



CHRISTIAN RETIREMENT COMMUNITY

*"Seniors our concern, Christ our motivation."*

Portland City Council  
1221 SW 4th Ave, Room 130  
Portland, OR 97204  
Attn: Comprehensive Plan Implementation

Re: Proposed Inclusionary Zoning Regulations  
Addendum to Testimony of Parkview Christian Retirement Community

December 2, 2016

Dear Mayor Hales and City Commissioners,

My name is Keith Milsark and I am the Executive Director of Parkview Christian Retirement Community, located in East Portland at 1825 NE 108th Ave. The purpose of this letter is to add to testimony I submitted on November 29, 2016 (**Exhibit 1**) requesting a revision of the proposed Inclusionary Housing amendments to Title 33. In addition to our prior testimony, we respectfully submit this addendum to address the proposed Inclusionary Housing incentives to be included as part of Title 30. Although these incentives may reduce the impacts of Inclusionary Housing on for-profit developers, they are largely illusory for non-profits that will be subject to Inclusionary Housing regulations, like ours.

The Bureau of Housing proposes several incentives, including a 10 year property tax exemption, density bonuses, and relaxation of minimum parking requirements. None of these provides an effective incentive for us. We are a property tax exempt organization and our project pro forma is already premised on that status. We are not developers and will not seek a density bonus for our site. Along the same lines, we do not require and cannot benefit from a minimum parking reduction for a density bonus we cannot use in the first place.

Thus, our status as a nonprofit retirement community will cause us to bear the brunt of Inclusionary Housing regulations while at the same time, proposed offsetting incentives provide no additional offsetting effect.

We believe that Inclusionary Zoning is well intentioned and that the City has done substantial work to minimize its adverse impacts on developers. However, the proposed regulations do not contemplate impacts to independent retirement living and they should be amended accordingly before they are adopted.

We hope you will seriously consider this testimony and adopt the revision we propose in **Exhibit 1**.

Sincerely,



Keith Milsark  
Executive Director, Parkview Christian Retirement Community



CHRISTIAN RETIREMENT COMMUNITY

*"Seniors our concern, Christ our motivation"*

Portland City Council  
 1221 SW 4th Ave, Room 130  
 Portland, OR 97204  
 Attn: Comprehensive Plan Implementation

Re: Proposed Inclusionary Zoning Regulations  
 Testimony on behalf of Parkview Christian Retirement Community

November 30, 2016

Dear Mayor Hales and City Commissioners,

My name is Keith Milsark and I am the Executive Director of Parkview Christian Retirement Community, located in East Portland at 1825 NE 108th Ave. As a nonprofit provider of assisted living and independent retirement homes, we are committed to providing safe, comfortable, and enriching independent living options. The City's proposed Inclusionary Housing (IH) regulations, while well-intentioned, present a serious obstacle our service goals and fulfilling the needs of all our residents. This letter is respectfully submitted to request that nonprofit independent living retirement homes exclusively serving residents over 55 years of age are not subject to the (IH) regulations.

#### **Our Concerns.**

We are actively pursuing an expansion of our facilities to include a new memory care unit and up to 22 independent living apartments. As proposed, the IH regulations will affect our new independent living apartments, which will range in cost from \$1,565 for a studio apartment to \$2,830 for a two-bedroom, two-bath apartment. Included in this rent will be meals in the dining room, activities, housekeeping, transportation, wellness and fitness classes, daily well-being checks, chaplain services, mailing services, emergency call response and a variety of other programs and services intended to foster the long-term wellbeing of our residents. In addition, the rent includes most utilities and cable television.

According to the Portland Housing Bureau,<sup>1</sup> in 2016 an apartment affordable to a household making 60% MFI would be \$771 for a studio and \$990 for a two-bedroom. The 80% MFI level would be \$1,027 for a one-bedroom and \$1,320 for a two bedroom. This is a substantial decrease in rent for a number of our future units and would require us to increase rent significantly for our other residents.

#### **1. Inclusionary Housing will create two classes of retirement residents.**

<sup>1</sup> This data taken from PHB's Median Family Income and Rent Affordability document, available at <http://www.portlandoregon.gov/phb/article/572034>.

**Exhibit 1, Pg. 2**

The proposed IH regulations intend to further equity for Portland's low income renters, but they will actually create inequity in retirement communities like ours. It is extremely difficult to disentangle the monthly amount actually paid for each apartment from other services included in the rent, but that is what the proposed IH regulations would require us to do. Stated bluntly, the IH requirements will force us to create a second class of resident who pay a lower rent and get none of the ancillary services enjoyed by other residents. That will cause enormous problems when one of those residents wants or needs a service we would ordinarily provide. Imagine a 17-year-old dining room server trying to deny dinner to a resident who's demanding it. Or a bus driver turning down someone who wants to take the Wednesday bus run to Fred Meyer.

**2. Inclusionary Housing is unnecessary to assure housing affordability in nonprofit retirement communities.**

The Proposed IH regulations are also unnecessary to ensure that retirees with a wide range of incomes can afford living at Parkview Christian. As a church related nonprofit organization, part of our mission is to serve those who may not be able to afford to live elsewhere. Consequently, we build into our budget approximately \$50,000 a year to help residents who have outlived their resources. As an example, we have one resident whose total income is about \$800 per month. We subsidize her by reducing her rent \$1000 per month, so she can continue to live here. There are other residents in similar situations. To the best of my knowledge, no resident has ever been asked to leave because of an inability to pay. Reducing the rent available from a significant number of our apartments will substantially reduce our ability to provide these crucial subsidies.

**3. Inclusionary Housing is simply unfair to nonprofit retirement communities.**

Finally, it is fundamentally unfair to subject a non-profit provider of quality senior housing to regulations intended to reduce the cost of market rate apartments. Measured against our level of amenities and services, our rates are already below market rate because we do not include a substantial profit margin in our rental fees. Simply put, these regulations are ill-suited to nonprofit senior housing providers and will likely jeopardize our ability to invest in new facilities.

