



600 NE Grand Ave.
Portland, OR 97232-2736
oregonmetro.gov

October 21, 2016

Portland Planning Commission
1900 SW 4th Ave., Suite 7100
Portland, OR 97201

Re: Inclusionary housing proposal

Dear Portland Planning Commissioners:

Our region is continuing to grow and change. Providing housing choices and options that are equitable and affordable for our residents is a fundamental responsibility of preparing our region and our city to remain livable and accessible as this growth and change occurs. Metro appreciates and applauds the proactive steps that the City of Portland is taking to increase the supply of affordable housing in Portland.

We are very interested in watching the City's implementation of inclusionary zoning ("IZ"), a tool that has been discussed in our region but not yet applied in this way. IZ programs are complex to successfully implement, so we urge the City to approach this program with careful consideration. Recent studies, including the Urban Land Institute's recently released *Economics of Inclusionary Zoning*, have pointed out that incentives and requirements need to be tailored carefully to market conditions in different locations. This is necessary to ensure that the requirements aren't so stringent that housing production is negatively impacted, which would further exacerbate housing affordability challenges as the region's population increases.

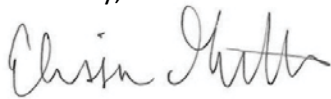
Metro's January 2016 Opportunities and Challenges for Equitable Housing report identified increasing the supply of market rate housing as essential to meeting housing demand and ensuring overall housing affordability throughout the region. Further, because the ability of the IZ policy to deliver new affordable units is contingent upon private investment, it is especially essential that the policy not discourage new housing production. Portland is asking the right questions by analyzing the impacts of the proposed IZ program in different locations. The recent analysis prepared by David Rosen and Associates suggests that the proposed policy could negatively impact housing production outside of the central city. To avoid negative impacts on the production of needed market rate and regulated housing, we urge the City consider the following:

- Tailor incentives and requirements geographically to avoid negatively impacting the feasibility of development outside of the central city.
- Establish a mechanism to monitor the effects of IZ policy implementation on housing production and design further adjustments to the policy as needed.

- In addition to the FAR bonus proposed in the IZ, consider also providing height bonuses to provide developers added flexibility when designing a building that best fits the neighborhood.
- Explore opportunities for further partnerships and incentives. Metro's Transit-Oriented Development program was recently updated so that projects with income restricted units are more competitive for funding. While funding for this program is limited to approximately \$3 million per year, we see opportunities for Metro to support qualifying projects along high-frequency transit corridors.

Thank you for considering our comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Elissa Gertler".

Elissa Gertler
Planning and Development Director

cc: Joe Zehnder
Tom Armstrong
Tyler Bump
Councilor Sam Chase
Councilor Bob Stacey
Martha Bennett