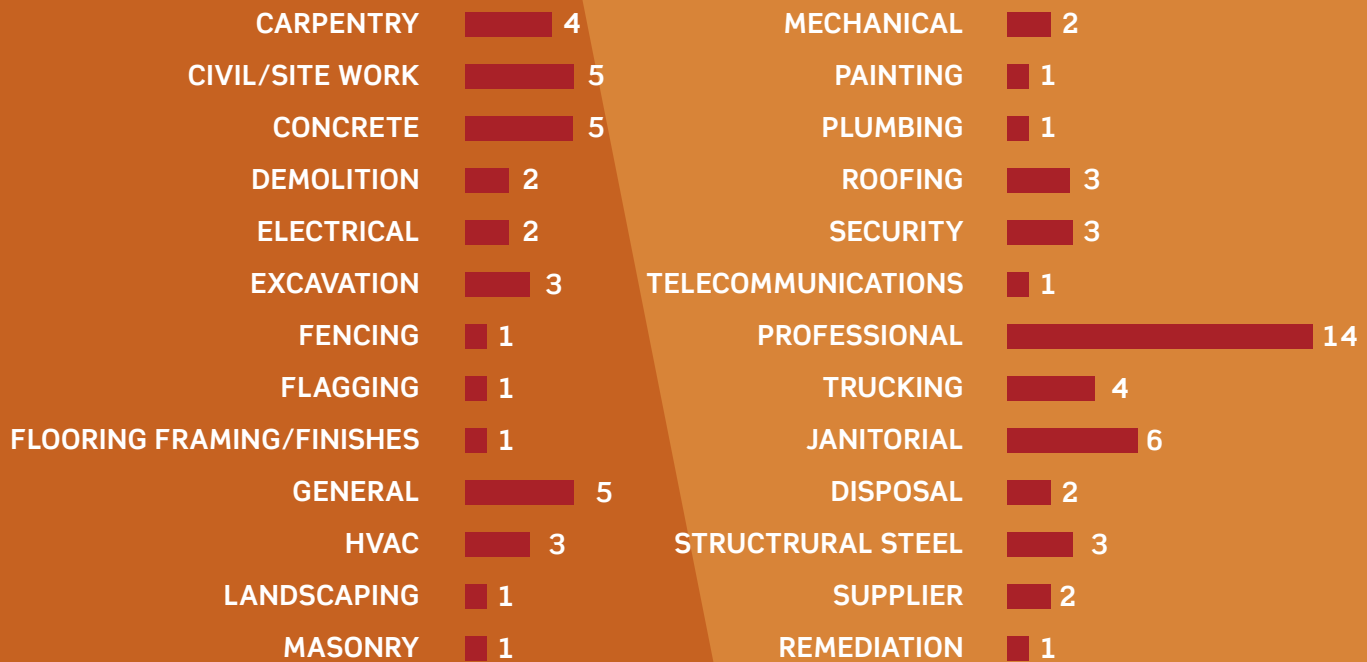
While these findings show the construction industry is robust, minority participation is lacking. Minority owned businesses and workers must be provided opportunities to find living wage employment and spark economic growth in the underserved communities of N/NE Portland. As shown in Table 7 on the next page, Minority Business Enterprises (MBE) registered firms are not represented in all trades and have little to no representation in many others. There are fewer than a dozen registered MBE firms in plumbing, electrical, and painting represented in the entire Portland market. With an annual change of registered MBE firms of -5.6%, less than 27% of Disadvantaged, Minority and Women Owned Business Enterprises (DMWESB) registered firms are minority-owned.

In addition to their analysis of Minority Business Enterprise (MBE) certified firms, NMAC-OR and MCIP assessed the current capacity of NMAC-OR member firms and focused marketing and outreach efforts for their programs on areas in which capacity and workforce is limited.

Built in to the Pathway 1000 Initiative is a minimum 10-year pipeline of construction projects with an emphasis on hiring minority-owned firms

There are fewer than a dozen registered MBE firms in plumbing, electrical, and painting represented in the entire Portland market. With an annual change of registered MBE firms of -5.6%, less than 27% of Disadvantaged, Minority and Women Owned Business Enterprises (DMWESB) registered firms are minority-owned.

**Table 7: Capacity of Registered Portland MBE Firms**



Source: NAMC-OR and MCIP

and workers. Real-time construction project data collection and analysis is essential for the Pathway 1000 team to determine the needs of both current and future projects. The project team can use this data to determine a multitude of different project aspects. Data analysis can identify available scopes and the availability of certified firms to perform the work. This informs recruitment and development of new firms in target fields. The team can also work with pre-apprentice and apprenticeship programs to target recruitment of minority workers to those trades that are most common to Pathway 1000 projects. This planning allows for collaboration between the project team and apprenticeship programs and the ability to plan contractor and work-force utilization for future projects of similar size and scope.

Information needed for Target Community Economic Impact Projections includes but is not limited to:

- **Total hours worked (by trade)**
- **Total number of apprentices (by trade)**
- **Number of certified firms (by trade)**
- **Total contract values**

Existing processes dictate the submittal of a public records request to obtain these documents, which can be a lengthy process. Since the collection of this data is difficult to obtain in a timely and efficient manner, NAMC-OR and PCRI will advocate with both the public agencies that currently collect data, and work with the contractors who generate the data to establish better systems for collection and analysis of relevant information.

## Contractor and Workforce Implementation Plan

To develop and implement the Contractor and Workforce Implementation Plan, NAMC-OR and MCIP will work with a variety of partners including minority and disadvantaged contractors, community colleges, state agencies, City bureaus, private contractors, trade organizations, associations and other organizations.

The Contractor and Workforce Implementation Plan will include four parts:

- 1. Marketing Strategies**
- 2. Procurement Strategies**
- 3. Workforce Planning and Outreach Coordination**
- 4. Contractor Supportive Services**

Informed by the NAMC-OR and MCIP contractor and workforce opportunities forecasts, PCRI, NAMC-OR and MCIP will develop and implement an integrated marketing strategy to expand the participation of MBE/DBE contractors, minorities, and women on Pathway 1000 construction opportunities. The marketing strategy will incorporate a variety of tools and procedures including early notification of potential bidding opportunities; project pre-bid meetings; technical workshops; relationship building with pre-apprenticeship organizations; training and technical assistance for contractors; and events to link DBE prime contractors, sub-contractors, and apprentice organizations to the community and PCRI residents seeking job opportunities.

NAMC-OR and MCIP will collaborate with PCRI to prepare procurement and outreach strategies and to coordinate workforce placement for the Pathway 1000 construction pipeline. The strategies will include procedures that ensure there is adequate notification prior to bid announcement; sufficient time to research and bid the project; and procurement language and risk management requirements that do not create unintentional barriers or restrictions for DBE engagement.

“Having lived in the Boise neighborhood between N Mississippi and N Williams since the 1970’s, I’ve witnessed dramatic change at my doorstep. I bought my current family home in 1996. But before the 1990’s, conventional loans were not available for homes in the redlined, mostly-Black community in inner N/NE and so we were precluded from homeownership in our own neighborhoods. While I was lucky, many of us were priced out as property values and rents began to rise with gentrification. Thirty years later, PCRI’s Pathway 1000 Initiative gives me hope, as a construction business owner and N/NE resident, that we can open the door to living wage construction jobs and affordable homeownership and welcome back those who were priced out.”

— Dennis Harris  
Owner  
Albina Construction LLC



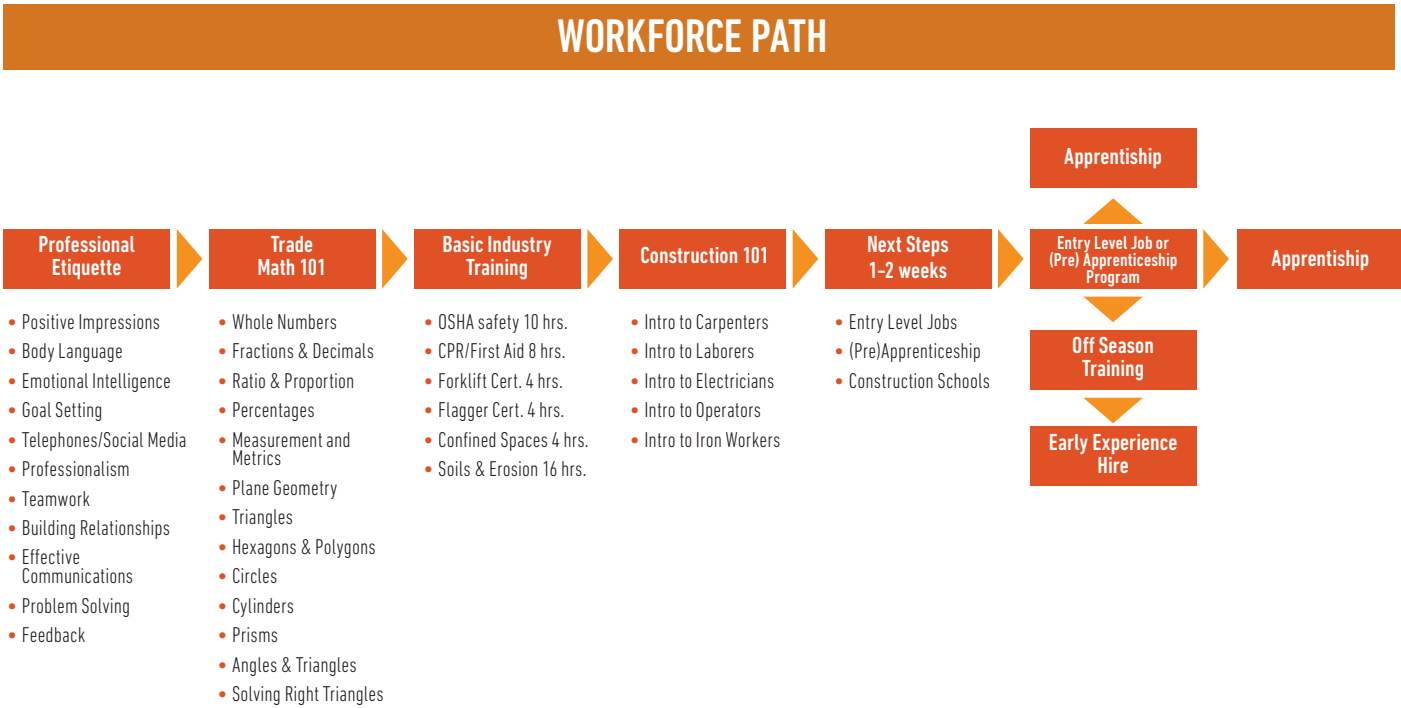
NAMC-OR has partnered with Portland Opportunities Industrialization Center (POIC) to create a pre-apprenticeship program at Rosemary Anderson High School to increase the participation of minority youth and young adults in the construction trades. The new POIC Program will utilize the Target Community Economic Impact Projections workforce data to prioritize recruitment and create long term training opportunities for apprentices.

Other important procurement and outreach strategies include providing opportunities for Disadvantaged Business Enterprise (DBE) firms to build relationships with banks and construction equipment companies; holding “meet and greets” with project managers so that they have knowledge of upcoming bids; and designating a NAMC-OR/MCIP team member to work closely with DMWBE firms to help them fully understand the project opportunities.

NAMC-OR and MCIP have prepared strategies to develop workforce skills and coordinate the outreach required to meet Pathway 1000 workforce objectives. Workforce development tasks include defining the project management process and selecting and managing partner organizations. Outreach tasks related to this collaboration include coordinating the implementation of the workforce plan; recruiting and scheduling minority contractors for workforce engagement; providing logistical support for networking; visiting construction sites; and communicating with project collaborators and the community on a regular basis. Table 8 illustrates NAMC-OR’s Workforce Development Process.

NAMC-OR has partnered with POIC to create a pre-apprenticeship program to increase minority youth and young adult’s education and interest in the construction trades. POIC’s Rosemary Anderson High School currently enrolls 700 students across Portland of which 78% are

**Table 8: NAMC-OR Workforce Development Process**



Source: NAMC-OR

“The opportunities created for contractors and workforce through a ten year pipeline of housing being developed by PCRI is an amazing opportunity for economic and workforce development that doesn’t happen often enough. Colas Construction is proud to be able to assist in providing educational and workforce opportunities that benefit communities of color in a very positive way.”

— Andrew Colas

*President,  
Colas Construction, Inc.*

students of color. This partnership is an opportunity to educate, mentor, and provide living wage jobs to POIC students and increase the available pool of minority workers. Rosemary Anderson High School has a graduation rate of 85% and nearly 600 graduates per year will be seeking living wage employment opportunities.

During the pre-construction, construction and post-construction phases, NAMC-OR and MCIP will provide contractor support services which will include technical workshops for potential contractors; oversight and coaching on PCRI business requirements; and post-bid debriefing assistance to unsuccessful contractors. Additionally, project management and construction document preparation training will be provided and a resource guide for pre-apprenticeship and apprenticeship programs and a roster of candidates interested in trade programs will be prepared.

## Contractor and Workforce Implementation Plan Goals

The Contractor and Workforce Implementation Plan describes several quantitative and qualitative goals to achieve the far-reaching and multifaceted outcomes anticipated by Pathway 1000 for jobs and contractor and workforce development. Important quantitative goals are to measure and analyze the economic impact from the construction of the 1,000 units planned for Pathway 1000 and to demonstrate the economic impact on jobs, payroll, minority contractor gross revenue and multiplier effects.

Salient qualitative goals include implementing a strategy to facilitate significant contracting with minority and women contractors and significant hiring of minority and women workers; structuring procurement contracts to maximize contracting with minority and disadvantaged contractors; coordinating a continuum of services for underemployed and unemployed minority and women residents from the community; and providing MBE/DBE contractor training to maximize participation on the project and assist businesses to grow in revenue and management capacity.

## Pathway 1000 Equity and Inclusion Efforts

The Pathway 1000 Contractor and Workforce Implementation Plan is intended to supplement and enhance current efforts to increase diversity. PCRI is deeply committed to collaborating closely with NAMC-OR, MCIP and other community partners to ensure that the new jobs generated by implementation of Pathway 1000 provide employment and training opportunities for minority, disadvantaged and other community residents including residents of existing PCRI-owned homes.

By utilizing the equitable and inclusive contracting strategies that support and expand contracting opportunities for minority-owned and other disadvantaged businesses and better connecting these businesses to financial and technical assistance, intends to ensure that a significant portion of the 10-year \$300 million capital investment in N/NE Portland is shared by community based contractors, large and small, and residents seeking jobs in the construction trades and other occupations. This infusion of revenue and income will enhance the ability of households wishing to stay in or return to the community to purchase or rent the homes created by Pathway 1000. The options and support available to them is the subject of the next section.

## Access to Capital

The marketing, outreach, procurement and contractor support services provided by the Pathway 1000 contractor and workforce engagement initiative will support the growth of minority businesses. Through the programs administered by MCIP and NAMC-OR, businesses will have continual work over 10 years as well as access to the full range of tools they need, allowing them to grow their firms and generate jobs and economic security in their community. For this reason, minority programs specifically designed to support the needs of minority businesses are appropriately included in our description of Pathway 1000 economic benefits.