**Our Request.**

We respectfully request an amendment to the draft IH regulations so that they exempt senior housing. To effect this change, we recommend the following revision of PCC 33.245.030:

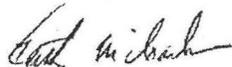
**“33.245.030 Exemption**

**The regulations do not apply to group living, college uses, and household living restricted to residents 55 years of age and older that is part of a nonprofit retirement community.”**

This simple amendment will allow us and other retirement communities to continue to offer key services and subsidies to seniors of all incomes.

We appreciate your time and attention in this matter and hope that you will seriously consider and support our request.

Sincerely,

A handwritten signature in cursive script, appearing to read "Keith Milsark".

Keith Milsark

Executive Director, Parkview Christian Retirement Community

Good afternoon Mayor and council members, I am Mark Edlen with Gerding Edlen Development in Portland, OR.

Gerding Edlen is committed to the creation of affordable housing as our track record both in Portland and nationwide of building affordable housing for some of the neediest in our community has demonstrated.

Gerding Edlen has analyzed the impact of the proposed Portland Housing Bureau inclusionary zoning policy on one of our recently completed projects in NW Portland. This project, the Muse Apartments, is a 58-unit project constructed on a 10,000 sf quarter-block parcel with a base FAR of 4:1.

On a high level, as written, the impact of the policy to the project returns are such that it would not be feasible without

either a significant increase in rent on the market rate units—or significant cost reductions.

As we understand it, PHB is prioritizing the 60% voluntary program, so we focused on analyzing the impacts from those rent restrictions and the package of incentives offered for this base zone. Under the voluntary 10% at 60% MFI program and as the project **was** built over the past 18 months, the project NOI decreases by 7%. To make this up on the income side, the market rents would have to increase \$1,320 per unit per year over where they are today.

Since we are unlikely to capture this level of increased rental income, we turned to costs. To compensate for the reduced income, capital costs would need to be reduced by \$1.09M, or

approximately 7%. Or, land cost would need to be reduced from \$1.7M to \$570k.

**However, that was yesterday.** Using **today's** land cost, A&E and construction costs and tomorrow's rents...the impact would be much greater, in fact the market rents would need to increase by approximately \$5,280 per unit per year to compensate for the inclusionary zoning as proposed today.

As I testified before Planning and Sustainability, to achieve such savings, you would need to make significant cost cuts to the design, quality and sustainable features of a new building; or not build at all.

Can it be done, perhaps. However, instead of building product such as the historic Ambassador Building or newer buildings such as the Cosmopolitan or Park Avenue West we would need

to build more low design, low cost and less sustainable buildings.

We understand that LOCUS has put forth a recommendation for the Central City zones to be consolidated such that any project would qualify for a full property tax abatement if meeting the inclusion standards. Under this scenario the market rents would still need to increase by \$516 per unit per year which we view as more feasible, however, until those rents are achieved to sufficiently to pay for the inclusionary units little or nothing of quality will be built.

Both personally and as a company we support and build affordable housing. Also, we supported the housing bond measure which we believe is the appropriate way to tackle this

problem which we view, as the infrastructure of our City much like schools, water, streets etc.

However, in good conscience, I am not in favor of and do not support the PHB recommended policy as written, as I believe it will require either significant compromises in project quality, design and/or sustainability or it will require market rents to increase significantly, **and** until those increased rents are achieved it will encourage developers to build in the far suburban reaches of Portland encouraging sprawl or alternatively, to pull out of the market altogether.

All of these outcomes will result in further constraining the supply of housing as we have observed in other markets that we build in such as SFO and Boston where rents are roughly

double what they are in Portland, thus putting affordability and supply further out balance.

Thank you.

December 13, 2016

I'm Beverly Logan, a MACG leader, here to speak on specific arguments and dynamics we've witnessed in the evolution of IZ policy.

We expect all levels of government to hold all actors accountable to democratically determined rules, not privilege those with more power to bypass or fashion the rules themselves in their own interest.

Yet we saw that happen at the state level—the developer community had its way with IZ legislation, first through its 17 year ban, then again in the 2016 legislative session by imposing excessive limits on communities who would use IZ when the ban was finally lifted.

Now that Portland has the prospect of inclusionary housing, we honor those developers committed to moving ahead, but bemoan developers arguing still further against IZ.

- We hear, "*There isn't enough certainty to go forward with robust IZ policy.*" Nonsense. No one is exempt from uncertainty. Business involves risk. Developers will always face uncertainty, for reasons beyond IZ. The ban was their misguided effort to buy themselves some certainty and it figured heavily in the crisis we face today. We can't solve a problem with the same thinking that created it.

Our city and our people are in crisis and it is worsening. *That is certain.* The *disruption and suffering are certain.* The *resulting strain on public services and non-profits is certain.*

If developers need more certainty, you can *create certainty*, here in one of America's hottest markets, by helping to pass strong IZ policy now.

- We heard, "*Developers have to maintain the current rate of return for their projects to be viable and attract investors.*" Again, Nonsense. This reveals a sense of entitlement, unshaken by the housing emergency so jarring to everyone else. Maximally profitable' is NOT the definition of 'viable.' A ding to one's profit margin isn't its destruction.

With an aggressive, firm IZ policy, developers and investors will have the certainty they claim to need—if the law says you will *always* have to include units affordable at certain thresholds, they can get on with their business, rather than waiting to see if

derailing IZ now wins them an extra fraction of a percent later. Investors who want part of our market will know what the rules are.

Big money is wreaking havoc on cities across the U.S. and around the world. Against that force, it's imperative you help rebalance the playing field here in Portland, so our diverse communities have some chance of surviving and thriving inside the city limits.

It's unfortunate that a sense of entitlement among some developers appears stronger than their sense of responsibility for the community that has prospered them, or responsibility for their role in creating the housing crisis we suffer today.

**WE need certainty that the city is doing everything it can to resolve this crisis.**

**WE need the city to ensure a reasonable return on OUR investment as a community.**

**Vote to make IZ a Portland reality.**

December 13, 2016

I'm Robert Grossman, a leader with Metropolitan Alliance for Common Good (MACG), a broad-based community organization of faith, labor, community non-profit and health-care education member institutions, and the thousands of households they include across Portland's neighborhoods.

