

April 20, 2016

Dear Mayor Hales and Commissioners,

I write on behalf of our 20 Portland member organizations to urge your support of housing affordability through the Comprehensive Plan and Residential Infill processes – including “missing middle” zoning changes, narrow lots, and density bonuses – as well as to cheer you on in moving quickly to enact both mandatory Inclusionary Zoning and a Construction Excise Tax.

As you know, Oregon ON members are nonprofits who work in Portland and statewide to create housing opportunity across the continuum from homelessness to rental housing to homeownership. As the cost of developable land has risen, it has become increasingly challenging for our organizations to develop affordable apartments and homes, and to assist first-time homebuyers. Some examples from a few of our members include:

- At **PCRI**, land owned by the organization for over 20 years could be developed or re-developed for new affordable homes, including for homeownership. This land is located in residential zones throughout north and inner northeast Portland, but minimum lot sizes limit the number of homes that can be developed, handicapping our opportunity to deliver affordable homes for hundreds of families eager to purchase them.
- At the **Portland Housing Center**, our pool of prequalified first-time buyers is larger than ever. But the private market continues to almost exclusively produce large and expensive homes, far out of reach to our buyers. Hence many buyers are failing to find homes to purchase – or being driven farther and farther away from amenity-rich neighborhoods and employment centers to find anything they can afford.
- At **Human Solutions**, we are seeing a 30% increase in demand for our family shelter as more families and children cycle into homelessness and an almost weekly narrowing of the universe of private market rental units in historically affordable East County that will accept our families and our rent assistance partnership. At the very same time that we are seeing the volume of publicly financed units that are affordable and accessible to very low-income families experiencing homelessness shrink and our inability to financially compete with private developers and speculators who are buying up the stock of market-based affordable properties that are currently housing our client families in East Portland. Without action, those currently affordable properties

will disappear from the affordable inventory as private redevelopment shrinks the supply even further.

- At **Proud Ground**, Portland's home ownership funding cap of \$60K/unit and lack of funding outside of Urban Renewal Areas has not kept up with market realities. This makes it harder than ever to get new homes into trust for permanent affordability.
- At **Habitat for Humanity Portland/Metro East**, we have 10+ eligible buyers for each house we build. But it has become a significant struggle to time find land we can afford on which to build new developments of affordable homes. We're entirely priced out of single-family zoned portions of the city, where lots typically go for \$200K+ per lot.

We are concerned that, in the midst of a housing crisis, Portland is on the verge of missing crucial opportunities to support affordable housing - and in some instances might even be contemplating changes that would steer the market to fewer, more expensive homes. It is time for City staff and elected leadership to embrace the notion that Portland (and for that matter, the region) needs a broad range of housing types, prices, and sizes in all residential neighborhoods, not just a select few. Economic integration is vital to supporting and promoting equity, inclusion and diversity.

In this housing crisis, we desperately need more affordable lots on which homes can be affordably produced as well as policies that create housing options and access. It is not only good public policy to create policies and zoning that encourage the development of affordable housing – it is a Fair Housing issue that, if left unaddressed, could have negative impacts on federal funding in the future.

As active participants in Anti-Displacement PDX, we applaud your work on equity and anti-displacement language for the Comprehensive Plan. In addition to supporting that language, we offer the following solutions for your consideration, organized by ongoing zoning code reform process:

Comprehensive plan map and amendments

1. ***We urge you to support the "Missing middle" housing amendment (#P45) – but also to go further, by following the City Club's recommendation to revise the zoning code to allow for middle housing types in residential neighborhoods across the City – not just near centers.*** It's essential that we both (a) provide greater flexibility in single dwelling zones close to centers and corridors and (b) increase the availability of property zoned for multi-dwelling development (R1, R2, R3), which is quickly becoming the last refuge for creating affordable homes in Portland. Our organizations and the homebuyers we serve used to work routinely in single dwelling zones, but have been effectively priced out by rising land and housing costs. Historically, many of these same neighborhoods were developed at a higher density than is allowed today. We need some of the vast tracts of land now zoned for single dwelling

development made available once again for a mix of single-family and “missing middle” densities, making it possible to build affordable homes by sharing land costs.