The major constraint limiting the growth, expansion, and wealth creation of small firms – especially women and minority-owned businesses – is inadequate capital. Because of their size, these small firms typically have almost no access to external funds from public markets and are bank dependent. Small firms have little or no collateral and, as relatively young firms, lack an extensive history from which future firm or management performance can be surmised, even though the firm may have high growth potential (Robb, 2013).

One reason that minority-owned businesses employ less capital may in part be attributed to their owners being less likely to apply for bank loans than non-minority business owners because of their fear of rejection. According to one survey, among minority businesses expressing a need for credit, over half reported not applying for loans because they feared being denied (Bates and Robb 2013). Surveys show that Blacks are 37 percent more likely and Hispanics are 23 percent more likely than non-minorities to avoid applying for credit for fear of rejection. Among women entrepreneurs, data indicate that between 2007 and 2010 they were slightly more likely than men not to apply for credit for fear that

“For decades, African Americans in N/NE Portland were subject to constant displacement due to the whims of various land-use, transportation, economic and other policies. Today, gentrification represents yet another force to displacement. Pathway 1000 counters it by fostering and growing neighborhood businesses, jobs and wealth. Ascent Funding is excited to partner with Pathway 1000 in offering the capital and the business financial literacy necessary to help these neighborhood businesses stay, grow, and thrive.”

— Robin Wang  
Executive Director  
Ascent Funding

their loan applications would be denied (Bates and Robb 2013). The fear that minorities have of being turned down for loans is well-founded: when they do seek loans, they are significantly less likely to be approved than non-minorities. Minority business owners are more likely to be located in low- or moderate-income or minority-concentrated urban areas, and to be involved in retail businesses; each of these factors is associated with lower return on investment, which partly limits their ability to raise financial capital (Fairlie and Robb 2010).

To ensure that minority businesses have access to credit needed to grow their businesses and other services, MCIP and NAMC-OR will collaborate with non-profit lenders including **Ascent Funding and the Oregon Association of Minority Entrepreneurs (OAME)**.



**Ascent Funding (formerly Albina Opportunities Corporation)**, was founded to address financial discrimination facing Black-owned businesses in the Albina neighborhood in North/Northeast Portland. As a non-profit lender, they can be more creative and flexible than a traditional lender in making loans and taking risks. Ascent Funding offers lines of credit and term loans to minority- and women-owned businesses and businesses in low income communities in metropolitan Portland.



**OAME** is a non-profit, tax exempt membership organization founded thirty years ago to promote and develop entrepreneurship and economic development for ethnic minorities in the State of Oregon & SW Washington. OAME offers two ways to provide access to capital:

- 1. Direct financing using OAME’s microloan program (to qualifying small businesses).**
- 2. Assisting small businesses to target and present loan packages to outside financing sources (traditional banks, public agencies, or investors).**

OAME’s subsidiary company, the “Oregon Association of Minority Entrepreneurs Credit Corporation” (OAMECC) helps minority small businesses to overcome the specific problems that limit their success and growth through technical assistance and access to needed capital. OAMECC offers term loans and accounts receivable loans to businesses ineligible for traditional bank financing.

# Workforce, Business Support and Contracting Policy Actions

## State of Black Oregon Jobs Plan for Black Oregon Policies

The State of Black Oregon 2015 lays out a comprehensive Jobs Plan for Black Oregon. PCRI, NAMC-OR and MCIP and our Pathway 1000 collaborators fully support the Jobs Plan and strongly recommend that the Oregon Legislature and cities, counties and regional governments take responsibility for implementing the workforce development and business support policy recommendations.

Pathway 1000 leverages a sustained pipeline of construction contracting and workforce opportunities which will enhance and support the State of Black Oregon Jobs Plan recommendations:

### EXPAND WORKFORCE DEVELOPMENT FOR BLACK OREGONIANS:

- **Creating new training programs to match projected high-demand, high-wage employment opportunities for Black Oregonians**
- **Developing industry-specific networking groups to help mentor Black students, trainees and new employees as their career progresses**
- **Secure stable funding for culturally specific non-profits providing workforce services for Black Oregonians**
- **Ensure goals for Black recruitment and completion of apprenticeship programs**

### SUPPORT ENTREPRENEURSHIP

- **Coordinate existing small business development, economic opportunity and minority business development programs to make them better known and more accessible**
- **Expand access, training and investment of small business development programs for Black Oregonians.**
- **Increase and improve targeted capital-access programs such as microenterprise and venture capital funds for Black entrepreneurs**

“Pathway 1000 displacement mitigation plan will provide great opportunities for Oregon Association of Minority Entrepreneur (OAME) members to benefit from the construction activities as well as lend their support for PCRI’s community goal to create 1,000 units of affordable housing for displaced residents. The Plan can also address the displacement of minority businesses with the numerous business developments and employment opportunities created by the construction and business-related services. OAME is excited about the economic impact the Plan will have in the community and for the opportunities the Plan is creating that can advance minority businesses.”

— Sam Brooks,  
President/CEO  
Oregon Association of  
Minority Entrepreneurs



# HOMEOWNERSHIP & RESIDENT SERVICES

“To be owning a home, to be investing in our own personal asset and someday pass it on to our daughter, it’s a great feeling.”

—Genté Shaw

*PCRI first-time and first-generation homeowner*

## PCRI’s Role/Experience in the Community

Resident services are defined as supportive services designed to assist low-income families find and access services that foster positive outcomes. Although affordable housing is extremely important in accessing and maintaining stability, conquering other risk factors has a cumulative effect on enhancing a family’s life possibilities. Poverty puts a family at a greater risk for poor outcomes, however; a supportive environment can help to mitigate those risks.

Resident services enrich a household’s potential to respond to their needs and assist them in the attainment of their unequivocal dream of homeownership. Homeownership remains a cherished goal for many, especially lower income Black residents that have historically been denied this opportunity.

Created in 1992, the mission of Portland Community Reinvestment Initiatives, Inc. (PCRI) has been to preserve, expand and manage affordable housing in the city of Portland, focusing efforts in N/NE Portland and to provide access to and advocacy for culturally responsive services for its residents and the Black community. PCRI’s vision is to provide affordable housing and associated services that achieve family stability, self-sufficiency and resident wealth creation. With its focus on building 800 or more homes for sale focused in N/NE Portland neighborhoods, Pathway 1000 is a transformational initiative that fulfills the core mission of PCRI and achieves the longer-term changes envisioned in PCRI’s vision statement. Key to achieving that vision, and the goals of Pathway 1000, is the trust that PCRI has built in Portland’s Black community over its 25 years.

**PCRI’s vision is to provide affordable housing and associated services that achieve family stability, self-sufficiency and resident wealth creation.**

**“I am confident that Pathway 1000 will serve as an effective catalyst to returning working class families to affordable housing in the communities that they helped to create. Pathway 1000 gives our city and all of its stakeholders the opportunity to write a new chapter in our history that we can be proud of going forward.”**

**— Michael Alexander**

*Past President and CEO of the Urban League of Portland*

Homeownership represents the ultimate in stability, breaking the cycle of poverty for the next generation and provides opportunities for wealth building that can be shared with future generations. To begin to equitably address the history and causes of disproportionate Black poverty in Portland, Pathway 1000’s bold and ambitious overarching goal is to create generational wealth building opportunities through homeownership and stability through affordable rental housing opportunities. This goal is accompanied by Pathway 1000’s capacity to create living wage jobs and business opportunities for Black and low-income displaced residents of N/NE Portland. This effort will begin the process of mitigating displacement and helping close the racial wealth gap.

This section includes a discussion of the natural linkage between PCRI residents and Pathway 1000 homeownership opportunities, the PCRI housing continuum, and an explanation of housing affordability in N/NE Portland. An overview of the three Pathway 1000 homeownership options and a description of the content of the culturally specific homeownership education and counseling available for Pathway 1000 homebuyers is described.

## **Linkage between Pathway 1000 Homeownership and PCRI Residents**

### **PCRI Housing Continuum**

Currently, PCRI provides more than 800 affordable rental homes in N/NE Portland to low income residents. It offers permanent rental affordability and per Pathway 1000, it will soon provide affordable ownership homes. This housing availability is the foundational stepping stone that makes it possible for individuals and families to experience housing stability, a major step in their path to breaking the cycle of household poverty. An affordable rental home and homeownership opportunity are key elements of the stable housing continuum.

PCRI’s Pathway 1000 displacement mitigation initiative prioritizes serving displaced households and those in danger of displacement. In addition, PCRI residents are a natural pipeline for Pathway 1000 homeownership opportunities because they have few options for homeownership. PCRI residents are community based in N/NE Portland. Without the opportunity to purchase homes in their N/NE neighborhoods, this community would once again be traumatized through personal displacement and that of their neighbors, families and businesses that supported their needs. The lack of economic

opportunity, to either purchase a home or start and maintain a business in the newly established vibrant and stable neighborhoods once again, has negatively impacted their capacity to thrive, while new residents and new neighbors have benefited from significant public investments.

PCRI expects, supports and empowers residents to move along the path from affordable rental homes through to increased economic opportunities to homeownership.

Outreach planning and implementation actions detailed the Communications and Outreach Plan, prioritize engaging PCRI residents who have benefitted from stable affordable rent and are ready to access the asset building benefits of Pathway 1000 homeownership, and construction and workforce development opportunities.

PCRI residents, based on family size, location to work and method of transportation, and other factors, have different housing needs. With its diverse mix of single family homes, small multiplexes, community apartments and robust service programs, PCRI provides a “continuum of housing” that includes a range of housing options and services to best meet those varied needs.

PCRI provides culturally responsive services that encourage and promote self-sufficiency, community engagement and leadership development.

Through PCRI's self-sufficiency programs, participants have sought and maintained sustained employment, reduced debt, increased credit scores, increased income and savings, and become first-time home buyers. The attainment of financial stability and homeownership benefits their families, future generations and the community.

PCRI's residents' goals for success become PCRI's goals too. PCRI's individualized approach and homeownership support doesn't end when a new homeowner receives their keys. PCRI's current and planned post-purchase and home repair programs will remain available. Each time a new homebuyer succeeds, they are encouraged to support other homebuyers. To formalize this process, PCRI has created a post-purchase support program that residents can participate in as needed, and can encourage and support other households venturing into a process that has not always been available in an equal and equitable manner.

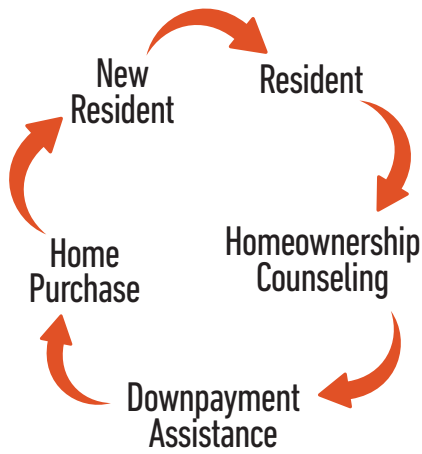
## **PCRI Poverty Reduction Continuum**

Intrinsically, PCRI provides a “poverty reduction continuum”, a pathway to stability, asset and wealth building with a range of housing options and supportive services.

Since a successful PCRI homebuyer vacates their rental unit, they provide an opportunity for another family to live in affordable housing, stabilize, save and prepare for homeownership. This process avoids the extreme costs to develop new rental units. It is not feasible to expect that communities can build their way out of the current affordable housing crisis without a holistic approach, similar to how new and used cars are recycled to provide affordable vehicular transportation.

Table 9 compares the ongoing subsidy required to develop and house a family in a 2-bedroom rental unit compared to the one-time subsidy required to develop and provide down payment assistance for ownership of a 2-bedroom home. The example demonstrates how this transition will occur over a 20-year period.

As demonstrated in Table 9, the subsidy necessary for homeownership is \$125,713, which is about one fourth of the subsidy of \$482,958 required for an affordable rental unit. The affordable rental subsidy calculation assumes 20-year continuous occupancy of a 2-bedroom rental affordable to a 3-person family at 50 percent median family income and 50 percent cost burden, based on a monthly rent reduction of \$443 from a market rent of \$1,823 per month (5/2016), with a 7.5 percent annual rent increase. The affordable homeownership subsidy estimate is based on a 20-year occupancy with a 10-year partial property tax exemption for a 2-bedroom home with a \$300,000 total value, assuming a property tax exemption on \$200,000 of improvement value and a 3 percent annual increase.



### POVERTY REDUCTION CONTINUUM

Successful PCRI homebuyer opens a rental unit for the next family to stabilize, save and prepare for homeownership; avoiding high development cost for new rental units.

## Housing Affordability in N/NE Portland

Many Portlanders would agree that laid back Portland, a progressive, cosmopolitan and hipster friendly City, is a wonderful place to live.

Conversely, Portland is not without its challenges. Housing affordability, a broad issue that affects Portlanders of many income levels, is one of the most important challenges confronting the greater Portland area. However, many Black residents who have suffered financial hardship and instability as a result of displacement from their historic neighborhoods, feel it most acutely. In October 2015, the Portland City Council declared a “housing emergency” and pledged to tackle the issue head-on. As costs continue to rise, often outpacing incomes, especially in the Black community and other minority communities, both new residents and displaced people are forced to compete for homes in Portland.

**Table 9: Economic Comparison of Subsidized Renting and Homeownership**

	<b>AFFORDABLE RENTAL HOUSING</b>	<b>AFFORDABLE HOMEOWNERSHIP</b>
<b>DEVELOPMENT COST</b>	<p><b>\$337,000</b> per unit avg.</p> <p><b>-\$84,250</b> est. 25% debt financing</p> <hr/> <p><b>\$252,750</b> 75% PUBLIC SUBSIDY</p>	<p><b>\$300,000</b> per home</p> <p><b>-200,000</b> owner financing</p> <hr/> <p><b>\$100,000</b> PUBLIC SUBSIDY (development &amp; direct assistance)</p>

**20 YEAR AFFORDABILITY SUBSIDY**

**\$230,208<sup>1</sup>**

**\$25,713<sup>2</sup>**

**TOTAL SUBSIDY**

**\$482,958**

**\$125,713**

**POVERTY REDUCTION CONTINUUM**

Successful PCRI homebuyer opens a rental unit for the next family to stabilize, save and prepare for homeownership; avoiding high development cost for new rental units.



1. 20 year continuous occupancy; 2-bedroom affordable to a 3-person family at 50% median income 150% cost burden; based on rent reduction from market rent of \$1,823 per month (5/2016); 7.5% annual increase.

2. 20 year occupancy with 10 year partial property tax exemption; 2 bedroom home with \$300,000 total value; based on property tax exemption on \$200,000 of improvement value; 3% annual increase.

Source: PCRI

Since 2000, home prices in N/NE Portland have experienced tremendous price increases ranging from 149 percent in Woodlawn to 300% in Irvington.

The contrast between the recession bottom six years ago and today is sharp. According to Zillow, a person looking to buy a home in Portland in 2011 would be looking at a median list price of around \$195,000. If they were looking today, that median list price would be \$410,400, representing a 110 percent increase in housing costs. Portland home values rose 11.8 percent during 2016; Zillow predicts they will rise 3.7 percent in 2017.