MACG is not a housing organization. But hearing the increasing and vast struggles within our membership, MACG's Housing Action Team formed and led the TIF Lift last year, and this year helped to lift the ban on Inclusionary Zoning in Oregon, and followed the work of the IZ panel of experts.

Having followed the complexities of the IZ work, we can confidently urge you today to **vote to pass as aggressive an IZ policy as the panel recommends, in service to the tremendous needs and reality of our city, rather than the desires and fears of certain developers.** Though others may urge lowering the bar, please hold firm to the guidance of the panel in serving the dire needs of our city.

Information given at recent panel meetings showed that the IZ goals *are* in fact doable. The study session with David Rosen showed that Portland is already offering the most incentives of any city. We commend developers who have strongly supported IZ. Others, though, seem bound up by the unspoken rules of entitlement for the most privileged.

Those who have prospered from investment of our public dollars, in transforming their properties into high value developments, should expect to contribute back to our community to ensure that all classes and races of people will be properly included among the members of EVERY Portland neighborhood, with their *own* opportunities to prosper.

This social contract applies to all of us who benefit from society, but there is a special obligation *on developers* for housing, given the heavy role they played in creating the crisis shortage of affordable housing, through their lobbyists, by banning anyone in Oregon from using IZ, for almost two decades. The developer community does indeed have a special obligation to help solve our housing crisis; don't let them stand in the way again of meaningful progress on affordable housing.

**Vote to pass IZ. Thank you.**



## Oregon LOCUS Proposed Amendments for Inclusionary Housing Program

Oregon LOCUS believes inclusionary housing can be an important tool to improve housing affordability when it is calibrated to achieve adequate housing production.

There are four key amendments needed to ensure the new IH program is a powerful new housing tool for Portland that continues adequate housing production and creates more affordable housing units:

1. **Collapse the two PHB-proposed Central City zone inclusionary rate and incentive packages into one**, using the PHB proposed Base FAR 5.0+ incentive package (density bonus, tax abatement on all units, CET exemption on affordable units and SDC waivers on affordable units at 60% MFI.) This will help ensure critical areas of central city with 4.0 FAR are not under built.
2. **Lower the inclusion rates** to better calibrate to the incentive packages currently proposed:
  - **For CC All FAR Zones:**
    - 10% voluntary set-aside at 60% MFI
    - 12% mandatory set-aside 80% MFI

*If the Central City zones are not combined into a single inclusionary rate and incentive package, the more limited incentive package proposed for CC Zones w/ Base FAR below 5.0 only supports the following initial inclusion rates:*

    - 4% voluntary set-aside at 60% MFI
    - 5% mandatory set-aside 80% MFI
  - **For Mixed-Use Zones—including proposed two-year ramp-up:**
    - 5% starting voluntary set-aside at 60% MFI; after 2019, 7% voluntary set-aside at 60% MFI
    - 6% starting mandatory set-aside at 80% MFI; after 2019, 8% mandatory set-aside 80% MFI
3. **Add language** regarding central city master plans or development agreements where the City deems better affordable housing results can be achieved. [see attached]
4. **Ramp up the inclusion rate as the market supports the increase.** We realize there may be concerns that if the initial rate is set low, it won't ever be increased. If Council starts with the inclusion rates we propose, Oregon LOCUS is **committed** to supporting a measureable, market-based threshold for increasing the inclusion rate. [see attached]



## **Inclusionary Zoning Amendments for Central City Master Plan ("CCMP") or Development Agreement Sites**

### Background

The City of Portland will soon adopt amendments to PCC 33.510.255 governing CCMPs. Those amendments designate five (5) sites in the City that will require a CCMP and allow sites over 80,000 square feet in size to opt into a CCMP. The amended CCMP process establishes a unique set of rules for how floor area is transferred and allocated in the master plan area and how bonus height is achieved. The new rules also now require that each master plan area commit 20% of its site area to open area. Further, the sites under a CCMP are also much larger than an average development parcel and can therefore provide more flexibility in meeting the affordable housing goals across the larger site area. For example, the larger site area may be able to accommodate a larger or different range of MFI levels that call for, or provide an opportunity to tailor, site specific incentive options not otherwise appropriate for a single site development scenario.

This proposed amendment for CCMP areas will not reduce the Inclusionary Housing objectives. Instead, the amendments establish a means to achieve a mix of inclusion rates that equally or better meet the purpose of the regulation and allow the City to establish a tailored incentive package based on that average mix.

Sites within development agreements with the City are equally unique. Many, if not all, of the properties governed by development agreements include a requirement to provide affordable housing either by requiring the sale of a privately held parcel to the City for development of affordable housing or through a direct requirement for the property owner to provide the affordable housing. In these cases, where the City and the property owner are already meeting the affordable housing requirement through a contractual obligation, the amendments provide an equivalent credit for those units against the total requirement for the development area.

### Proposed Amendment for CCMP Areas

*Sites located within an existing or future mandatory or voluntary Central City Master Plan area may either comply with the inclusion rates of PCC 33.[.] or demonstrate that an alternative inclusion rate or mix of rates in the CCMP area, on average, equally or better meets the identified need for affordable housing in the CCMP area.*

*If an applicant chooses to pursue an alternative average inclusion rate under this section, the incentive options shall be at least equivalent to the incentive options under PCC []. However, to the extent affordability rates lower than 60% MFI can be achieved under this section, the value of the incentive options or offsets may be increased accordingly.*

*The alternative inclusion rate and incentive options under this section must be approved by the City Council.*

### Proposed Amendment for Development Agreements

*For sites located in an area governed by an approved and effective Development Agreement, any land or square footage of site area that is conveyed to the City or otherwise dedicated to the development of affordable housing at or below 80% MFI or any units constructed at or below 80% MFI shall be credited towards the affordable housing requirements for the site subject to the Development Agreement under PCC 33.[.]. In the alternative, if an applicant can demonstrate that an alternative inclusion rate or mix of rates in the area governed by the Development Agreement, on average, equally or better meets the identified need for affordable housing and purpose of PCC 33.[.], the units within that alternative inclusion rate shall be credited towards the affordable housing requirements for the site subject to the Development Agreement under PCC 33.[.].*



