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October 24, 2016

SUBMITTED ELECTRONICALLY

Planning and Sustainability Commission
1900 SW Fourth Ave., Suite 7100
Portland OR, 97201

RE: Inclusionary Housing Code and FAR Transfers

Dear Commissioners:

I represent Service Employees International Union Local 49. We have supported equity policies in the 2035 Comprehensive Plan to reduce income disparity and increase affordable housing, and have recommended additional code provisions for the Central City Plan to require developments that use FAR transfers provide "good jobs" with compensation adequate to afford housing for the workers who provide ongoing support for the development. A copy of my most recent letter to your commission on the Central City Plan is attached.

SEIU Local 49 also supported the recent state legislation allowing the city to require mandatory affordable housing. We applaud the city's efforts to move forward quickly with zoning code provisions to provide density or FAR bonuses, both for mandatory housing in larger multifamily residential developments and for voluntary efforts to increase affordable housing by contributing to a fee-in-lieu fund. However, other efforts to reduce income disparity and increase affordable housing should not be forgotten in the rush to implement the state legislation.

It is our understanding from your staff that the issues of FAR bonuses and transfers will continue to be considered, in particular at your January 24, 2017, work session on the Central City Plan, before you make a recommendation to the City Council regarding that effort. We urge you to make that intention clear in your recommendations to the City Council on this Inclusionary Housing Zoning Code Project, and that you direct your staff to provide further analysis concerning FAR transfers and our recommendation for a public benefit as a condition for such transfers at your work session on January 24.

Very truly yours,



David C. Noren

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August 9, 2016

Planning and Sustainability Commission
1900 SW Fourth Ave., Suite 7100
Portland OR, 97201

Attn: CC2035 testimony

RE: Analysis of FAR Transfers and Affordable Housing Opportunities

Dear Commissioners:

Service Employees International Union Local 49 has proposed amendments to the Central City Plan code to require a public or community benefit when transfers of floor area ratios (FAR) increase the development allowed for a project. Specifically, in my letter and testimony on July 26, SEIU proposed that workers who provide ongoing service to such a development, including janitors, maintenance and security workers, be paid the equivalent of 50% of the median family income for the area, to mitigate the impact of the development on the city's limited stock of affordable housing. Such compensation, about \$36,000-38,000/year, is at the upper end of compensation packages for full-time janitorial workers in Portland; at the lower end their full-time compensation is about \$22,000 or 30% of area median income (AMI or MFI). Our research shows that there is a substantial inventory of housing affordable to a worker making 50% of AMI, but that almost no non-subsidized housing is affordable to a worker making only 30% of AMI.

A memorandum dated August 8, 2016, from consulting firm Economic and Planning Systems (EPS) is being submitted with this letter. EPS has extensive national experience with linkage fees and other tools to address housing affordability, including preparation (with OTAK) of a study for the city last year that underlies the proposals in the Central City Plan for bonus FAR based on affordable housing. The attached EPS memorandum provides data on the supply and affordability of housing at incomes of 50% and 30% of AMI, and analyzes the feasibility of our proposed compensation requirement in terms of residual value of the transferred FAR after discounting the increased development and operating costs such transfers would entail. There are minor discrepancies between the terms and numbers proposed in our July 26 letter and in the attached memorandum; for example, use of the terms "AMI" and "MFI" and assumptions that housing is affordable at 1/3 rather than 30% of income. However, the attached memorandum supports our proposal as being consistent with linkage study analysis of the impact of low-wage

workers on affordable housing, and concludes that our proposal is feasible in the real-world market based on the residual value of transferred FAR.

As I noted in response to a question at the last hearing, our proposal to require the specified compensation as a public benefit for transferred FAR is directed to FAR that is transferred within a sub district; the Proposed Draft allows unlimited transfers of such FAR without requiring additional public benefit for the transfer. To be clear, we are not requesting that the compensation requirement be imposed on transfers from historic properties. Instead, we are seeking to recapture some of the value created by FAR transfers within a sub district, and to apply that value to mitigate the impact of the development on affordable housing supplies.

We look forward to working with your staff to develop specific code language for Section 510 to implement our proposal. One detail to be addressed is a threshold for imposing such a requirement; reasonable thresholds may be either an additional 1:1 of FAR (i.e. at least one additional floor) or 35,000 square feet (i.e. the floor area that would typically require one additional worker for janitorial service). Another detail is specifying that the requirement would apply to the development itself, and thus to the owner, operator, tenant, or whoever else, by lease or contract, provides or contracts for the ongoing service of the building. A related detail is establishing a mechanism for enforcement, including use of recorded restrictive covenants that may be enforced by parties to the land use proceeding that imposes the requirement.

We ask that you direct your staff to provide further analysis and work with us to supply specific code language for consideration during your upcoming work sessions and for inclusion in the Central City Plan code that you recommend to the City Council

Thank you for your consideration and please ask you staff to seek any further information from us that would assist you.

Very truly yours,

A handwritten signature in black ink, appearing to read "David C. Noren", with a long horizontal flourish extending to the right.

David C. Noren