Table 10 displays recent home prices in eight N/NE Portland neighborhoods that comprise the historic Albina District, historically the heart of Portland’s Black community. As shown, the lowest average sales prices over the period from November 2016 to February 2017 was \$385,736 in Woodlawn and the highest average sales price was \$645,625 in Sabin.

North and Northeast Portland have changed so dramatically that today middle-class White families can’t afford to purchase homes there. As shown in Table 10, in the King neighborhood that includes much of Northeast Alberta, the average sales price over the four-month period from November 2016 to February 2017 was \$432,188. This represents an increase of 63 percent from the average sales price in King of \$265,000 in 2007. In the mid-1990s, many homes in N/NE Portland sold for less than \$30,000. Home values in these eight N/NE Portland neighborhoods tripled and sometimes quadrupled during the 1990s as Whites moved in, attracted by the affordable housing stock and the City’s reinvestment efforts (Gibson, 2007).



**Table 10: Home Sales Prices in N/NE Portland Neighborhood**

NORTH/NORTHEAST NEIGHBORHOODS	AVERAGE SALES PRICE NOV. 2016 -FEB. 2017	PERCENTAGE INCREASE 2000-2017
Boise	\$423,128	173%
Eliot	\$434,683	181%
Humboldt	\$514,262	232%
Irvington	\$619,950	300%
King	\$432,188	180%
Sabin	\$645,625	317%
Vernon	\$541,607	250%
Woodlawn	\$385,736	149%

# Overcoming Barriers to Black Homeownership

There are multiple barriers that prevent Black and other low-income families from becoming homeowners – a lack of capital for the down payment and closing costs; lack of access to credit due to an adverse credit history; a lack of understanding and information about current complexities of the home buying process; and most prominent – continued racial discrimination.

Discriminatory policies in employment, education, housing, the criminal justice system, policing, and economic development have had the effect of limiting the ways Black residents in Portland and other areas of Multnomah County have been able to advance and thrive (Bates, Curry-Stevens, and Coalition of Communities of Color, 2014). Past racial discrimination in housing programs, predatory lending, and unequal access to credit result in very uneven rates of homeownership among racial groups, and contribute to a wide and still-growing racial wealth gap in our country.

As noted in Section 1, the Black homeownership rate in Portland is 27 percent compared to a 54 percent rate of homeownership for White Portland households.

Although homeownership policies and programs at the federal, state, and local levels have espoused to support homeownership for Blacks and other low-income households for decades, Black residents continue to face barriers to buying homes, primarily because of lower household earnings and subsequent net worth.

Nationally, for every dollar White families hold in wealth, Black families hold five cents. Black wealth fell precipitously through the mortgage crisis and recession – declining by more than half (Bates, Curry-Stevens, and Coalition of Communities of Color, 2014). Plans and programs created by the city of Portland to address and subsidize these barriers to home buying through tax policies, grants and other strategies, due to their structure, have been ineffective in increasing the Black homeownership rate in Portland. In 2000, Black homeownership rate in Portland was 38.2 percent; By 2015, the homeownership rate for Black households in Portland had fallen to 27.1 percent (Census Bureau, American Fact Finder, 2015).

Pathway 1000 directly addresses this goal and the displacement of 10,000 Black residents from N/NE Portland over the decade from 2000 to 2010 and now noted to be 16,000 in total to date. It will also address

**Black homeownership rate in Portland is 27% percent compared to a 54% rate of homeownership for White Portland households.**

“My beliefs are no longer theoretical – I have seen how in a time of economic prosperity, the City of Portland has had a widening of the gap between the haves and the have-nots. Much of our social policy is couched in ‘livability’, but actually means we cater to the haves and ignore the have-nots.”

— Gretchen Kafoury

*Longtime Political Leader  
and Champion of  
Affordable Housing*

the housing needs of families that continue to be at risk of displacement, by creating 1000 new affordable homes over the next 10 years, primarily in the neighborhoods most impacted by displacement. Eight hundred of the homes constructed will be affordable homeownership options, prioritized for displaced households. This effort requires new and innovative approaches to assure that the prioritized families have a variety of options that work for and improve their current situation. **Pathway 1000 is an innovative, sustainable and replicable displacement mitigation model of homeownership for three primary reasons:**

- 1 It is community driven, community informed, community advocated and will be community built;**
- 2 The construction of the homes is not reliant on public financing to catalyze and sustain its momentum; and**
- 3 It offers a traditional approach to homeownership using conventional financing and two non-traditional asset building options, cooperatives and lease purchase.**

## Pathway 1000 Homeownership Options

The Pathway 1000 Housing Plan, to date, includes 24 homes built and sold in the first year and scales up thereafter to achieve the sale of 60 to 80 homes a year, escalating to the number necessary to complete the minimum goal of 800 ownership homes in accordance with the ten-year displacement mitigation plan.

PCRI homeownership clients will be at varying degrees of readiness to purchase a home and will have different housing needs. PCRI plans to offer traditional and non-traditional homeownership models. The non-traditional Pathway 1000 homes will provide the social and economic benefits of homeownership, and they will provide an opportunity to build assets and address generational poverty.

### THE PATHWAY 1000 HOMEOWNERSHIP MODELS

- **Conventional Mortgage Purchase**
- **Lease Purchase**
- **Cooperative Housing**

## Conventional Mortgage Purchase Option

Black households often lack the intergenerational wealth transfers that assist one-third of White families into first-time homeownership. Many of them have the income to qualify for a modestly sized mortgage, but may lack enough savings for down payment or sufficient credit worthiness to qualify for the mortgage. For these households, short term mortgage financing, credit counseling, equal access to mortgage financing and one-time down payment assistance can dramatically expand the number of households who qualify to purchase a home. Equal access to credit combined with down payment assistance subsidies work because they both overcome the buyer's discriminatory disadvantage and lack of down payment savings. Increased down payments lower monthly mortgage expense by reducing the amount of the family's mortgage. To address this wealth gap and finance issue, Pathway 1000 homebuyers will have access to credit and mortgage counseling, willing lenders and down payment assistance resulting in conventional mortgage financing.

PCRI anticipates 700 Pathway 1000 homebuyers will use conventional financing to purchase their homes. Each homebuyer's mortgage will be provided by lender partners with whom PCRI has worked with on an ongoing basis.

In addition to homebuyers that receive their homeownership counseling from PCRI's homeownership mortgage counselors, it is expected that some homebuyers will only require supportive mortgages. Since PCRI has a history of working with local lenders, it has a track record with lenders of referring successful and credit-worthy homebuyers.

Pathway 1000 homebuyers may also come through PCRI's community partners' culturally responsive homeownership programs. Based on PCRI's experience providing homeownership counseling, Pathway 1000 home buying households may be one, two or three years away from qualifying for conventional financing. For these buyers, PCRI will offer a lease/purchase model for terms from one to five years.

## Lease Purchase Option

Lease/purchase option is a strategy for homeownership that increases the number of potential homeowners to include households with high debt loads, long or short term credit issues that include student loans, limited savings or other financial impediments to immediate homeownership. The lease purchase arrangement may be well suited to Pathway 1000 families that are three to five years out from qualifying for conventional financing.

A lease/purchase arrangement can be very beneficial to the homebuyer. During the lease/purchase period, payments for lease/purchase homes are usually lower than rents for comparable housing allowing occupants to put the additional savings towards their down payments or debt reduction and stabilization. For lease purchase buyers, PCRI will require credit counseling as a condition of occupancy. PCRI anticipates that up to 50 Pathway 1000 home buyers will initially purchase their homes using the lease purchase model.

Organizations that run successful lease/purchase programs have found that the promise of traditional homeownership encourages households to abide by the restrictions of established budgets and credit building plans. In addition, the steady payment of their lease at a level close to that of an eventual mortgage payment offers significant reassurance to potential mortgage lenders that the resident can handle the monthly mortgage payment and helps them establish a positive credit history.

It is anticipated that the Pathway 1000 lease/purchase model will require the same layered financing as other affordable homeownership models. To reduce monthly financing costs, Pathway 1000 lease/purchase homes are expected to need grants or soft second mortgages through private sector, public sector and foundation sources. Both Fannie Mae and Freddie Mac offer a lease/purchase product and many banks offer lease/purchase mortgages, usually with eligibility and underwriting guidelines in conformance with secondary market requirements.

## Cooperative Housing Option

The third homeownership model that PCRI plans to provide is a cooperative housing model. Cooperative law allows for development of many different types of cooperatives, each structured to meet the needs of a group of members. There are three basic types of housing co-ops, each identified by the method in which members can accumulate home equity: leasehold, limited equity, and market equity.

One of the unique aspects of a cooperative corporation is that the co-op can adopt bylaw provisions that limit the maximum resale prices of co-op units. Since this type of co-op limits each unit's equity appreciation, it is called a "limited equity" co-op. Because of their potential for offering long term affordable housing, limited equity co-ops are attractive recipients for government and non-profit grants and loans.

PCRI plans to offer a limited equity co-op model for up to 50 Pathway 1000 homes that will have low monthly payments yet will allow for equity accumulation. This model is expected to be used by residents that have steady, but limited incomes who may not have opportunities that others may have to increase their income due to age or other factors.

PCRI's planned housing co-op will be a corporation that exists primarily to provide housing and related services to its members, and its ownership and governance structure reflect this purpose. The cooperative corporation will own or lease the housing stock, which includes all land, dwelling units and common areas. Member-owners then purchase stock – sometimes referred to as shares or membership certificates – in the cooperative corporation. Upon purchasing stock in the cooperative, the member-owner signs a perpetual lease, called a proprietary lease or occupancy agreement, giving the member-owner a legal and exclusive right to occupy a dwelling unit, on condition that all obligations to the cooperative are met. Housing cooperatives differ from condominiums in that residents do not own or hold title to their individual dwelling units. Instead, the cooperative corporation holds title to the property, and residents own share(s) in the cooperative.

As the legal owner of the property, the cooperative corporation is responsible for meeting its financial obligations, including mortgage payments, property taxes and management and maintenance costs. The cooperative passes these costs on to the member-owners according to some equitable formula, generally based on a variable such as unit size. In turn, members pay a single monthly assessment or carrying charge to the cooperative, covering all fixed and operating expenses, including taxes, insurance, maintenance and replacement reserves, and the member's pro-rata portion of any overall debt.

Co-op housing has many benefits for individuals and for the community. For the individual, co-ops can provide stable, affordable housing that offers them the opportunity to live well with their limited income and enjoy their stability. Cooperative housing often has a ripple effect on a community, and leverages broader community benefits such as an enhanced level of trust among neighbors, and increased civic participation. All these benefits translate into the development of an economically stronger and more socially engaged community.

Pathway 1000 homebuyers will earn no more than 100 percent of 2017 Median Family Income (MFI), in the Portland-Vancouver-Hillsboro MSA, which is \$60,000 – \$67,000 for a 2-3-person household; the “typical” buyer is more likely to earn 80 percent MFI or \$49,000 – \$54,000 for a 2-3-person household. Using 80 percent MFI, this household will qualify for a mortgage of \$180,000.

The average sales prices of Pathway 1000 homes, projected to range from \$225,000 to \$285,000 per home, will be higher than the planned buyers can afford, leaving a gap of up to \$90,000 – \$125,000 which will be filled through down payment assistance leveraged by PCRI through programs at the city of Portland, the State of Oregon, private lenders or through foundations.

“Programs like this... accept you for who you are, where you’re coming from and are willing to take the steps with you. It’s what allows a person to overcome those barriers.”

— Kelli Elliot

*IDA Participant and PCRI Resident*

PCRI will advocate for the public resource structure down payment assistance for Pathway 1000 as a grant agreement with the home buyer, with a requirement for repayment of the grant that is reduced yearly and forgiven entirely at year 15.

## PCRI’s Culturally Responsive Resident Services

PCRI’s Resident Services Department provides culturally responsive programs and services including Homeownership Education and Counseling, Homeownership Retention, Financial Education and Individual Development Accounts (IDAs) that encourage and promote self-sufficiency and wealth creation. PCRI services supported by the city of Portland, Wells Fargo Bank, HomeFree-USA, the State of Oregon and other funders, and are free of charge and available to PCRI residents and the community at large.

### PCRI Homeownership Education and Counseling Program

Recognizing the important role that access to housing - and especially homeownership - plays in addressing historical inequities and families’ abilities to achieve self-sufficiency, PCRI was the first organization in Oregon to have a minority homeownership program tailored to residents. With the launch of the Pathway 1000 Initiative, PCRI, more than ever, is committed to empowering Portland families to achieve stability, self-sufficiency and wealth creation, including the American dream of homeownership. Because PCRI is a culturally responsive organization with a deep understanding of the community, it offers innovative and effective Homeownership Education and Counseling Services that stabilize residents through a series of steps that include affordable rental housing, leading to asset building and wealth creation through first-time homeownership.

With 25 years of experience and success providing affordable housing and culturally responsive services to the N/NE Portland community, PCRI is providing housing stability, enabling households to build assets and uncovering the true barriers and fears that residents have or may have of homeownership. Since PCRI’s Homeownership Education and Counseling Program was created in 2004, PCRI has helped more than 120 first time buyers of all ages and backgrounds achieve their dreams of homeownership.

Victoria Davis, a recent PCRI new homeowner, was a client in PCRI’s homeownership program for three years before she ultimately purchased



her home. It was a journey for Ms. Davis, a single mother of one adult son and grandmother of three, however, she was committed to owning her own home and she persevered. A little over a year ago - Victoria joined the staff of PCRI and she now serves as a Resident Services Coordinator at PCRI's Park Terrace Community Center.

In July 2015, PCRI received certification as a U.S. Department of Housing and Urban Development (HUD) approved housing counseling agency and concurrently became an affiliate member of HomeFree-USA, a leading HUD-approved homeownership development, foreclosure intervention and financial empowerment organization. PCRI's certification by HUD as a housing counseling agency and affiliation with HomeFree-USA lends additional strength to PCRI's ongoing financial empowerment programs, such as housing counseling, homeownership retention for seniors, home-buyer education and financial literacy. The certification underscores PCRI's commitment and success in creating lasting stability and providing pathways out of poverty for low- and moderate-income residents and community members.

Pictured are Kriss Parnell of Home Street Bank, Victoria Davis and Andrea Debnam, PCRI Manager of Resident Services

PCRI's Homeownership Education and Counseling program assists low-to moderate-income, first-time buyers in creating a successful action plan towards homeownership. The one-on-one counseling is designed to help overcome obstacles that would prevent affordable mortgage financing. PCRI works with each client to analyze their financial and credit situation, identify prospective barriers and develop a plan to remove any barriers. Homebuyer workshops are held each month which provide clients with additional information on a variety of topics related to the home buying process.

Clients in the Homeownership Counseling and Education Program work in concert with PCRI's Financial Education Program to create detailed, sustainable budgets. Designed to help participants manage their personal finances effectively and lift people out of poverty, PCRI's Financial Education Program assists clients with establishing personal budgets, evaluating debt loads, setting financial goals, expanding income opportunities and developing a plan of action. Services are delivered in one-on-one and group settings.