## **Inclusionary Zoning Amendment for Recalibration of Inclusion Rates**

### **Section \_\_\_\_ Recalibration**

In order to ensure that the IH Program is properly calibrated to produce the desired number of inclusionary housing units, the City Council shall, beginning on the two-year anniversary of the effective date of the IH Program (February 1, 2019) and biennially thereafter (the "Recalibration Period"), assess the total number of residential units expected to be produced under the IH Program, and, if necessary, recalibrate the inclusion rates under the IH Program, as follows:

1. **Assessment of Units In Process.** Within 60 days after the two-year anniversary of the effective date of the IH Program, and every two years thereafter, the Bureau of Development Services shall provide a report to City Council stating the number of units for which a building permit application or land use review application (excluding duplicate applications) was submitted during the previous Recalibration Period (the "Units in Process").
2. **Threshold for Recalibration.** Recalibration shall be required if both of the following thresholds are met: (a) The number of Units in Process during the two-year assessment process is less than most recent housing need projection adopted by the City Council, calculated as a two-year equivalent; and (b) The number of Units in Process has not decreased from the previous Recalibration Period by more than 15 percent.
3. **Recalibration Standard.** If the threshold for recalibration is met, the City Council shall amend the IH program to increase the percentage of affordable units required under the Mandatory IH Program and the Voluntary IH Program by 2 percentage points.
4. **Recalibration Reassessment.** In the event that the threshold for recalibration is not met, the Bureau of Planning and Sustainability shall study potential adjustment to the inclusion rate schedule as held in Title 33, and make recommendation to City Council, so as to ensure robust housing production necessary to meet market demand.
5. **Recalibration Percentage Cap.** Increases in the percentage of affordable units under subsection (4) shall be capped at a maximum of 20 percent of units under the Mandatory IH Program and a maximum of 10 percent of units under the Voluntary IH Program.



## **Oregon LOCUS Highlights from BAE Urban Economics Review of Inclusionary Housing Programs**

Throughout the public discussion of inclusionary housing in Portland, stakeholders and policy makers have sought information related to comparable jurisdictions' experience in adoption of Inclusionary Housing policy. To provide this information to Portland City Council ("Council"), Oregon LOCUS engaged BAE Urban Economics ("BAE") to prepare the attached review of inclusionary housing programs from across the United States.

While Inclusionary Housing policy has been adopted in many places, no city of Portland's size and market conditions has implemented a program this wide-ranging (applies to both rental and for sale, all geographical areas of the city, and all building types). Portland can be a leader others follow if we do this right, but a cautionary tale if we don't. Based on our review of Inclusionary Housing Programs as identified by BAE, we noted three important observations:

1. Inclusionary Housing can be a useful policy in a jurisdiction's array of strategies to promote housing affordability. It is a unique tool that can facilitate the production of units available to a mix of incomes in otherwise 100 percent market-rate multi-family properties. At the same time, based on BAE's survey of programs, the number of affordable units built have frequently not been tracked and where it was the highest yielding Inclusionary Housing Program (Montgomery County, Maryland) produced 380 units per year, on average, with many producing far fewer.
2. Successful programs are mindful of differences in zoning and density, and either focus the IH program on areas that have been recently up-zoned, on city-owned land or avoided high-density areas that depend on strong development. For instance, the City of Chicago's program requirements do not take effect unless subject projects receive a zoning change, city funding, sit on city-owned land, or downtown planning districts.
3. Successful programs are mindful of differences in construction cost across product types. In general, high-rise is more than twice the cost to construct three floor wood frame construction apartments. Given that the gap between market rent and affordable rent (at 80% AMI) in Washington D.C., for instance, is well more than \$15,000 per annum, per unit, high-rise projects are excluded entirely from that city's inclusionary housing requirements. For the same reason, Fairfax County, Virginia's countywide program limits its mandatory program to stacked flats.

In addition to those cities identified in the BAE program review, Oregon LOCUS looked to cities that are typically seen as peers to Portland, including Denver, Austin, San Diego, Charlotte, Nashville, and Seattle. In brief:

1. Nashville, TN. Nashville's mandatory program was adopted at a Metropolitan Regional Government level on September 16, 2016. Similar to New York City's and Chicago's program, the requirements only apply to programs receiving a zoning change, or other public benefits. Under that program, the set-aside ratios are based on density and affordability level achieved. For multifamily over 7 stories for instance, the program requires a 7.5% set-aside for units at 60% MFI and a 10% set-aside for units at 80% MFI. For multifamily of less than 3 stories, the program requires a 12.5% set-aside for 60% MFI and a 15% set-aside for units at 80% MFI. In exchange, the program provides grants (cash subsidy) in addition to the height and density bonuses, as the

total offsetting incentive package. The program is expected to generate 100 units of affordable housing annually;

2. San Diego, CA. The mandatory program features a measured requirement– with a 10 percent set-aside requirement for units affordable to households earning no more than 100% AMI. In exchange the program offers a density bonus as an offsetting incentive. In addition, the program provides for a low in-lieu fee as a safety valve – currently set at \$9.36 per square foot for projects larger than 10 units;
3. Austin, TX. Does not have a mandatory Inclusionary Housing program as the State of Texas has a preemption on the policy;
4. Charlotte, NC. Voluntary program exists, mandatory inclusionary housing was considered in 2009 but was not adopted;
5. Denver, CO. Their program specifically excludes rental multi-family on a mandatory basis, a voluntary program does exist; and,
6. Seattle, WA. Mandatory Housing Affordability, the City’s proposed Inclusionary Housing framework is in process but program design is incomplete and program has not yet been implemented.

