



Inclusionary Housing Zoning Code Project

Portland Planning and Sustainability Commission Hearing
October 25, 2016

Good evening Commissioners,

The challenge of providing more affordable housing in Portland requires bold thinking and aggressive action. We need a program that leverages the private sector and energizes it at a citywide scale. We need a program that is seamless and efficient, that doesn't impede housing development, and one that results in making it common practice to include affordable units in every project that gets built in town. Think about that for a second. Imagine, looking back over the past 10 years of building boom in Portland, if every building had included affordable units. Imagine the impact those thousands of affordable units would have had the rental market today. Maybe we wouldn't be having this hearing today if we had acted sooner.

But the proposed IZ policy before us today is not that program. Far from it. It is punitive. The offsets proposed are insufficient. The impact on yield far too significant. Development is a margin business, and the policy as proposed will squeeze already thin margins on new projects to the point we won't be able to attract capital. It will stop projects from moving forward, constrain supply, and make the affordability problem even worse.

So we need to get the IZ policy right. We need to make it cost and yield neutral, and allow the market deliver a robust, sustained supply of affordable and market-rate housing year in and year out.

Specifically, the IZ policy should be amended to:

- Provide *full* residential property tax abatements (on all units) for projects providing 20% of units at 80% MFI, as well as SDC waivers on the affordable units. Use the MULTE program as a template and expand upon it.
- Provide for height and FAR bonuses in base zones (bonus FAR without corresponding bonus height isn't an offset in many zones where allowable height is the constraint).
- Make the duration of tax abatements more closely aligned with the duration of the affordability covenant. A 10yr abatement with a 99yr affordability covenant is not adequate.

- Consider lowering the inclusion rate to 15% units at 80% MFI.
- Consider a ramp-up period of two or three years for full implementation of the program. Keep in mind that there is a cumulative impact of all the other changes the City is implementing next year, such as the zoning code updates, new construction excise tax, and increased SDCs, all of which will increase the cost of developing housing and put upward pressure on rents.

Developers are a key player in the affordable housing solution. We are not the enemy. Give us the right tools and we'll make it happen. If we do this right, we can look back 10 years from now and say we really made a difference. Let's not look back in 10yrs and ask why so little housing got built, and lament how much worse the affordability problem became because we got the policy wrong.

Thank you for your time.

Sincerely,

A handwritten signature in black ink, appearing to read 'TD', with a long horizontal flourish extending to the right.

Thomas A. DiChiara
Principal