## **Pathway 1000 Homeownership Counseling/Preparedness Process**

National research on Black financial practices suggests that building trust and knowledge is an important feature for homeownership counseling. Black households often prefer to navigate financial decisions through relationships, valuing “respect, trust, safety, security and a sense of belonging” (Sawady and Tescher, 2008). Because financial institutions do not often instill this trust, Black households use social networks to navigate unfamiliar financial systems through advice from family and friends (Pittman, 2008).

Through intensive culturally responsive one-on-one counseling that addresses unique financial circumstances and housing issues and focuses on overcoming specific obstacle to achieve housing goals, PCRI has been able to turn clients into homeowners on a shorter time frame for those who are ready and by closing the gap for clients who never dreamed that they could become homeowners. To implement Pathway 1000, depending on client needs for education and counseling, PCRI will develop, assess and then develop new content for its Homeownership Education and Counseling Program. Education for all Pathway 1000 homeownership clients will include a culturally responsive financial education class that provides insight into making decisions about financial resources that assures, empowers and motivates Pathway 1000 residents. Education classes for conventional financing for homeowners will include three to

four culturally responsive counseling classes. Customized and culturally responsive education classes will also be developed for Pathway 1000 residents who plan to use the lease purchase and cooperative housing models.

## Partners

Empowering 800 or more households to achieve their dream of homeownership through the Pathway 1000 Initiative will be accomplished through innovative partnerships with public, private, non-profit, and community philanthropic partners. To ensure that there is a pipeline of eligible homebuyers for Pathway 1000 homes, PCRI will partner with the Portland Housing Center and other agencies skilled in culturally specific homebuying counseling and education.

PCRI is currently partnering with the Portland Housing Bureau for homebuying financial assistance for Pathway 1000 homes for renter households who experienced or are now facing involuntary displacement from their historic neighborhood in N/NE Portland. Additionally, Wells Fargo Housing Foundation awarded PCRI a \$100,000 grant for down payment assistance. Construction on the homes is expected to start in 2018, with homes completed and sold to qualifying families in 2019.

## Homeownership Goals

PCRI's Homeownership and Counseling Education Program continues to expand and adapt its counseling to meet the Pathway 1000 development pipeline of new homes, ensuring that there are well-prepared home buyers for the first two years of Pathway 1000, ramping up to more than 200 successful homeowners in years 3 to 5 of Pathway 1000.

PCRI will work closely with Flossin Media to engage a minimum of 100 applicants by the end of each year into the pipeline of homeownership and connect hundreds of individuals and businesses to contracting and employment opportunities.

All Pathway 1000 new developments, whether for homeownership or rental, will continue to be designed in the sustainable fashion that earned PCRI the Governor's Livability Award and recognition in the city of Portland's Build it Green! homes tour and The National Fine Home Building Publication. PCRI will continue to nurture and grow partnerships to enhance services for residents and community members.



**“Where there is great property,  
there is great inequality”**

— Adam Smith  
*Author of the Wealth of Nations*

# HOUSING SITE PLAN

In 2016, the Portland metropolitan area had the fastest rising home prices in the nation and was second only to Seattle for rising rents (Zillow). With the rapid escalation in home prices and rents in N/NE Portland, there is intense competition for vacant or developable land for housing projects. Housing affordability has become a critical issue for many Portland residents. Communities of color and low-income communities in N/NE Portland have been especially hard hit as the market increase in housing costs exacerbates the dual pressures of gentrification and displacement.

## PCRI's Housing Portfolio and Development Capacity

PCRI is uniquely positioned to mitigate the displacement which has occurred in N/NE Portland because the organization has a deep understanding of the community and the culture and PCRI's historical formation was premised in the goal of mitigating existing and involuntary displacement. Moreover, PCRI owns more than 800 units of affordable housing, consisting of single family homes and multi-family apartments on nearly 300 parcels in N/NE Portland, including vacant sites and properties that could be redeveloped in conjunction with Pathway 1000 housing. In addition, PCRI has substantial equity in its real estate portfolio and can leverage the existing portfolio to finance Pathway 1000 for sale homes.

PCRI has the development capacity and experience to develop Pathway 1000 homes. Since 1998, PCRI has developed ten new construction projects. Most recently, this included two rental projects completed in 2016 as well as 150 rental homes in design development and under construction. In 2008, PCRI developed its first ownership homes for low- to moderate-income first-time homebuyers. These four energy efficient 3-bedroom, 2-bath homes, shown in photo to the right, earned LEED Gold certification and were featured in the national publication "Find Homebuilding" and were also PCRI's second affordable housing development.



Exeter/Fessenden Ownership (PCRI, 2010)

**PCRI has substantial equity in its real estate portfolio and can leverage the existing portfolio to construct Pathway 1000 for sale homes.**



Kafoury Court Groundbreaking.  
Maxine Fitzpatrick, Representative Earl Blumenauer  
and Gretchen Kafoury

**“Portland must remain, we must remain, a city where a working family can put down roots. Reasonable home prices allow families to stay put... Affordable and diverse housing creates an inner city that is shared by the rich and the poor and is the foundation that allows citizens to build a city, a community around them.”**

— Gretchen Kafoury

*Longtime Political Leader  
and Champion of  
Affordable Housing*

## Pathway 1000 Community Housing Plan

A critical component of PCRI's Pathway 1000 Initiative is to determine how many units can feasibly be developed on sites currently owned by PCRI and to analyze sites owned by public, private and non-profit agencies that could potentially be acquired to build Pathway 1000 homes. Funded by a grant from Metro, the regional planning agency, Portland State University Masters in Urban and Regional Planning (MURP) students completed a Pathway 1000 Community Housing Plan in June 2016 (Berger, Dearman, Gilden, Guillén-Chapman, and Rucker, 2016). The plan focused on the development feasibility of PCRI-owned properties and sites owned by public and nonprofit agencies that could potentially be acquired for Pathway 1000 homes. To introduce the Pathway 1000 Initiative to the N/NE Portland community and ensure that the plan's land use and development recommendations aligned with community needs and preferences, the plan included a community engagement strategy that solicited recommendations and feedback from community residents about housing and neighborhood preferences.

### Key Findings

- **A holistic approach that considers economic and community development is required to realize racial equity in housing and to create stable communities.**
- **N/NE Portland is ideal for affordable housing due to its proximity to transit corridors, historically Black communities and other neighborhood amenities.**
- **The Black community has a great need for housing programs that address current housing disparities.**
- **The community wants to be involved in creating the N/NE Portland of the future.**
- **Housing stability and neighborhood character are as important as affordability.**
- **Community residents prefer the attributes of single family homes; attached homes were the second housing choice.**
- **The characteristics of single family homes can be achieved through other more affordable homeownership options including duplexes, townhouses, cottage cluster homes and accessory dwelling units (ADUs).**

- Portland is in the process of updating its zoning code to be more amenable to the “missing middle” housing types that includes duplexes, rowhouses, cottage cluster homes, stacked flats and accessory dwelling units (ADUs).
- PCRI-owned sites can support the development of 329 additional units.
- PCRI will need to acquire public land, partner with other organizations, and participate in the private market to reach the goal of 1,000 units.
- There are 109 identified sites in N/NE Portland owned by public and partner agencies that could be developed to create more than 2,500 housing units.
- Moving forward will require many organizations working together to achieve a common goal.

## PCRI Housing Site Plan

In February of 2017, PCRI prepared the Pathway 1000 Housing Site Plan that added to and further analyzed the MURP Community Housing Plan development recommendations. This updated Housing Site Plan provided a more detailed look at development potential and added sites not reviewed in the MURP Plan. The PCRI Housing Site Plan further describes the housing types built as part of the Pathway 1000 Initiative, projects completed and in process, how PCRI will reach the goal of 1,000 units, and preliminary unit designs (PCRI, 2017).

### PCRI Site Redevelopment Potential

PCRI’s analysis of redevelopment feasibility of the sites included updating and refining the sites analyzed in the Community Housing Plan based on funding conditions, existing commitments, zoning overlay considerations and ease of development processes. Additional sites were analyzed based on sites that PCRI had been considering for redevelopment that were unencumbered and/or could be more readily developed based on current financing. Density was adjusted for all sites based on target unit sizes (typically 2 and 3 bedrooms), unit types (row-homes and stacked units), neighborhood scale/character compatibility, permitting and construction cost efficiencies, parking requirements, zoning allowances and overlay opportunities.

Recognizing that opportunities based on current funding, zoning and the political environment will shift over the next ten years, sites were



Beatrice Morrow Rendering (PCRI).



King & Parks Rendering (© Merryman Barnes Architects).



Kafoury Court Rendering (PCRI).

prioritized for development based on their feasibility for development or redevelopment during the first 2 years and for years 3 to 5. Sites to be re-evaluated at year 5 were also noted in the plan. Based on this refined and updated analysis, PCRI determined that more than 550 Pathway 1000 units could be created through redevelopment and infill opportunities on existing PCRI-owned properties.

## Pathway 1000 Housing Types

In a January 2015 report, the Portland Bureau of Planning and Sustainability estimated that the cost to build a detached single-family home in Portland was \$525,000, an amount which is infeasible for target buyers of Pathway 1000 affordable ownership homes. The survey of housing preferences conducted for the Community Housing Plan found that characteristics of single family homes can be achieved through other more affordable homeownership options including “missing middle” homes that are not single family detached homes or large multifamily apartment buildings.

The missing middle concept includes duplexes, rowhouses, cottage cluster homes, stacked flats and accessory dwelling units (ADUs) that can provide affordable homeownership for displaced residents of N/NE Portland. Missing middle housing types are somewhat allowed in single family residential zones including the R2.5 and R5 zones, but with many limitations.

Through the Residential Infill Project, the City of Portland aims to provide more flexibility for development. It does this by focusing on allowing more missing middle housing types to be built at a scale that is compatible with the character of many of the City’s single family residential neighborhoods. Many of the redevelopment plans that PCRI has for Pathway 1000 homes would be positively impacted by the project, opening up more opportunity to provide duplex and triplex ownership homes.

Missing middle homes can be built more densely without sacrificing the benefits of single family living, often providing a more affordable option for homeownership. This creates an opportune way for PCRI to build homes that respond to the design preferences that future residents have while providing more homes at an affordable price.

## Pathway 1000 Development Timeline

As shown in Table 11 below, PCRI is projected to develop 196 rental units and 24 homeownership units in the first two years of the Pathway 1000 Initiative. In years 3 to 5, PCRI plans to increase the number of homeownership units by creating 207 homeownership units and 44 rental units.



Exeter/Fessenden Ownership (PCRI, 2010). Photo by David Papzian, courtesy Fine Homebuilding



Fessenden Interior (PCRI).



NE 6th and Ainsworth Pathway 1000 Rental Townhomes (PCRI).



NE 6th and Ainsworth Interiors (PCRI).

Overall, PCRI plans to develop a total of 471 affordable homes in the first five years of the Pathway 1000 Initiative, of which 231 will be homeownership units and 240 are planned as rental units. Table 11 also shows that 33 sites owned by public and non-profit partners will be re-evaluated by year 5 if they have not been developed during the first 5 years.

### Pathway 1000 Units Completed and in the Pipeline

Several Pathway 1000 projects that have been recently completed or are undergoing development in Northeast Portland are included in the years 1-2 totals in Table 11. Two triplex developments with 6 affordable 3-bedroom townhouse style rental units were completed in mid-2016. Three affordable rental multi-family developments are currently underway:

- **The Beatrice Morrow, named after a historic Black Portland pioneer in the fight for racial equality, with 80 rental units and affordable commercial/office spaces**
- **The King + Parks project, named after Civil Rights Movement leader Martin Luther King Jr. and Rosa Parks, an activist in the Civil Rights Movement, with 70 rental apartments**

**Table 11: Summary of Development Timeline and Totals**

	Years 1-2 <sup>1</sup>	Years 3-5	TOTAL Years 1-5	Re-Evaluate at Year 5
Homeownership Units	31	229	260	448
Homeownership Sites <sup>2</sup>	11	22	33	29
Rental Units	201	132	333 <sup>3</sup>	112
Rental Sites <sup>3</sup>	5	1	6	4
Total Units <sup>4</sup>	232	361	593	560
Total Sites	16	22	38	33

<sup>1</sup> Includes Pathway 1000 units recently completed and in the development process.

<sup>2</sup> Site counts for homeownership sites and rental sites include some duplication for sites that are a mix of rental and homeownership sites. The total shown at bottom of the table is the unduplicated total.

<sup>3</sup> Rental units may include lease-to-own or co-op developments.

<sup>4</sup> Unit counts are net gain (new units – existing units).

Source: PCRI



Beatrice Murrow Rendering (PCRI).

- **Kafoury Court, named after Gretchen Kafoury, the former State legislator, Multnomah County commissioner and Portland City Council member who was a champion for values that many Portlanders now hold dear — including affordable housing, economic justice and racial equality, planned for 40 affordable apartments for seniors**

With committed funds for buyers down payment assistance and qualified using PCRI's Right to Return Policy, as adopted by and included in the City's Preference Policy, PCRI will be developing 24 homeownership units with completion targeted for late 2018.

## Development Costs for Pathway 1000 Homes

To inform the Pathway 1000 Implementation Plan, PCRI referenced an EcoNorthwest study to estimate the cost to develop Pathway 1000 rental and ownership homes using the reports high cost assumptions for construction costs. The assumptions are shown in Table 12 on next page.

Table 13 displays construction cost estimates for Pathway 1000. As shown, the average cost per unit for homeownership units is estimated to be \$290,123 in the first two years and \$233,010 in years 3 to 5. The lower average cost per unit for years three and beyond reflects the expectation that PCRI will not be using Prevailing Wage for homeownership unit developments. For rental units, total costs are expected to average \$328,132 in the first two years and \$247,758 in years 3 to 5.

Pathway 1000 ownership homes are projected to be cost comparative to larger scale multifamily rental units. Smaller scale affordable ownership units are competitive due to the low land and building costs. In addition to traditional homeownership models, lease purchase and cooperative models will be available for Pathway 1000 homeowners.

**Table 12: Development Cost Assumptions for Pathway 1000 Homes**

Development Costs	Wood Frame (2-4 stories)	Podium (5-6 stories)
Site Improvement Cost (per SF site area)	Included in hard cost	Included in hard cost
Construction Hard Cost Per GSF (without Parking)	Low: \$110 Medium: \$125 High: \$150	Low: \$145 Medium: \$165 High: \$185
Prevailing Wage Construction Hard Cost Per GSF (without Parking) +20%	Low: \$132 Medium: \$150 High: \$180	Low: \$174 Medium: \$198 High: \$222
Contingency (hard cost, just for developer)	5-8%	5-8%
Land Cost	\$10,000/unit for >5 units \$20,000/unit for <6 units	\$20,000/unit for <6 units \$10,000/unit for >5 units
Soft Costs (% of Hard Costs, including land)	30%	30%
Parking Cost Per Space	\$10,000 surface \$20,000 tuck under	\$45,000 podium \$60,000 underground

Source: Derived from EcoNorthwest's June 2016 NEXUS STUDY/12 STUDY COST INPUTS by PCRI



6th and Ainsworth Townhomes under construction (PCRI).