**Summary of Inclusionary Housing Programs**

Prepared by bae urban economics 12-8-16

Column 1	YEAR ADOPTED	MANDATORY?	TENURE APPLICATION	SET-ASIDE	AMI THRESHOLDS	DENSITY BONUS	AFFORDABLE UNIT PRODUCTION	MAX RENT FOR 80% AMI HOUSEHOLD (1 BDRM UNIT) (c)	AVG. MARKET-RATE RENT (1 BDRM UNIT) (d)
NEW YORK CITY	2016	Yes (applies only in selected areas that have been upzoned)	Rental & For-Sale	25 - 30%	- 25% @ 60% AMI or - 30% @ 80% AMI other variations also available	City must upzone neighborhood first	NA (new)	\$1,450	\$3,457 Mid-Rise \$4,114 High-Rise
WASHINGTON, D.C.	2007	Yes	Rental & For-Sale	10% in lower density zones 8% in higher density zones	50% @ 50% AMI + 50% @ 80% AMI	Yes (20%)	NA	\$1,092	\$2,255 Mid-Rise (high-rises not allowed in DC)
CHICAGO	2007 Amended 2015	Yes (applies only to projects receiving zoning change, city funding, on city-owned land, or downtown PDs)	Rental & For-Sale	10% if no city funding 20% if city funding	60% AM for rental 100% AMI for for-sale	Selected areas only (TODs)	NA	\$1,230	\$2,055 Mid-Rise \$2,434 High-Rise
FAIRFAX COUNTY VA	1990s	Yes for low-rise Voluntary for high-rise	Rental & For-Sale	<u>Mandatory</u> : 5% - 6 1/4% for multifamily 12.5% for Single Fam/Twnhs w 50+ units <u>Voluntary for high-rises</u> : Developer to proffer 12-20% affordable housing	<u>Mandatory</u> : 33% @ 50% AMI + 66% @ 65% AMI <u>Voluntary</u> : Unspecified, up to 120% AMI	Mandatory: NO Voluntary: Depends	2,248 units 1992 - 2011 ~ 120 units/yr	\$1,738	\$1,841 Mid-Rise \$2,178 High-Rise
MONTGOMERY COUNTY MD	1973	Yes	Rental & For-Sale	- Required: 12.5% (no density bonus) - With Density Bonus: 15%	~ 60% AMI Varies by Household Size	Yes	13,246 units 1976 - 2011 ~ 380 units/yr	\$1,738	\$1,719 Mid-Rise \$2,056 High-Rise \$1,383 Mid-Rise (no high-rise data)
CITY OF SACRAMENTO	2000	Yes	Rental & For-Sale (a)	15%	10% @ 50% AMI + 5% @ 80% AMI For-sale units only for first-time homebuyers	State density bonus available (b) City ordinance also has incentives & waivers	NA	\$1,219	\$1,383 Mid-Rise (no high-rise data)
COUNTY OF SACRAMENTO	2004	Yes	Rental & For-Sale (a)	15%	3% @ 30% AMI + 6% @ 50% AMI + 6% @ 80% AMI	State density bonus available (b)	NA	\$1,219	NA
SAN FRANCISCO	1992 - Guidelines 2002 - Ordinance continues to be amended	Yes	Rental & For-Sale (a)	- On-Site: 25% - Off-Site: 33% (or in-lieu fees)	On-Site: 15% @ 80% AMI + 10% @ 120% AMI	State density bonus available (b)	3,821 units 1992 - 2016 ~ 153 units/yr	\$1,723	\$3,538 Mid-Rise \$4,126 High-Rise
SAN JOSE	2010 (then litigated so only implemented in 2016)	Yes	Rental & For-Sale (a)	15%	Rental: 6% @ 50% AMI + 9% @ 120% AMI For-Sale: 120% AMI	State density bonus available (b)	NA (new)	\$1,585	\$2,595 Mid-Rise \$3,289 High-Rise
SANTA MONICA	1990	Yes	Rental & For-Sale (a)	Condos: 2-4 units pay fee, 4-15 units - 20%, 16+ units - 25% Rental: 30%	Condos: 100% AMI	State density bonus available (b)	NA	\$1,366	\$3,217 Mid-Rise (no high-rise data)

a) California jurisdictions are no longer able to require mandatory inclusionary units in rental projects, due to legal case known as Palmer. Instead, these cities charge in-lieu impact fees for market-rate rental housing, based on a nexus study that identifies the link between the market-rate housing and new employees in service industries. Legislative fix for this situation is available, but several attempts so far were vetoed by current Governor. Situation likely to change in next few years. San Francisco is exception to Palmer re: rental, due to complex reasons related to off-site options.

b) California state law requires granting a density bonus if voluntary affordable housing units are provided. This density bonus follows a complex scale, with increased FAR for increased set-aside percentages ranging from 5 to 35%.

c) Represents gross rent (no utility deduction made). Based on 30% of income thresholds published by HUD for each county where city is located.

d) Data from LOCUS via CoStar.

Sources: CoStar, Cities cited, BAE Urban Economics, 2016.

**Parsons, Susan**

188162

**From:** Andy Miller <AMiller@humansolutions.org>  
**Sent:** Tuesday, December 06, 2016 2:57 PM  
**To:** Creager, Kurt  
**Cc:** Council Clerk – Testimony; Fish, Nick; Commissioner Fritz; Hales, Mayor; Commissioner Novick; Saltzman, Dan; Chloe E.; ted@tedwheeler.com; Michael Buonocore (michael.buonocore@homeforward.org); Betty Dominguez  
**Subject:** RE: Housing Items before City Council this Week - Agenda Items 1376. 1378 and 1379

Thanks Kurt. To be clear, my suggestion is for the alignment of the capital source (the bond) with the operating source (the voucher) AND service streams (I have forwarded my comments to Marc Jolin and Chair Kafoury) to create real Permanent Supportive Housing – if not at the Ellington because it is too far down the road then within future bond projects.

As you know, PSH is something more than deeply affordable housing for families experiencing extreme poverty (which sound like the target for the Ellington). The tenant-based vouchers and general affordable housing provides a housing option for these households, albeit at insufficient volume to meet the demand. Permanent Supportive Housing is an evidence-based intervention that combines housing that is not program-based or time-limited with wrap-around services and low-barrier admission criteria to honor a “housing first” approach for folks who have experienced frequent or long-duration (chronic) homelessness. More detail can be found [here](#).