In addition, the City needs to be a partner in educating and advocating with the existing residents to support increased density and a diversity of housing types. What we are seeing happen all too often is that zoning permits multi-family development—or is changed to permit it—and it isn’t until a property is proposed for development that the neighbors take notice and rise up in opposition.

2. ***We also urge support for amendment #P46, setting a 10,000 unit goal for affordable housing.*** We strongly support Commissioner Fritz’s amendment to set a goal of producing and funding at least 10,000 new regulated affordable housing units citywide by 2035. After years of difficulty in reaching affordable housing goals within Urban Renewal Areas, now is the time for an ambitious, citywide affordable housing production target. If new dedicated funding streams are approved by voters, this goal can be revised upward. We urge targeting production where the need is greatest - below 60% MFI.

Residential Infill Project

3. Offer ***density bonuses for smaller homes*** in residentially zoned portions of the city, with an ***extra density bonus for affordable housing*** with sales price and income restrictions. Density bonuses could be crafted without making any adjustments to the base zone’s floor area, setback, or height limits, and could apply both in R5 - R20 zones (as detached and semi- attached structures) and R2.5 zones (where attached townhomes would be more likely). It is critical that developments with an affordable housing component qualify for more substantial density bonuses (and/or allowances for larger homes to serve big families), since developers of this type of housing will need to compete successfully for property with market rate builders.
4. ***One of the main drivers of expensive housing is minimum lot sizes. Portland needs more, and smaller lots.*** Portland suffers from a severe shortage of lots for homes – particularly single-family homes – which can only be solved by redefining what constitutes an acceptable legal lot under our zoning and comp plan. Such a change could open up thousands of new lots for homes, all over the city.

Creation of these lots can be accomplished by making it easier to develop “skinny lots” and by allowing the development of 25’ wide lot remnants in the R5 and R7 zones. These lots represent a quickly available, easily understood, and well established building path for creating smaller, more affordable homes. Such changes should not be limited to close-in parts of the city, where they would support home ownership opportunities significantly less expensive than the \$800K+ houses being developed now but wouldn’t be especially affordable. We also need smaller lots farther out, where there is still the chance to create affordable homes with little or no public subsidies.

5. Although the above-mentioned elements of the Residential Infill Project are most relevant to our work, we also support an ***expansion of Portland’s accessory dwelling unit program*** and an allowance for ***internal divisions of larger homes***, both of which

create paths for the private market to produce much-needed affordable homes within existing neighborhoods.

IZ and Excise tax for affordable housing

6. *Zoning reform won't be enough on its own.* Although the changes noted above will increase the availability of reasonably priced home lots, nonprofit developers and first-time home buyers will still face sharp competition with market developments and more affluent buyers – especially in amenity-rich neighborhoods. It is essential that Portland immediately build on our hard-won progress in Salem and implement a **mandatory Inclusionary Zoning policy, along with an excise tax on new construction of at least 1%, dedicated to affordable housing.**

Key decisions on all of these issues are on deck for the next few months, so the chance to act is now. We must use all the opportunities in front of us to give Portlanders with low and moderate incomes a chance for a place to call home – in one of the tightest housing markets we've ever seen. Thank you so much for all your good work to address our housing crisis.

Sincerely,



Ruth Adkins
Policy Director

On behalf of Oregon ON's 20 member organizations in Portland:

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| BRIDGE Housing | Innovative Housing, Inc. |
| Cascadia Behavioral Healthcare | NAYA Family Center |
| Catholic Charities/Caritas Housing | NOAH (Network for Oregon Affordable Housing) |
| Central City Concern | Northwest Housing Alternatives |
| Enterprise Community Partners | Portland Community Reinvestment Initiatives |
| Habitat for Humanity Portland/Metro East | Portland Housing Center |
| Hacienda CDC | Proud Ground |
| Home Forward | REACH Community Development |
| Housing Development Center | ROSE Community Development |
| Human Solutions, Inc. | Sabin CDC |

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