**Table 13: Construction Cost Estimates (2017 Dollars)**

	Years 1-2	Years 3-5	TOTAL Years 1- 5	Re-Evaluate at Year 5
<b>Homeownership Projects</b>	<b>\$8,993,812</b>	<b>\$53,359,190</b>	<b>\$62,353,002</b>	<b>\$113,942,369</b>
Average Cost/Unit	\$290,123	\$233,010	\$261,566	\$254,336
<b>Rental Projects</b>	<b>\$65,954,620</b>	<b>\$32,704,020</b>	<b>\$98,658,640</b>	<b>\$34,034,733</b>
Average Cost/Unit	\$328,132	\$247,758	\$287,945	\$303,882
<b>Total Cost of Projects</b>	<b>\$74,948,432</b>	<b>\$86,063,210</b>	<b>\$161,011,642</b>	<b>\$147,977,102</b>
Average Cost/Unit	\$323,054	\$238,402	\$271,520	\$264,245

Source: PCRI



Ground breaking Beatrice Morrow, Andrew Colas, President, Colas Construction; Jill Sherman, Partner, Gerding Edlen; Portland Mayor Ted Wheeler; Maxine Fitzpatrick; Portland Commissioner Dan Saltzman

**“As Housing Commissioner I found PCRI’s Pathway 1000 to be a comprehensive and achievable plan that will significantly reduce the negative impacts involuntary displacement has had on the N/NE Portland community.”**

— Dan Saltzman  
Portland City Commissioner

## Land Acquisition Strategies

- To reach the goal of 1,000 units, PCRI will need to supplement its portfolio by acquiring vacant land owned by public entities and local non-profits as well as privately owned properties.
- If it is determined to be cost effective, PCRI plans to acquire property for sale on the private market.
- PCRI will also consider the acquisition of homes in good condition that may come available due to foreclosure or other means.
- PCRI intends to implement a “Heritage Program” focused on acquiring properties historically owned by Black families in N/NE Portland as part of the Pathway 1000 Initiative.

PCRI plans to explore creative homeownership and wealth building opportunities such as ADUs and is engaged with an ADU project being led by Portland State University’s Institute of Sustainable Solutions that is creating easy to replicate ADU models.



**800**

**homeownership**

**200**

**rental**

---

**1,000**

**HOMES**

**\$300 million over 10 Years**

# FINANCE STRATEGY

Pathway 1000 involves the creation of a minimum of 1,000 affordable housing opportunities over ten years, for displaced residents to return to neighborhoods where they have history, dating back to the 1940s. Of the 1,000 homes PCRI will construct, 800 are homeownership and 200 are rental.

## Pathway 1000 Development Budget

The Pathway 1000 Development Budget is projected at \$300 million over the ten years of the project, averaging \$30 million a year, and representing a projected \$850 million total economic impact in the city of Portland based on the economic impact analysis included in this implementation plan. This amount is exclusive of the property taxes that will be generated by the 800 for sale homes, estimated conservatively at \$2,400,000 per year when all new homes are on the tax rolls. Partial property tax exemptions of up to ten years will be accessed for income qualified homebuyers, and PCRI has designed a graduated property tax payment program for those with exemptions that balances household stability and tax revenue generation.

Pathway 1000 establishes a new, innovative and community-driven approach to housing development in response to many years of inadequate investment and missed opportunities in N/NE Portland. The initiative aims to mitigate the impacts of displacement that have hit N/NE Portland communities so hard. Pathway 1000 intentionally lays out strategies that are not reliant on public funding to catalyze and sustain its momentum. This approach can be replicated in other communities that have been impacted by and are eager to flip the script on involuntary displacement without being delayed by public funding constraints and processes. It is designed to create community defined funding opportunities that provide significant leverage for public investments and effectively achieve the results described in their plans.

The funding approach for each component, and the resources needed, are described here. The budgets that follow demonstrate financial feasibility of Pathway 1000 homeownership and rental housing.

**The Financing Strategy for Pathway 1000 includes three primary components:**

**1**

**Homeownership Finance**

**2**

**Rental Housing Finance**

**3**

**Community Benefits Finance**

**PCRI largely owns or controls the land planned for homeownership development in the first five years of the plan, giving the project a significant jump-start.**



PCRI Exeter Homeownership Development Interior

As shown in Table 14, the total cost of Pathway 1000 homes over ten years is projected to be approximately \$309 million, of which \$133 million will be used to construct 200 rental homes and \$176 million will be spent on ownership homes.

## Homeownership Finance

Over the past 20 years, PCRI has created affordable homeownership opportunities for home buyers. Many of the buyers have been PCRI rental housing residents whose stable, affordable rent coupled with PCRI's resident services programs supported and encouraged them to plan and save to buy a home of their own. In 2008, during the height of the nation's economic recession, PCRI's development and sale of four homeownership units was deemed a success and inspired the Pathway 1000 homeownership emphasis. PCRI currently has 24 ownership homes in the development planning stage.

Pathway 1000 leverages developable land in its portfolio and in the community as described in Section 4: Housing Site Plan. This land provides Pathway 1000 development opportunity which can be efficiently developed using financing secured by PCRI's other, unencumbered portfolio assets.

Eight hundred of the Pathway 1000 homes will be for sale. The plan anticipates a ramp up of new home construction and sales, with an initial 24 homes built and sold in the first 18 months. Thereafter, the pace of construction will be scaled upwards to achieve the sale of 60-80 homes a year, finally escalating to the number necessary to complete 800 units in accordance with the ten-year plan.

The plan includes the use of both traditional and non-traditional homeownership models. PCRI projects 650 – 700 units using conventional homeownership financing, up to 100 for lease purchase homeownership opportunities, and approximately 50 cooperative, units. In the lease-purchase model, properties will initially be financed by PCRI and eventually sold to the occupant. Co-Op homes will be held in perpetuity by PCRI as recyclable cooperative homes.

## Land

PCRI largely owns or controls the land planned for homeownership development in the first five years of the plan, giving the project a significant jump-start. The Housing Site Plan details this prioritized approach to development of land. Beyond those immediately developable sites, the intention is to secure public land at little or no cost currently dedicated to housing for qualifying development. This will have the public benefit of converting non-taxable land into long term, taxable land. The budget includes funding for a limited number of development site acquisitions.

**Table 14: Pathway 1000 Development Budget**

SOURCES	YEARS 1-2	YEARS 3-5	RE-EVALUATE AT YEAR 5	TOTAL
<b>Rental Housing</b>	<b>\$65,954,620</b>	<b>\$32,704,020</b>	<b>\$34,034,733</b>	<b>\$132,693,373</b>
Permanent Debt	\$18,240,712	\$9,811,206	\$10,210,420	\$38,262,338
Equity	\$29,057,113	\$13,081,608	\$13,613,893	\$55,752,614
Grants/Soft Debt	\$18,656,795	\$9,811,206	\$10,210,420	\$38,678,421
<b>Homeownership</b>	<b>\$8,993,812</b>	<b>\$53,359,192</b>	<b>\$113,942,368</b>	<b>\$176,295,372</b>
Buyer Financing	\$6,263,812	\$35,887,597	\$77,046,317	\$119,197,726
Buyer Equity	\$360,000	\$2,266,586	\$4,866,083	\$7,492,669
Down Payment Assistance	\$2,370,000	\$15,205,009	\$32,029,968	\$49,604,977
<b>TOTAL</b>	<b>\$74,948,432</b>	<b>\$86,063,212</b>	<b>\$147,977,101</b>	<b>\$308,988,745</b>
<b>USES</b>				
<b>Acquisition</b>	<b>\$614,992</b>	<b>\$2,544,274</b>	<b>\$5,462,229</b>	<b>\$8,621,495</b>
Land	\$614,992	\$2,544,274	\$5,462,229	\$8,621,495
<b>Hard Costs</b>	<b>\$51,957,650</b>	<b>\$58,404,850</b>	<b>\$99,660,750</b>	<b>\$210,023,250</b>
Construction Costs	\$43,384,638	\$48,768,050	\$83,216,726	\$175,369,414
Site Improvements	\$4,416,400	\$4,964,412	\$8,471,164	\$17,851,976
Demolition	\$1,558,730	\$1,752,146	\$2,989,823	\$6,300,698
Contingency	\$2,597,883	\$2,920,243	\$4,983,038	\$10,501,163
<b>Soft Costs</b>	<b>\$22,375,790</b>	<b>\$25,114,086</b>	<b>\$42,854,123</b>	<b>\$90,343,998</b>
Professional Services/Fees	\$14,879,900	\$16,700,867	\$28,497,991	\$60,078,758
Surveys	\$671,274	\$753,423	\$1,285,624	\$2,710,320
Financing Costs	\$2,796,974	\$3,139,261	\$5,356,765	\$11,293,000
Developer Fees	\$4,027,642	\$4,520,535	\$7,713,742	\$16,261,920
<b>TOTAL</b>	<b>\$74,948,432</b>	<b>\$86,063,210</b>	<b>\$147,977,102</b>	<b>\$308,988,743</b>

## Construction Financing

PCRI will secure \$20-30 million in construction loans from four to six private and local lenders. Preliminary discussion and stated interest from several lenders is in progress, with letters of interest included in the Appendix of this Plan. When the homes are completed and sold, the homebuyer's financing will pay off that portion of the related construction loan that will be recycled to build the next batch of homes.

## **Buyer Financing**

Each homebuyer's mortgage financing will be provided by lender partners with whom PCRI has worked on an ongoing basis. Some buyers will also come through community partners' culturally specific homeownership programs.

The typical Pathway 1000 homebuyers will earn no more than 70-100 percent of 2017 Portland MSA Median Family Income (MFI) or \$60,000 – \$67,000 for a family of two-three; the average buyer is likely to earn 80 percent MFI or \$49,000 – \$54,000. Using 80 percent MFI, this household will qualify for a mortgage of \$180,000.

## **Down Payment Assistance**

It is expected that the development cost of homes, averaging \$225,000-285,000, will be higher than the target buyers can afford. After accounting for a buyer's own down payment, a gap of up to \$80,000 – \$125,000 may remain. To address this and achieve the goals of Pathway 1000, homebuyers will have access to Down Payment Assistance (DPA) through programs at the City of Portland, the State of Oregon and from a pool of DPA funding that PCRI will secure from private foundations and via community benefits agreements with financial institutions. PCRI has already secured \$1.7 million in DPA from the City of Portland, \$150,000 from Meyer Memorial Trust and \$100,000 from Wells Fargo Bank. Qualifying for up to \$80,000 per household, these current allocations will assist 20-25 homebuyers. It is not expected that each buyer will require the maximum allocation of \$125,000.

Pathway 1000 Action Items include seeking a policy change from the City of Portland that aligns with the goal of building equity and assets where they historically have been denied. The proposal would eliminate the requirement that DPA funds be structured as a “soft second” loan repaid to the City. It would be replaced with a requirement where PCRI will utilize all DPA funding as grants with a declining recapture provision. All and any grant funds that are recaptured will accrue to a down payment assistance account for future home buyers. Under this plan, a family who stays in their home for fifteen years will not be required to repay any of the grant, thereby honoring the City's commitment to equity and the mitigation of the minority homeownership gap with an asset building model.

PCRI will continue to apply for down payment assistance from a myriad of private foundations and private lenders in addition to sources such as the Affordable Homeownership Program resource offered by the Federal Home Loan Bank. Other resources will also be pursued, such as the federal homeownership trust fund program, and the National Community Reinvestment Coalition which has worked aggressively to make available approximately \$40 billion in Community Reinvestment Act investments for homeownership purposes via community benefits agreements.

## Resource Development

The homeownership development will require an aggressive fundraising process, and thus far a significant majority submitted by PCRI for this purpose has been funded. Identified sources, potential sources of down payment assistance and other homeownership assistance are more fully discussed below and are included in the accompanying budget.

## Rental Housing Finance

PCRI owns, has acquired, and/or has developed over 800 units of affordable rental housing in N/NE Portland neighborhoods. As housing costs and development pressures continue to force low-income people out of these neighborhoods, PCRI knows firsthand the importance of preserving and expanding this precious anti-displacement resource. PCRI sees its rental housing as a stable base from which a family can set and achieve goals for self-sufficiency, save for emergencies, and build savings as a down payment to purchase their own home. This goal of home ownership is our country's most effective form of increasing residents' assets which can move current and future generations permanently up and out of poverty. With PCRI, a socially conscious organization, as landlord, residents will also have peace of mind because they will not have to worry about astronomical rent increases, no-cause eviction, or other involuntary displacement.

## Development Pipeline

The 200 rental homes planned for Pathway 1000 have been identified and are currently in various stages of development:

- **The 80-unit Beatrice Morrow (formerly Grant Warehouse) is fully funded and construction commenced in May 2017.**
- **The 70-unit King + Parks development is in the funding process. Construction is set to begin in Summer 2018.**
- **Kafoury Court, 40 units of senior housing, is under design development.**
- **Six units of scattered site rental housing have been completed.**

## Financing

Financing for the rental housing development includes any or all the following sources, as detailed in the accompanying budgets:

- **Federal Low-Income Housing Tax Credits (LIHTC)**

“Heritage Bank is proud to be helping PCRI as it invests in the community in a way that will benefit more than just the families who move into a PCRI built home. Our Portland economy will be made richer for the financial investment as well as the diversity it will help preserve in the North and Northeast neighborhoods.”

— Kathy Swift

*Senior Vice President,  
Non-Profit Development  
Officer, Heritage Bank  
Board Member,  
PCRI Board of Directors*

- **Local subsidy, such as Tax Increment Financing (TIF)**
- **Private debt**
- **Development fee waivers**
- **Public and private grants, such as Federal Home Loan Bank Affordable Housing Program (FHLB AHP) or Meyer Memorial Trust Housing Opportunities portfolio**

## Leveraging Opportunities

PCRI will continue to respond to opportunities to preserve and/or develop additional rental housing in these neighborhoods most impacted by displacement, and in areas to which Portland’s Black community has been displaced. The most compelling potential projects of this type will be where PCRI can leverage additional community benefits from a housing development, such as a Black cultural gathering place, or developments that deliver equitable economic returns for historic Black owners of developable land – as anticipated by PCRI’s Heritage Initiative.

## **Community Benefits Finance**

Pathway 1000 is an unprecedented and sustained commitment to increasing housing and investment by and for Black residents in the historic neighborhoods of N/NE Portland by a minimum of 1,000 new homes so that people can return. But compared to the housing and assets lost by over 16,000 long-term NE Portland residents since 2000, this is a drop in the bucket.

PCRI and its community partners know more must be done so that the Black community can better access paths to economic opportunity, self-sufficiency and self-determination. By intentionally linking and leveraging Pathway 1000’s ten years of sustained development activities with as many economic opportunities as possible, new systems will be created that work effectively for the community. As collaborators, these united organizations will provide multiple access points for the community to learn about Pathway 1000 and the goals for the community, to:

- **secure affordable rental housing**
- **access construction contracting opportunities**
- **engage in workforce training and education**
- **earn a living wage in a secure job**
- **prepare to buy a home**

The importance of seizing this opportunity drives PCRI and partners to engage in a robust effort to secure adequate funding to launch Pathway 1000 and to create service models that provide sustainable resources for provision of community benefits.