My hope is that the bond – insofar as it sets an impressive benchmark for 30% mfi unit production and already assumes the alignment of project-based vouchers – will help us develop a pipeline of PSH units that leverages the work of AHFE to better align resources.

Thanks,

Andy

**From:** Creager, Kurt [mailto:Kurt.Creager@portlandoregon.gov]  
**Sent:** Tuesday, December 06, 2016 2:24 PM  
**To:** Andy Miller <AMiller@humansolutions.org>  
**Cc:** Council Clerk – Testimony <CCTestimony@portlandoregon.gov>; Fish, Nick <NickFish@portlandoregon.gov>; Commissioner Fritz <amanda@portlandoregon.gov>; Hales, Mayor <mayorcharliehales@portlandoregon.gov>; Commissioner Novick <novick@portlandoregon.gov>; Saltzman, Dan <Dan.Saltzman@portlandoregon.gov>; Chloe E. <chloe.eudaly@gmail.com>; ted@tedwheeler.com; Michael Buonocore (michael.buonocore@homeforward.org) <michael.buonocore@homeforward.org>; Betty Dominguez <Betty.Dominguez@homeforward.org>  
**Subject:** Housing Items before City Council this Week - Agenda Items 1376. 1378 and 1379

Thank you Andy for providing your support for the acquisition of the Ellington Apartments and for suggesting ways to ensure the alignment of the family-sized units with the Project Based Rental Assistance Vouchers to ensure long term affordability for households with incomes under 30% of the Area Median Income.

We at PHB share your concern and have been working in concert with Home Forward to ensure this coordination is seamless.

Again, thank you for writing.  
Regards; Kurt

Sent from my iPhone

Greetings:

I am unable to attend this week's Council Sessions and wanted to provide written testimony on items 1376, 1378 and 1379, which pertain to the purchase of the Ellington Apartments and the adoption of an Inclusionary Zoning program to provide affordable housing.

#### Purchase of the Ellington

I appreciate that the City and PHB are moving quickly to implement the recently-passed housing bond and that, as presented, this proposed acquisition begins to meet the over-arching goals of the GO Bond recently passed by Portland voters – especially as they relate to displacement-prevention. That PHB was clearly moving this deal forward even before election day demonstrates the Bureau's concern for stemming residential displacement in our current climate of escalating rents and for implementing resources quickly, creatively and efficiently. At the same time, this deal raises significant questions about whether the balance of this critical new resource – the Affordable Housing Bond – will be implemented in ways that maximize transparency and that align it with existing system resources in ways that effectively target the greatest housing needs in the community.

As an agency that endorsed the Affordable Housing Bond and worked hard for its passage, Human Solutions – a member of the Welcome Home Coalition – anticipated that this resource would be implemented after the seating of an oversight body and after the adoption by that body of clear, transparent guidelines and a well-vetted policy framework that would align this resource with others in the system to ensure appropriate targeting of the greatest community need. Our hope was that the guidelines and alignment would be adopted quickly with the input and insights of those most familiar with the greatest housing needs and with an understanding of how resources align best to meet those needs. Our understanding is that policy guidelines would address key questions related to the geographic location of bond deals, the relative balance between units that serve large families vs. singles and between acquisition, land banking and new construction and would make clear how the bond might align with housing vouchers and service funding to support the development of new permanent supportive housing (PSH) units specifically targeted to households with greatest barriers who are currently experiencing homelessness.

I am especially interested in that last notion – how the bond can align with housing vouchers and service streams to deliver permanent supportive housing – which other communities have used effectively to end the homelessness of those who experience it most chronically. PSH remains the only real, sustainable housing option for many of our most vulnerable families and individuals who experience homelessness most persistently. Despite its track record for effectively ending chronic homelessness, permanent supportive housing is very challenging to develop without sufficient resource coordination and incentives from the public funding streams. Our current housing production stream does not sufficiently incent the development of these kinds of units (none were specifically required by the last PSH NOFA), but the bond's aggressive targeting of the production of units affordable at 0-30% MFI and its proposed pairing with the precious resource of project-based vouchers from Home Forward position the bond as a potentially catalytic tool to create an emerging pipeline of PSH units aimed at addressing chronic homelessness for all subpopulations – including families, the priority subpopulation for Human Solutions. Other communities like NY, Seattle and Salt Lake City have prioritized public financing for PSH to create service-enriched “housing first” apartments for disabled and housing-bartered folks sleeping outside and in shelters – it is time Portland stepped up to this national best practice, and the Housing Bond is an appropriate production resource. The bond was sold publically as a tool to help end homelessness in Portland. Now is the time to engage the discussion about how to effectively align its

implementation with that goal and, more specifically, with the production of Permanent Supportive Housing.

We also anticipated that Bond guidelines would transparently address how stakeholders in the housing system that have been working for years to create affordable housing resources that effectively end homelessness for individuals and families – agencies that put their time and energy into passage of this bond - might partner with the City in the implementation of this new resource, albeit with an understanding that the nuanced issue of required public ownership may mean our partnerships would need to happen more creatively than in the past. That this acquisition is proposed ahead of any vetted public guidelines raises concerns about the City's level of transparency and desired partnership. As a coalition, we have raised the issues of alignment, oversight, transparency and partnership directly with the Portland Housing Bureau and Commissioner Saltzman and hope that in the weeks ahead we can engage in productive discussions to increase transparency and implement guidelines and oversight that ensure that the bond advances our public-private partnership to address the housing crisis methodically and effectively.

In short, while the acquisition of the Ellington appears to be an exciting and important opportunity that the City is seizing as an early implementation of the just-passed affordable housing bond, I ask that the City act quickly to make clear how this and future deals will move forward pursuant to well-vetted policy guidelines and with transparent oversight to ensure that voters receive the real bang for their buck that we promised during the campaign. I ask that the Council ensure that the oversight body, policy guidelines and deal procurement procedures are put in place forthwith and that policy guidelines consider how the bond can be used to create a pipeline of Permanent Supportive Housing focused on the most chronically homeless.