## Services and Partners

Pathway 1000 community benefits, services and partners described in Sections 2, 3 and 6 of this plan include:

- **Construction Contracting and Workforce Training and Employment: National Association of Minority Contractors - Oregon (NAMC-OR), Metropolitan Contractor Improvement Project (MCIP)**
- **Media, Outreach and Community Engagement: Flossin Media**
- **Small Business Support Services: Oregon Association of Minority Entrepreneurs (OAME)**
- **Ascent Funding**

## Resource Development

This Finance Plan anticipates that in years one through five PCRI and partners will identify and secure foundation, financial institution, Department of Labor, and other grants to fund Community Benefits. Research has identified philanthropic resources whose giving is aligned with the populations, services and system change work that is the focus of Pathway 1000. Multiple multi-year grants are anticipated to support Pathway 1000 efforts and link to other organizations to share the approach and learn from peers locally and nationally.

### Sustainable Funding

An overarching goal of Pathway 1000 is the self-sufficiency and self-determination of the Black Community. As an experienced group of community service providers in and for this community, PCRI is committed to creating a model of sustainable funding that secures the ability to provide services described in this plan by using a fee for service model, and determining the parties to pay them.

“At the formation of PCRI, the mission was to stabilize over 350 units of housing, primarily single family homes scattered throughout North/Northeast Portland. The second phase involved the acquisition of an affordable housing portfolio owned by another non-profit organization. This acquisition resulted in the addition of over 300 units of housing, mainly apartments. This third phase promises to build 1000 new units over the next decade with a strong emphasis on home ownership. This is a tremendous resource for the community, especially in combination with the programs run by PCRI to assist residents in preparing for home ownership.”

— Andy Cotugno

*Retired Planning Director,  
Metro  
Board Member,  
PCRI Board of Directors*

## Public Funding Sources

Pathway 1000 funding assumptions include utilization of local, regional, state and federal funding sources.

### **CITY OF PORTLAND**

Pathway 1000 provides opportunities for the city of Portland bureaus and agencies to deliver on many of the promises and commitments they have made to residents of N/NE Portland and to households who have been displaced or who or at risk of displacement. City programs included in the budget that have provided or are anticipated to provide Pathway 1000 investment include:

- **Portland Housing Bureau:**
  - › **N/NE Neighborhood Housing Strategy – funding for multifamily rental development**
  - › **Interstate Corridor Urban Renewal Area (ICURA)**
  - › **Community Development Block Grant (CDBG) – funding for homebuyer down payment assistance**
  - › **Homebuyer limited property tax exemption**
- **Portland Development Commission [Prosper Portland]:**
  - › **Funding for economic development/community assets in mixed use developments**
  - › **Funding for small business support through Pathway 1000 partners**
- **Bureau of Planning and Sustainability**
  - › **CET planning grant administration**
  - › **Technical assistance**
- **Office of Neighborhood Involvement**
  - › **Support for community outreach and engagement communication**

### **MULTNOMAH COUNTY**

Pathway 1000 provides opportunities for Multnomah County to advance its work to address the needs of people who have been or are at risk of being displaced from their N/NE Portland neighborhoods. Multnomah County holds underutilized land that could advance the Pathway 1000 goals; and with the city of Portland authorizes the home ownership limited property tax exemption program that will be utilized by Pathway 1000 home buyers.

## METRO

Metro granted a \$250,000 Community Planning and Development Grant (CPDG) for Pathway 1000 that provided the resources to prepare this Implementation Plan. Chief Operating Officer Martha Bennett stated in her recommendation to the Metro Council that the grants funded by the CPDG program will “...develop and produce policies and plans which will become the foundation for public, private and nonprofit investments enabling the creation of vibrant downtowns, corridors and main streets with more choices in where to work and live, and address the needs of underserved and underrepresented people in the region.”

The Metro CPDG award to Pathway 1000 likely represents the agency’s most direct funding for a community driven development plan. The benefit to this project has been tremendous. It will also be a model for Metro’s continued successful investment in authentically community driven planning.

## STATE OF OREGON

Pathway 1000 comprehensive housing and community benefits integration responds directly to key priorities identified by Governor Brown, namely Healthy and Safe Communities and A Thriving Statewide Economy. State programs included in the budget that have made or are anticipated to make Pathway 1000 investments include:

- **Oregon Housing and Community Services – funding for multifamily rental housing development and homebuyer down payment assistance**
- **Office of Small Business**

## FEDERAL FUNDING

The outlook for federal funding for Pathway 1000 is uncertain, given the historic decline in federal funding for community development and the current trends away from federal investment in central city neighborhoods. However, with this plan in hand, PCRI will meet with local HUD officials to determine what opportunities may exist, and will collaborate with its partners to determine what resources might be available for Pathway 1000 small business and workforce services.

Additionally, Senator Ron Wyden, Senator Jeff Merkley and Rep. Earl Blumenauer will be briefed on Pathway 1000. Help from their staffs will be solicited to identify federal funding opportunities in Housing, Labor, and Health and Human Services.

## Private/Conventional Funding Sources

As described in the funding approach for Homeownership, PCRI anticipates securing conventional financing for the construction of 60-80 homes per year from the following financial institutions:

- Beneficial State Bank
- KeyBank
- Columbia Bank
- US Bank
- Wells Fargo Bank
- Heritage Bank

Construction and permanent financing for Pathway 1000 multifamily rental developments currently underway is structured, as follows:

### Beatrice Morrow:

- US Bank construction loan: \$14,500,000
- Bellwether Enterprise permanent loan (tax exempt bonds): \$5,475,000
- US Bank 4% LIHTC equity: \$10,147,686
- Portland Housing Bureau TIF and land: \$7,350,000
- Meyer Memorial Trust grant: \$250,000

### Kafoury Court:

- Construction loan: \$6,600,000
- Permanent loan: \$1,800,000
- Soft funds: \$7,000,000

### King + Parks:

- Construction loan: 13,000,000
- Permanent loan: \$5,125,000
- 9% LIHTC equity: \$10,869,533
- Portland Housing Bureau TIF and land: \$4,500,000
- OHCS GHAP: \$400,000

See Section 2 - Community Economic Benefits for an overview of funder partners addressing the needs of small business.



Beatrice Morrow Rendering (PCRI).



Kafoury Court Rendering (PCRI).



King & Parks Rendering © Merryman Barnes Architects.

## Philanthropic Funding Sources

PCRI has received \$400,000 in grants for Pathway 1000 from Meyer Memorial Trust and \$100,000 from the Wells Fargo Housing Foundation. The Pathway 1000 framework, integrating stable affordable housing, homeownership, asset building, small business opportunities, workforce training and employment and community engagement, creates rich opportunities for the meaningful participation of traditional, corporate and family foundations.

While Pathway 1000 directly benefits the people and community in Portland, other communities around the nation are experiencing gentrification and displacement that disproportionately impacts the Black community. PCRI believes that foundations that promote and support equality and equity, community driven transformation and closing the Black wealth and asset gap will see much to be excited by in this plan, both for its impact here, and for its replicability in other communities nationally.

PCRI is actively pursuing resource development opportunities, with priority placed on funding for down payment assistance for homebuyers and community engagement. The Pathway 1000 strategy will require ongoing resource development successes.

## Current Status of Funding

Much of the funding to reach the Pathway 1000 goal of creating 200 rental units has already been secured. For the 800 homeownership units, construction will take place over ten years. PCRI will access revolving construction loans, secured by their existing rental portfolio, to complete construction. What remains to complete Pathway 1000's financing scenario are funding sources to:

- **Provide down payment assistance to buyers in need**
- **Enable the plans for community outreach and workforce development to be fully enacted**



**“Healing begins where the  
wound was made.”**

— Alice Walker  
*Author of The Color Purple*

# Communication & Outreach

The strategies in the Pathway 1000 Communication and Outreach Plan prepared by Flossin Media, a Portland multicultural planning and media firm, are designed to reach households and families displaced from N/NE Portland, a majority of whom are Black; and residents of PCRI rental housing and other renters in the PCRI community who don't currently have a choice to buy homes and stay here. The goals are "Connect the Disconnected" and convey key messages to this audience:

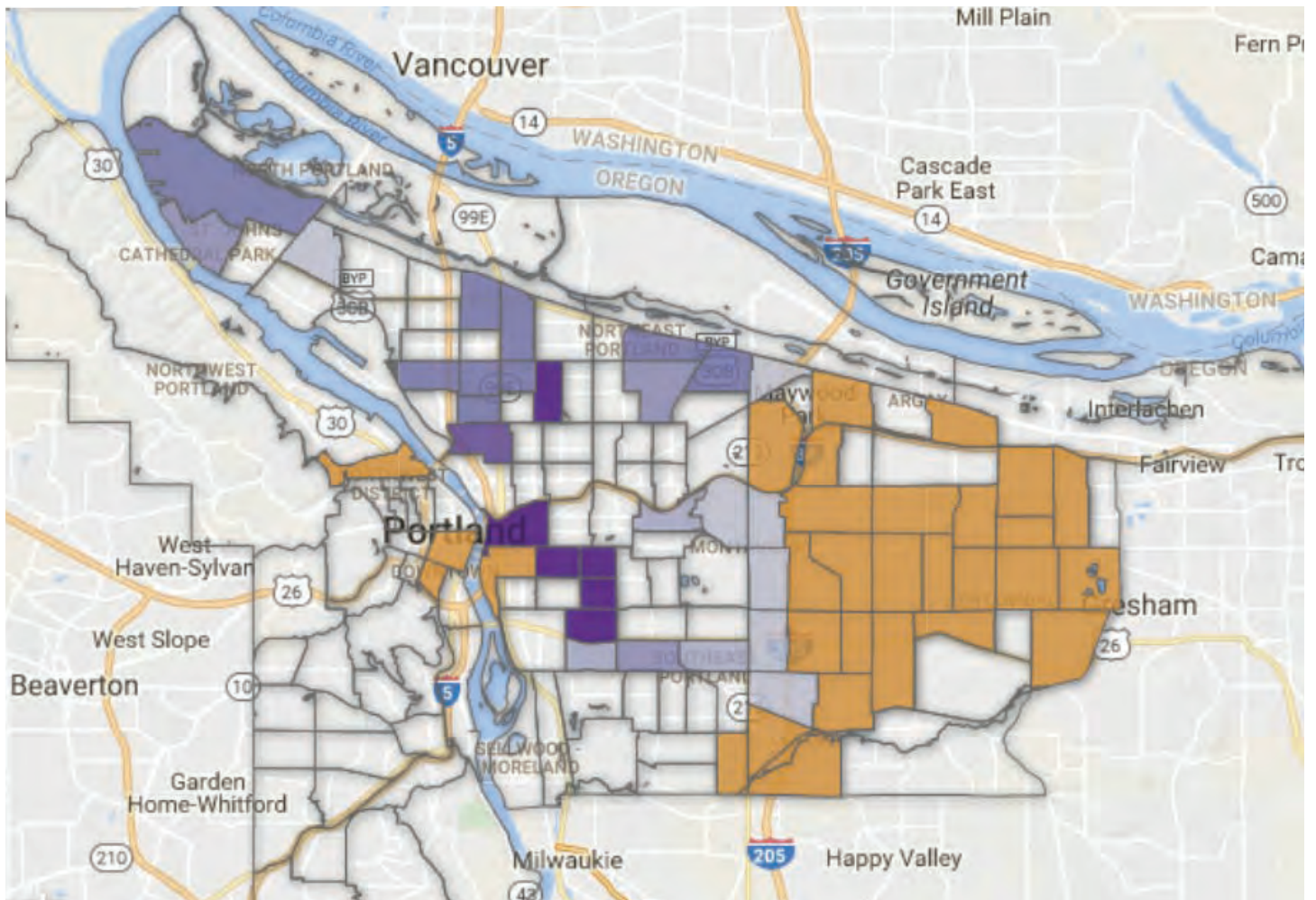
- **Pathway 1000 is a community based initiative designed for and focused on residents and former residents of N/NE Portland.**
- **Via Pathway 1000, PCRI and its collaborators will meet people where they are - by walking with them on the path to homeownership; increasing access to affordable rentals; and creating living wage job opportunities in N/NE Portland.**
- **The success of Pathway 1000 households will build community momentum and significant economic impact in the broader community.**

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## Gentrification and Displacement

Portland's gentrification in the 1990s occurred most acutely in inner North and Northeast Portland, affecting the Black community most significantly. Black Portlanders, who are now scattered in small numbers across a wide terrain in East Portland and beyond, continue to experience disproportionate unemployment and poverty, and, their new neighborhoods don't have the transportation infrastructure, access to jobs, strong schools, social services, mental-health resources, or proximity to Black institutions that exist in the urban core where they once lived.

**Figure 4: Displacement and Minority Population Shifts**



Source: Oregonlive, "Portland Neighborhoods at Risk of Gentrification," 2014

As shown in the orange colored areas in Figure 4, while some Black residents displaced from N/NE Portland have scattered to Vancouver, Beaverton, St. Johns, Gresham, and Hillsboro, most have moved east of 82nd Avenue, to the region colloquially known as “The Numbers.” The Black population in East Portland increased 151 percent between 1990 and 2010, and the number of subsidized renters more than doubled in some parts of East Portland, where rents are considerably lower than closer in Portland neighborhoods (Scott, Portland Monthly, 2012).

Pathway 1000 has developed a culturally responsive, fully integrated community outreach and engagement campaign that connects directly with displaced Black residents and other low-income households through multi-media marketing and a demographically targeted grassroots campaign. The multi-faceted communication and outreach campaign ensures that Pathway 1000 reaches displaced people and businesses - and those at continued risk of displacement. The intent is to spark and restore hope and action within Portland’s Black community and the community at large. By doing this, the plan honors the past, engage the present and lays a foundation for the future.

## Communication and Outreach Plan

The Communication and Outreach Plan (Flossin Media, 2017) merges with the established Resident Services and community engagement work of PCRI’s Resident Services team, to reach a sufficient number of priority households, resulting in 80-100 new homebuyers per year during the ten-year plan timeframe. The plan coordinates and aligns with the Contractor and Workforce Implementation Plan to connect the target population with the sustained pipeline of contracting and living wage job opportunities created by the construction activities of Pathway 1000.

The Communication and Outreach Plan describes current conditions resulting from displacement of Blacks from their historic homes in N/NE Portland, overall implementation strategies, key implementation tasks for each phase, and plan goals. To promote awareness and understanding of the critical importance of Pathway 1000, the plan builds a backbone of engaged individuals, families, community, media partners and thought leaders. The plan includes four strategic implementation phases designed to nurture healthy perceptions for the target audience to gain capability, significance and influence over generational wealth creation through Pathway 1000 homeownership:

“Pathway 1000 addresses the core base need of our community in these times. It is an imaginative reconstruction strategy that provides an opportunity for viable economic development in our Black community. In its foundation we can stand, without bending, allowing our community to thrive while reinforcing ourselves with the perceptions of capability, significance and influence.”