#### Inclusionary Housing Program

I urge you to adopt the Inclusionary Housing Program under consideration without delay or any modification that would reduce the focus on – or incented production of – affordable housing. I do not need to share with you all the urgency of the need in Portland – you all heard last week from PHB's well-executed State of Housing Report that, despite historic levels of public investment in affordable housing production and programs, our City continues to become less affordable. The need is great and, while IZ is only a component of a larger strategy, it is a proven and effective tool to deliver equity in developing neighborhoods and to maintain a modest level of affordability with a minimal participation level from the private sector.

At the same time, I urge the Council to consider returning to the Oregon Legislature to seek authority to modify the mandatory inclusionary housing program to require production of units at 60% MFI. As you all know, incentive programs work only as well as the participation level from the private sector. While I appreciate the menu of incentives assembled in the current proposed program to create units affordable at 60% MFI, I fear that development will continue at current pace and that most or all of the pipeline projects will only produce the minimum required number of units affordable at 80% MFI to comply with the ordinance. This does not create meaningful affordability for the working people of Portland. The modest level of mandatory affordability permitted by the current statute is not enough to prevent the furthering of Portland's residential economic segregation. I urge the Council to consider returning to the legislature to seek authority to adopt a more aggressive IZ program.

Thank you for all of your efforts to address our housing crisis. I know you remain a body that is serious about addressing homelessness and housing insecurity, and I look forward to continuing our partnership as we tackle the challenging issues ahead – including rent stabilization and the implementation of a requirement that evictions from rental housing be only for just cause. These will be critical policies to create a truly equitable, affordable Portland. Thank you.

**Andy Miller**  
**Executive Director**  
Human Solutions  
12350 SE Powell Boulevard  
Portland OR 97236  
**Phone: (503) 548-0240 (d) (503) 709-8046 (c)**  
[www.humansolutions.org](http://www.humansolutions.org)

## Human Solutions: Building Pathways Out of Poverty

CONFIDENTIALITY NOTICE: The information contained in this e-mail is intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not the intended recipient, any dissemination, distribution or copying of this e-mail is strictly prohibited. If you have received this e-mail in error, please notify us immediately by replying to this email, and delete or destroy all copies of the original message and attachments thereto.

**Parsons, Susan**

---

**From:** Dan Rutzick <sunnysidelut@gmail.com>  
**Sent:** Tuesday, December 06, 2016 11:19 AM  
**To:** Council Clerk – Testimony  
**Subject:** Inclusionary Housing Program Testimony  
**Attachments:** SNA Inclusionary Housing Program Testimony.pdf

Council Clerk,

Here is Inclusionary Housing Program testimony from the Sunnyside Neighborhood Association for the upcoming City Council public hearing.

Thank you,

Dan Rutzick- SNA Board Member  
3534 SE Main St  
Portland, OR 97214



December 6, 2016

Council Clerk  
1221 SE 4<sup>th</sup> Avenue, Room 130  
Portland, OR 97204

**Re: Sunnyside Neighborhood Association - Inclusionary Housing Program**

Dear Mayor Hales and City Commissioners,

The Sunnyside Neighborhood Association [mailing address: 3534 SE Main St, Portland, OR 97214] urges the City to implement the Inclusionary Housing Program and eliminate minimum parking requirements for Inclusionary Housing projects.

Sincerely,


Tony Jordan, President  
on behalf of the Sunnyside Neighborhood Association Board

**From:** Jennifer Bragar <jbragar@tomasilegal.com>  
**Sent:** Tuesday, December 06, 2016 4:37 PM  
**To:** Council Clerk – Testimony  
**Subject:** [Approved Sender] Inclusionary Zoning Proposal

Dear Mayor and Commissioners,

I write personally to urge you to adopt an inclusionary zoning policy that will favor affordable housing. I am unable to testify, but want to remind the Council that inclusionary housing is not just about affordable housing, but about equity. Please do all that you can to ensure that 20% of new units built in qualifying developments are set aside for people who earn 80% average median income (AMI) and that stronger incentives are offered for those developments that consider reaching deeper to address the housing needs of people earn 60% AMI and below. Developers across the country have addressed inclusionary zoning policies, and I have faith that with a strong inclusionary zoning program from the City that the Portland development community can rise to the occasion and work towards fulfilling the goal of Housing for All. Thank you.

Jennifer Bragar | [jbragar@tomasilegal.com](mailto:jbragar@tomasilegal.com)  
Tomasi Salyer Martin | 121 SW Morrison Street, Suite 1850 | Portland, Oregon 97204  
Tel: 503-894-9900 | Fax: 971-544-7236 | <http://www.tomasilegal.com>



**Confidentiality Notice:** This e-mail message may contain confidential or privileged information. If you have received this message by mistake, please do not review, disclose, copy, or distribute the e-mail. Instead, please notify us immediately by replying to this message or telephoning us.

**Tax Advice Notice:** IRS Circular 230 requires us to advise you that, if this communication or any attachment contains any tax advice, the advice is not intended to be used, and cannot be used, for the purpose of avoiding federal tax penalties. A taxpayer may rely on professional advice to avoid federal tax penalties only if the advice is reflected in a comprehensive tax opinion that conforms to stringent requirements.

**Parsons, Susan**

---

**From:** Edward J Sullivan <esulliva@gmail.com>  
**Sent:** Tuesday, December 06, 2016 4:25 PM  
**To:** Council Clerk – Testimony  
**Subject:** Inclusionary Zoning Proposal

I am out of the country and unable to testify at the hearing on this matter, but want you to know I support the staff proposal and hope the Council will resist efforts to water it down. The City went to heroic lengths to get this legislation passed and should not falter now. I have been involved with land use law for nearly fifty years and find this proposal to be the best effort to accommodate affordable housing in an equitable manner. Please support your professional staff and affordable housing by your favorable action.