— John Washington  
*Editor in Chief,  
Flossin Media*

## **PHASE I: Introduction** *The Ideology of Capability*

MONTHS 1-18

### **Build the Pathway 1000 Brand**

- With the PCRI Resident Services team, craft key messages that use storytelling to build healthy perceptions of the target audience's ability to boost their capability, significance and influence over generational wealth creation.

### **Gather the Data on the Target Audience**

- Build a communication database of displaced households using data from previous outreach efforts and map the areas where displaced households are clustered and where households are in danger of being displaced.
- Develop a list of people and organizations who may serve as centers of influence (COIs).
- Create an online site for Pathway 1000 to share success stories, access the homeownership curriculum and report achievements.

### **Produce Communication Materials and Platforms**

- Design all written and verbal collateral materials and oral messaging platforms. Materials will be updated as required in the additional phases of the plan.

### **Ramp up the Outreach**

- Traditional and non-traditional outreach methods will be used to disburse the materials.
- Starting in fall 2017, quarterly outreach meetings will be held for individuals, families and industry professionals to learn about Pathway 1000 homeownership opportunities and other community benefits.
- An annual block party will be held potentially in conjunction with Portland's annual Juneteenth celebration.

## **PHASE II:** **The Agitation**

2ND 18 MONTHS

### **Engage, Document and Adjust**

- Continue to engage and enroll the target audience.
- Document the progress and successes of PCRI as it implements Pathway 1000.
- Adjust the implementation measures based on data, experiences, feedback and new opportunities.

### **Establish Gold Standard Communications**

- Establish a guideline of best practices for effective communication.
- Continue marketing that is interwoven with storytelling about the challenges, barriers and key moments on the target audience's pathway to homeownership.

## **PHASE III:** **The Arrival *The Ideology of Significance***

YEARS 4-5

### **Build a Strong Foundation**

- Document and publicize the accomplishments of PCRI, Pathway 1000 partners and the people they serve to counteract negative trends and barriers to wealth creation that are expected to arise from those who believe enough has been done.
- Continue to reach out to the state, local and national press with stories of accomplishments and lessons learned.

“I believe that the impact of Pathway will herald in a new chapter in the history of our city. Over the past several decades residents of many of Portland’s working class neighborhoods have experienced disruption and displacement due largely to phenomenal growth in market based housing development. Regrettably, the impact on historic African American homes and properties has been especially traumatic in neighborhoods that have served as their home for generations.”

— Michael Alexander  
*Past President and CEO of the Urban League of Portland*

“One of the most basic and essential core needs of a person, a family is shelter. Pathway 1000 addresses that need with this caveat, it provides and promotes homeownership, thus creating wealth. Wealth or financial resources to care for a person or family is another basic and essential need for a stable & thriving community. Pathway 1000 for these reasons and more makes it a knockout winner.”

— Dr. T. Allen Bethel

*President,  
PCRI Board of Directors*

## **PHASE IV:**

### **The Sustainment and Succession** *The Ideology of Influence*

YEARS 6-10

#### **Communicate a New Normal**

- Foster a culture of shared community accountability.
- Develop entrepreneurship and business development opportunities for the displaced.
- Build generational wealth through a succession plan for heirs.

## **Plan Goals**

The Communication and Outreach Plan qualitative goals are related to changing perception to reality. Over the ten years of Pathway 1000, the perception of securing homeownership and establishing a generational wealth creation pathway will become a reality for a minimum of 800 Black and other low-income households. In addition, the perceptions of capability, significance and influence will become the new normal for a minimum of 1000 displaced Black and other low-income households or households in danger of displacement. The plan's quantitative goals include creating a geographical map of the displaced demographic, building a master database of Pathway 1000 potential applicants, engaging a minimum of 100 applicants by the end of each year into the pipeline of homeownership, and connecting hundreds of individuals and businesses to contracting and employment opportunities.

## **Race and Surroundings Policy Action**

The Pathway 1000 Communication and Outreach Plan honors and is aligned with the State of Black Oregon 2015 race and surroundings policy:

- **Take advantage of public and private economic development and community involvement plans to reduce poverty in Oregon's Black community.**



# Pathway 1000 Implementation Plan Five-Year Action Plan

## HOUSING DEVELOPMENT

ACTIONS	TEAM LEAD/ PARTNERS	MILESTONES	TIMELINE	SUCCESS INDICATORS
Develop 80 rental units at The Beatrice Morrow	<b>PCRI</b> Gerding Edlen/ Carleton Hart Architects/Colas Construction	<b>Development</b> team engaged <b>Design</b> complete <b>Funding</b> secured <b>Construction</b> start <b>Construction</b> complete	<b>START</b> 2015  <b>COMPLETION</b> 2018	Funding closed, construction start (Spring 2017)  Construction complete, Lease up (2018)
Develop 70 rental units at King & Parks	<b>PCRI</b> Merryman Barnes Architects/Colas Construction	<b>Development</b> team engaged <b>Design</b> complete <b>Funding</b> secured <b>Construction</b> start <b>Construction</b> complete	<b>START</b> 2016  <b>COMPLETION</b> 2019	Design, Funding underway (Spring 2017); Construction complete, Lease up (Winter 2019)
Develop 1st 30 homeownership units  Years 1-2	<b>PCRI</b> Various designers/ Contractors	<b>PCRI-owned</b> sites identified <b>Design</b> templates complete <b>Financing</b> secured <b>Construction</b> start <b>Construction</b> complete Homes sold	<b>START</b> 2016  <b>COMPLETION</b> 2018	Site selection, planning, design, finance underway (Spring 2017); Construction complete, homes sold (Summer 2018)
Develop 207 homeownership units  Years 3-5	<b>PCRI</b> Various designers/ Contractors	<b>PCRI-owned</b> sites identified <b>Design</b> templates complete <b>Financing</b> secured <b>Construction</b> start <b>Construction</b> complete Homes sold	<b>START</b> 2017  <b>COMPLETION</b> 2021	Site selection, planning, design finance underway (Spring 2018); Construction complete, homes sold (Summer 2021)
Evaluate, Prepare sites for Year 5-10 production: 50-100 Multifamily/Mixed Use, 475-525 Ownership	<b>PCRI</b> Various designers/ Contractors	PCRI owned sites evaluated Public sites secured Heritage (private) sites secured Predevelopment planning	<b>START</b> 2018  <b>COMPLETION</b> 2020	Site evaluation underway; Acquisition negotiations; feasibility analysis complete; production pipeline projected

## Action Items

## CONTRACTOR AND WORKFORCE

ACTIONS	TEAM LEAD/ PARTNERS	MILESTONES	TIMELINE	SUCCESS INDICATORS
Construction Industry Analysis, Job Forecasting, Inclusive Procurement	<b>NAMC-OR/MCIP</b> PCRI	<b>Analysis</b> complete Projections of Contractor/ Workforce Opportunity complete <b>Procurement</b> Process developed	<b>START</b> 2016  <b>COMPLETION</b> 2017	Analysis complete (Spring 2017); Forecast model, procurement framework for Pathway 1000 pipeline complete; inclusive procurement underway (Summer 2017)
Outreach and Marketing	<b>NAMC-OR/MCIP</b> PCRI/Flossin	<b>PCRI</b> , Flossin collaboration <b>Priority</b> audiences identified <b>Key</b> contractor/workforce marketing messages developed	<b>START</b> 2017  <b>COMPLETION</b> ONGOING	Outreach data base, key messages developed (Summer 2017)
Workforce Planning and Coordination	<b>NAMC-OR/MCIP</b> PCC, POIC, Constructing Hope	<b>Program</b> designed <b>Partner</b> roles coordinated <b>Workforce</b> engagement/ recruitment initiated <b>Workforce</b> support provided	<b>START</b> 2017  <b>COMPLETION</b> ONGOING	Program(s) launched
Contractor Support Services	<b>MCIP</b> PCRI	<b>Technical</b> workshops planned <b>Estimating</b> assistance provided <b>Contracting</b> Admin Training provided	<b>START</b> 2017  <b>COMPLETION</b> ONGOING	Pathway 1000 contractors access MCIP services

# HOMEOWNERSHIP AND RESIDENT SERVICES

ACTIONS	TEAM LEAD/ PARTNERS	MILESTONES	TIMELINE	SUCCESS INDICATORS
Expand Access to Homeownership Process, Curriculum	<b>PCRI</b> Homeownership Partners	<b>Process</b> , Curriculum adapted to online portal <b>Annual</b> calendar of events, classes developed, published <b>Instructors</b> engaged	<b>START</b> 2017 <b>COMPLETION</b> ONGOING	Homeownership tools online (Fall 2017); Classes scheduled and fully enrolled
PCRI Resident Engagement	<b>PCRI</b> Flossin, NAMC-OR	<b>PW 1000</b> opportunities marketed to residents <b>Residents</b> move from renter to owner <b>Residents</b> enrolled in workforce training	<b>START</b> 2017 <b>COMPLETION</b> ONGOING	Residents enrolled in homeownership services (Fall 2017); Residents secure jobs, improve income (Winter 2018)
Prepare 1st 30 home buyers Years 1-	<b>PCRI</b> Homeownership Partners	<b>Outreach</b> results in home buyers on path to ownership <b>Homebuyer</b> readiness aligns with construction completion	<b>START</b> 2017 <b>COMPLETION</b> 2019	Homes sold to target homebuyers (Fall 2018)
Prepare 207 home buyers	<b>PCRI</b> Homeownership Partners	<b>Outreach</b> results in home buyers on path to ownership <b>Homebuyer</b> readiness aligns with construction completion	<b>START</b> 2017 <b>COMPLETION</b> 2021	Homes sold to target homebuyers
Expand program capacity	<b>PCRI</b> Homeownership Partners	<b>Assessment</b> of needed capacity completed <b>Expansion</b> planning completed <b>Workforce</b> opportunities identified <b>Hiring</b> , collaboration agreements secured	<b>START</b> 2017 <b>COMPLETION</b> 2019	Homebuyers timely, professionally served; Inclusive workforce expansion

# COMMUNICATIONS AND OUTREACH

ACTIONS	TEAM LEAD/ PARTNERS	MILESTONES	TIMELINE	
Design Pathway 1000 “Brand”	<b>Flossin</b> PCRI/ MCIP/NAMC-OR	<b>Homebuyer</b> , workforce key messages developed <b>Ideologies</b> of Capability, Significance, Influence integrated <b>Stories</b> gathered/integrated <b>Collateral</b> material produced	<b>START</b> 2017  <b>COMPLETION</b> 2018	Messages, materials in use (Fall 2017)
Develop Outreach Database and Mapping	<b>Flossin</b> PCRI/Community Organizations, Institutions	<b>Displaced</b> and “at risk” households mapped <b>Centers</b> of Influence (COI’s) Identified	<b>START</b> 2017  <b>COMPLETION</b> 2018	Priority audiences and messengers identified (Winter 2018)
Outreach and Engagement	<b>Flossin</b> PCRI/NAMC-OR/ MCIP/ Community Partners	<b>Pathway 1000</b> interactive website developed <b>Traditional</b> , non-traditional outreach utilized <b>Homebuyers</b> engaged Workforce engaged	<b>START</b> 2017  <b>COMPLETION</b> ONGOING	Launch Event (Fall 2017); Homebuyer, Workforce pipelines filling (Winter 2018)
Build and Broadcast Community Perceptions: Capability, Significance, Influence	<b>Flossin</b> PCRI/NAMC-OR/ MCIP/ Community Partners	<b>Outreach</b> creates sustained pipeline of 100+ home buyers generated annually <b>Workforce</b> pipeline continuously generated	<b>START</b> 2017  <b>COMPLETION</b> ONGOING	Priority populations buying homes;  Priority populations securing PW 1000 construction contracts/jobs

# PROJECT

ACTIONS	TEAM LEAD/ PARTNERS	MILESTONES	TIMELINE	SUCCESS INDICATORS
<p>Advance PW 1000 Policy priorities:</p> <ul style="list-style-type: none"> <li>• Down payment Assistance</li> <li>• Displacement Right to Return</li> <li>• Contractor/ Workforce program support</li> </ul>	<p><b>PCRI</b> NAMC-OR/MCIP/ Community Partners</p>	<p>City of Portland DPA program supports PW 1000 asset building goals PW 1000 priority clients served via PCRI Right to Return program City of Portland funds PW 1000 Contractor/workforce programs</p>	<p>START 2017  COMPLETION ONGOING</p>	<p>System barriers are removed and City programs advance PW 1000 goals</p>
<p>Resource Development – Partners identify, apply for and secure resources; develop sustained funding sources</p>	<p><b>PCRI</b> NAMC-OR/MCIP/ Community Partners/ Philanthropic Partners</p>	<p>Down payment assistance for Years 2-5 secured (2017) Contractor/Workforce support for Year 1 secured (2017); Years 2-5 identified Model for fee-for service developed, in use (2018)</p>	<p>START 2017  COMPLETION ONGOING</p>	<p>Annual PW 1000 budget includes secured sources for DPA and Contractor/Workforce support</p>
<p>Monitoring and Evaluation – Partners develop, utilize, analyze and report on PW 1000 outcomes</p>	<p><b>PCRI</b> NAMC-OR/MCIP/ Higher- Ed Partner to be identified</p>	<p>Higher-Ed partner(s) identified Funding for Evaluation identified Data collection, analysis, reporting in place</p>	<p>START 2017  COMPLETION ONGOING</p>	<p>Monitoring, evaluation protocol in use for major PW 1000 program components</p>

# PCRI - Pathway 1000 Displacement Mitigation and Community Benefit Policy Recommendations

## 1. HOMEOWNERSHIP EQUITY

For Pathway 1000 homebuyers, or other displacement mitigation homeownership programs, waive permanent affordability and repayment requirements for Down Payment Assistance (DPA). Utilize Oregon Housing and Community Services DPA program as model.

## 2. RIGHT TO RETURN POLICY

For Pathway 1000 homebuyers and renters, all displacement mitigation outreach, intake and eligibility assessment to be administered by PCRI, through its established program.

## 3. COMMUNITY EQUITY INCLUSION PLAN

Allocate resources to support contractor and workforce development programs.



# Appendices

## Appendix A: Acknowledgements and Endorsements

PCRI expresses great appreciation to Metro for the Community Planning and Development grant funding that made the preparation of this plan possible.

PCRI thanks the following organizations and firms that collaborated and combined their strengths and expertise with PCRI to develop the Pathway 1000 Implementation Plan:

- The local chapter of the National Association of Minority Contractors (NAMC-OR), the oldest minority construction trade association in the United States.
- The Metropolitan Contractors Improvement Partnership (MCIP), a Portland business support and training organization for minority and disadvantaged businesses (MBE/DBEs).
- David Paul Rosen and Associates (DRA), an international policy, financial and development advisory firm.
- Key Planning, a consulting firm comprised of Portland State University Masters of Urban and Regional Planning (MURP) faculty and students.
- Kate Allen Community Development Services, a Portland WBE firm providing consulting in community development and affordable housing.
- Flossin Media, a Portland based multicultural planning and media firm.
- Christine Hermann Consulting, LLC, a Portland based firm providing housing planning and development consulting services.
- Kent Buhl, KB Consulting, a Portland based firm providing economic and demographic research.
- Bryan Potter Design, a Portland based graphic design firm.

# Endorsements

PCRI is honored that the Pathway 1000 Implementation Plan has been endorsed and supported by many prominent local political, non-profit, business and community leaders:

“Maxine Fitzpatrick through PCRI has led a visionary, positive, proactive, collaborative and strategic effort to concretely address economic and systemic problems in the African American and NE Portland community. PCRI has included economic, technical and social support components in Pathway 1000. African American and long-time NE Portland residents, community organizations, and minority businesses who engage in Pathway 1000 will be uplifted and reap assets from their engagement and investment. MCIP and NAMC-Oregon are proud to be partners with Pathway 1000.”

— Tony Jones

*Executive Director,  
Metropolitan Contractor Improvement Partnership*

“Ambitious plans like Pathway 1000 reflect the efforts we need in order to continue addressing the housing crisis we are currently in. The alignment of a strategic forward-looking plan, with the concerted efforts of our housing partners, will provide both rental and homeownership opportunities for our community. I look forward to working with PCRI in this effort.”

— Ted Wheeler

*Mayor of Portland*

“Here’s the bottom line: will Portland become a more diverse and economically thriving place for everybody? Or, will we continue to exploit and displace Black and Brown residents? I’d prefer the former. Therefore, we must support visionary work like Pathways 1000. Support it with policy. Support it with funding. Support it with leadership.”

— Rukaiyah Adams

*Chief Investment Officer,  
Meyer Memorial Trust*

“I would like to see...Increases in the rate of home ownership for African-American families and increases in the rate of employment for African-Americans in Oregon. And frankly, I’d like to see some of those issues that lead to entrenched poverty stamped out.”

— Nkenge Harmon Johnson

*President and CEO of the Urban League of Portland*

“Our community has been involuntarily displaced five times. This resulted in decades long, staggering loss of wealth and neighborhood stability. These racially discriminatory practices had a devastating impact on Black home ownership. PCRI is to be applauded for its Pathway 1000 plan, and its effort to again make home ownership in Albina a reality for Black families.”

— Ronald Herndon

*Director of Albina Head Start*

“As a cultural and educational anchor in our part of town, we at the Cascade Campus are committed, through education and workforce training, to empowering the current and former residents of inner North and Northeast Portland to stay in – and return to – the neighborhoods they have called home for so long. The Pathway 1000 project from Portland Community Reinvestment Initiatives Inc. aligns with this commitment and with PCC’s broader mandate to support underrepresented communities through affordable education, workforce development, and community engagement. PCC and the Cascade Campus are happy to endorse Pathway 1000 and look forward to working with PCRI to help the communities of North and Northeast Portland to prosper.”

— Karin Edwards

*President,  
Portland Community College Cascade Campus*

“NAMC-Oregon is pleased to partner with PCRI on Pathway 1000. Our collective vision is to see economic development and prosperity spread throughout minority communities in Portland, Or. As a construction advocacy organization NAMC-Oregon believes this partnership will improve the awareness, capacity and skills of minority businesses and workers to achieve economic independence and entrepreneurial success on these pipeline projects.”

— Nate McCoy

*Executive Director,  
NAMC-Oregon*

“Having lived in the Boise neighborhood between N. Mississippi and N. Williams since the 1970’s, I’ve witnessed dramatic change at my doorstep. I bought my current family home in 1996. But before the 1990’s, conventional loans were not available for homes in the redlined, mostly-Black community in inner N/NE and so we were precluded from homeownership in our own neighborhoods. While I was lucky, many of us were priced out as property values and rents began to rise with gentrification. Thirty years later, PCRI’s Pathway 1000 Initiative gives me hope, as a construction business owner and N/NE resident, that we can open the door to living wage construction jobs and affordable homeownership and welcome back those who were priced out.”

— Dennis Harris

*Owner,  
Albina Construction, LLC*

“The opportunities created for contractors and workforce through a ten-year pipeline of housing being developed by PCRI is an amazing opportunity for economic and workforce development that doesn’t happen often enough. Colas Construction is proud to be able to assist in providing educational and workforce opportunities that benefit communities of color in a very positive way.”

— Andrew Colas

*President,  
Colas Construction, Inc.*

“For decades, African Americans in N/NE Portland were subject to constant displacement due to the whims of various land-use, transportation, economic and other policies. Today, gentrification represents yet another force to displacement. Pathway 1000 counters it by fostering and growing neighborhood businesses, jobs and wealth. Ascent Funding is excited to partner with Pathway 1000 in offering the capital and the business financial literacy necessary to help these neighborhood businesses stay, grow, and thrive.”

— Robin Wang

*Executive Director,  
Ascent Funding*

“Pathway 1000 displacement mitigation plan will provide great opportunities for Oregon Association of Minority Entrepreneur (OAME) members to benefit from the construction activities as well as lend their support for PCRI’s community goal to create 1,000 units of affordable housing for displaced residents. The Plan can also address the displacement of minority businesses with the numerous business developments and employment opportunities created by the construction and business-related services. OAME is excited about the economic impact the Plan will have in the community and for the opportunities the Plan is creating that can advance minority businesses.”

— Sam Brooks

*President/CEO,  
Oregon Association of Minority Entrepreneurs*

“I am confident that Pathway 1000 will serve as an effective catalyst to returning working class families to affordable housing in the communities that they helped to create. Pathway 1000 gives our city and all of its stakeholders the opportunity to write a new chapter in our history that we can be proud of going forward.

I believe that the impact of Pathway 1000 will herald in a new chapter in the history of our city. Over the past several decades residents of many of Portland’s working-class neighborhoods have experienced disruption and displacement due largely to phenomenal growth in market-based housing development. Regrettably, the impact on historic African-American homes and properties has been especially traumatic in neighborhoods that have served as their home for generations.”

— Michael Alexander

*Past President and CEO of the Urban League of Portland*

“As Housing Commissioner I found PCRI’s Pathway 1000 to be a comprehensive and achievable plan that will significantly reduce the negative impacts involuntary displacement has had on the N/NE Portland community.”

— Dan Saltzman

*Portland City Commissioner*

“Heritage Bank is proud to be helping PCRI as it invests in the community in a way that will benefit more than just the families who move into a PCRI built home. Our Portland economy will be made richer for the financial investment as well as the diversity it will help preserve in the North and Northeast neighborhoods.”

— Kathy Swift

*Senior Vice President, Non-Profit Development Officer, Heritage Bank  
Board Member, PCRI Board of Directors*

“At the formation of PCRI, the mission was to stabilize over 350 units of housing, primarily single family homes scattered throughout North/Northeast Portland. The second phase involved the acquisition of an affordable housing portfolio owned by another non-profit organization. This acquisition resulted in the addition of over 300 units of housing, mainly apartments. This third phase promises to build 1000 new units over the next decade with a strong emphasis on home ownership. This is a tremendous resource for the community, especially in combination with the programs run by PCRI to assist residents in preparing for home ownership.”

— Andy Cotugno

*Retired Planning Director,  
MetroBoard Member, PCRI Board of Directors*

“Pathway 1000 addresses the core base need of our community in these times. It is an imaginative reconstruction strategy that provides an opportunity for viable economic development in our Black community. In its foundation we can stand, without bending, allowing our community to thrive while reinforcing ourselves with the perceptions of capability, significance and influence.”

— John Washington

*Editor in Chief,  
Flossin Media*

“One of the most basic and essential core needs of a person, a family is shelter. Pathway 1000 addresses that need with this caveat, it provides and promotes homeownership, thus creating wealth. Wealth or financial resources to care for a person or family is another basic and essential need for a stable & thriving community. Pathway 1000 for these reasons and more makes it a knockout winner.”

— Dr. T. Allen Bethel

*President, PCRI Board of Directors*

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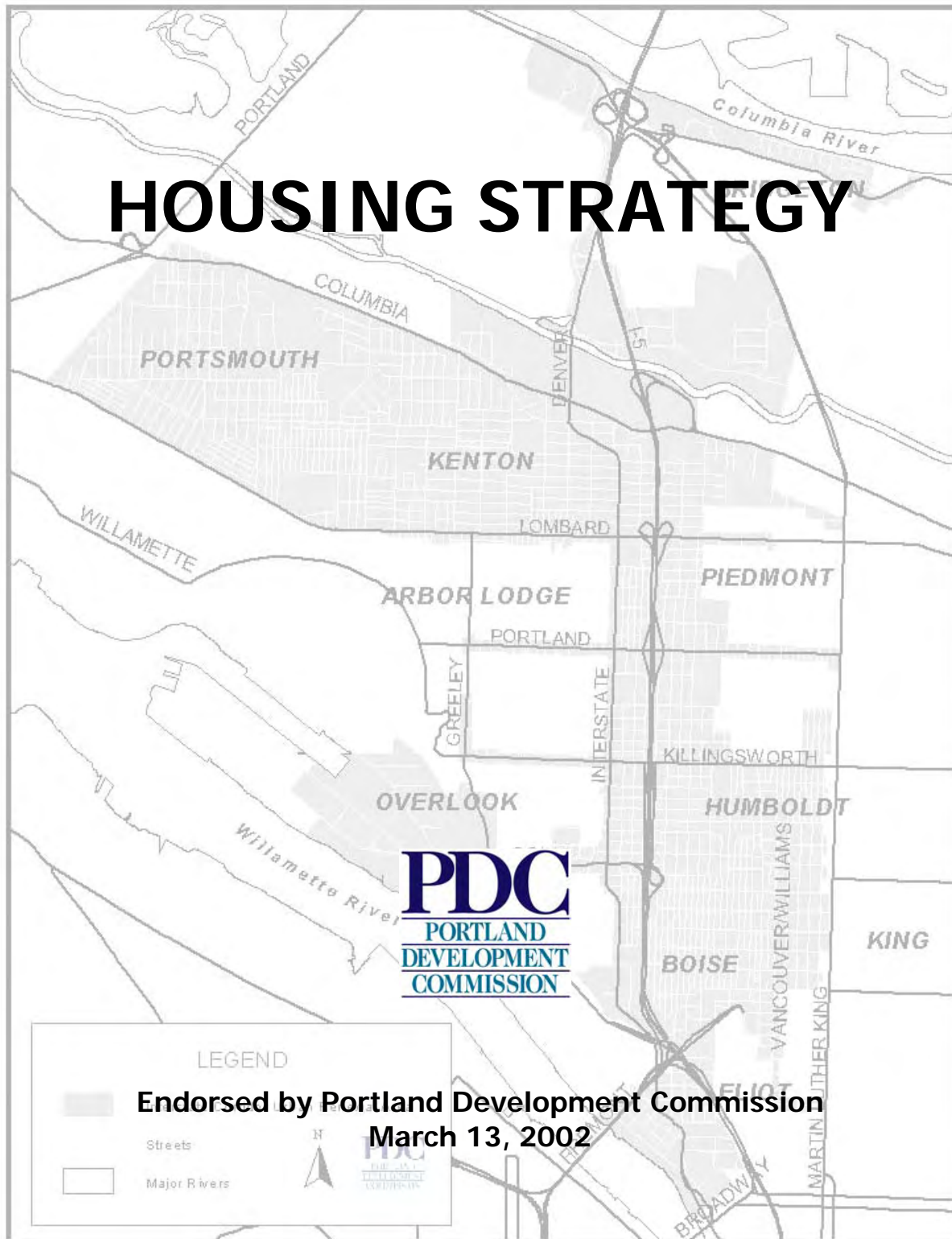
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# Appendix C: Interstate Corridor Urban Renewal Area Housing Strategy

## INTERSTATE CORRIDOR

*Urban Renewal Area*

# HOUSING STRATEGY



# HOUSING STRATEGY RECOMMENDATIONS

To benefit those living in the Interstate Corridor Urban Renewal Area now and to support long-term community stability, vitality and choices, the urban renewal housing efforts will be successful if:

- The housing situation of existing residents is stabilized, decreasing the threat of involuntary displacement from their community due to market pressures and public actions
- Existing housing stock is preserved and new housing units are added, maintaining and increasing the overall supply and range of housing opportunities and choices
- Permanent or long-term affordable housing opportunities and choices are available to existing low-income residents
- New housing units are added and a range of housing choices are provided in new mixed-income developments in a manner that preserves and strengthens the existing character of neighborhoods
- The diversity and assets of existing and new residents are valued and respected and together contribute to the vitality of the community
- Urban renewal funds are leveraged to the fullest with other public and private resources to ensure housing preservation and development goals are achieved and concerns related to the involuntary displacement of existing residents are effectively addressed.

Through the planning process, the community was able to build upon the work of the Albina Community Plan and further frame what successful urban renewal will mean for housing in the district. Building upon the general principles articulated in the Interstate Corridor Urban Renewal Plan, the community developed six specific housing goals that will drive the implementation of housing programs and projects.

Goal #1. Preserve and maintain existing sound housing stock

Goal #2. Increase the total housing stock by at least 4,000 housing units by the Year 2020 to increase the availability of rental and ownership housing opportunities for current and future residents, and to support expanded services, businesses and employment opportunities

Goal #3. Ensure an adequate supply of housing is available and affordable (costs 30% or less of gross income) to people of all income levels living in the ICURA in the Year 2000

Goal #4. Ensure housing options for households of different sizes and needs

Goal #5. Increase opportunities for homeownership, prioritizing opportunities for existing residents

Goal #6. Increase the housing stability of existing residents and protect them from involuntary displacement caused by gentrification, increases in housing costs and loss of housing choices

Goal #6 was established as an overriding goal statement to guide how success is measured for the other five Goals. In the implementation of urban renewal funds and activities, emphasis will be placed on supporting projects and administering programs that will *"increase the housing stability of existing residents,"* linking social, people-based goals with the physical revitalization goals of urban renewal.

The Goals set forth the priorities for all housing activity (both publicly and privately initiated and financed), and in some instances set specific 20-year targets for which PDC and the community will evaluate the overall success of urban renewal housing projects and programs. Each Goal has a number of underlying strategy statements defining the various elements within the Goal and how PDC will work with housing partners to achieve the Goal. More specific information on various housing programs and financial resources is available in the Summary of Implementation Tools section of the Housing Strategy.

While many of the Goals and related strategies establish numeric development targets that will be easy to measure, other Goals such as those pertaining to who benefits from urban renewal activities, will be more difficult to quantify and measure. The Monitoring and Evaluation section will further describe the responsibility of PDC to evaluate the effectiveness of urban renewal programs, and establishes the process by which PDC will report on housing activity within the Interstate Corridor Urban Renewal Area and how the community will be involved in the monitoring and evaluation. PDC will continue to work with the Bureau of Housing and Community Development, the Interstate Corridor Urban Renewal Advisory Committee and community groups to identify new methods for evaluating the impact of urban renewal efforts.

**PATHWAY**

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# PATHWAY 1000