Edward J. Sullivan

Sent from my iPho

**Parsons, Susan**

---

**From:** Ocken, Julie  
**Sent:** Tuesday, December 06, 2016 2:48 PM  
**To:** City Elected Officials  
**Cc:** Council Clerk – Testimony  
**Subject:** FW: Inclusionary Housing Letter and Proposed Amendments  
**Attachments:** IZ Letter to City Council re PSC Recommendations (Dec. 6, 2016).pdf; Proposed Amendments to IZ Ordinances (Dec. 6, 2016).pdf

Mayor and Commissioners,

Please find attached a memo and proposed amendments from Jeff Bachrach, PSC member, regarding the Inclusionary Housing program.

Thank you,  
 julie

Julie Ocken  
 City of Portland  
 Bureau of Planning and Sustainability  
 1900 SW 4<sup>th</sup> Ave, Suite 7100  
 Portland, OR 97201  
 503-823-6041  
[www.portlandoregon.gov/bps](http://www.portlandoregon.gov/bps)

-----  
 The Bureau of Planning and Sustainability is committed to providing meaningful access. For accommodations, modifications, translation, interpretation or other services, please contact 503-823-7700 or use City TTY 503-823-6868, or Oregon Relay Service 711.

503-823-7700: Traducción o interpretación | Chuyển Ngữ hoặc Phiên Dịch | 翻译或传译 | Turjumida ama Fasiraadda | Письменный или устный перевод | Traducere sau Interpretare | Письмовий або усний переклад | 翻訳または通訳 | ການແປພາສາ ຫຼື ການອະທິບາຍ | الترجمة التحريرية أو الشفهية | [www.portlandoregon.gov/bps/71701](http://www.portlandoregon.gov/bps/71701)

-----

**From:** Jeff Bachrach [mailto:[jeffbachrach@gmail.com](mailto:jeffbachrach@gmail.com)]  
**Sent:** Tuesday, December 06, 2016 2:09 PM  
**To:** Ocken, Julie <[Julie.Ocken@portlandoregon.gov](mailto:Julie.Ocken@portlandoregon.gov)>  
**Cc:** Schultz, Katherine <[Katherine.Schultz@portlandoregon.gov](mailto:Katherine.Schultz@portlandoregon.gov)>; Zehnder, Joe <[Joe.Zehnder@portlandoregon.gov](mailto:Joe.Zehnder@portlandoregon.gov)>; Armstrong, Tom <[Tom.Armstrong@portlandoregon.gov](mailto:Tom.Armstrong@portlandoregon.gov)>; Bump, Tyler <[Tyler.Bump@portlandoregon.gov](mailto:Tyler.Bump@portlandoregon.gov)>; Anderson, Susan <[Susan.Anderson@portlandoregon.gov](mailto:Susan.Anderson@portlandoregon.gov)>  
**Subject:** Inclusionary Housing Letter and Proposed Amendments

Julie,

Please forward on my behalf to Mayor Hales and the City Commissioners, and to all PSC members, both the attached letter and the document proposing amendments to the Inclusionary Housing program.

Thanks.

Jeff-

-----  
**Jeff Bachrach | Bachrach.Law, P.C.**

921 SW Washington Street, Suite 320 | Portland, OR 97205

This message (including any attachments) is intended solely for the specific individual(s) or entity(ies) named above, and may contain legally privileged and confidential information. If you are not the intended recipient, please notify the sender immediately by replying to this message and then delete it. Any disclosure, copying, or distribution of this message, or the taking of any action based on it, by other than the intended recipient, is strictly prohibited.

**BACHRACH.LAW, P.C.**  
**JEFF BACHRACH**

Pittock Block, Suite 320  
921 SW Washington Street  
Portland, Oregon 97205

(o) 503.295.7797  
(c) 503.799.0242  
[jeffb@bachrachlaw.com](mailto:jeffb@bachrachlaw.com)

December 6, 2016

RE: Inclusionary Housing Project - PSC Recommendations

Dear Mayor Hales and City Commissioners:

At the end of the Council's work session on Inclusionary Zoning (IZ) last week, Commissioner Fish requested that the Planning and Sustainability Commission clarify and prioritize the recommendations in our letter to you of November 17.

This is one planning commissioner's response. I am not speaking on behalf of other members of the PSC.

- 1. The PSC did not recommend adoption of the Housing Bureau's IZ proposal because there are too many unanswered questions and too many policy concerns that are yet to be discussed.**

Unfortunately, the PSC letter was not clear about the motion we unanimously adopted. It did not include an endorsement of or support for the Housing Bureau's IZ proposal; if it had, I, and I suspect other commissioners, would not have voted in favor.

Rather, we voted to endorse the concept of an IZ program and forward to Council nine findings and recommendations that the PSC believes should be considered, analyzed and acted upon before an IZ program is implemented.

As our letter states, the PSC is concerned that the IZ program "as proposed to us would ... unacceptably reduce the feasibility of development," jeopardizing the City's goals for production of both affordable housing and market-rate housing.

The testimony and other evidence presented to the PSC was persuasive that the IZ program is not yet in acceptable shape to impose on the community.

- 2. The PSC's message is consistent with the recommendation from the City Budget Office that further work is needed to better calibrate the IZ program and be sure it does not "hinder housing development and increase the cost of housing."**

In its memo of November 30, 2016, the City Budget Office (CBO) raises the same concern that troubled the PSC – that development “may not be financially feasible under the current incentive structure.”

The CBO memo points out that an essential piece of information is missing: there is no analysis of the tradeoffs between the relative costs of the different incentives versus the number and affordability levels of the housing units that could be produced. Without that analysis, the Council cannot assess whether the proposed investment in IZ is likely to produce better results than an investment in one of the City’s other affordable housing programs.

The desire to implement an IZ program now, without delay, is the outcome many advocates want. The more substantive approach would be to first complete the additional work called for by the CBO and the PSC.

- 3. There needs to be reasonable parity between the cost that IZ imposes on builders and the value of the offsets provided to them in the form of fee waivers, property tax reductions, and density or other zoning bonuses.**

The PSC concluded that the feasibility gap between the costs imposed and the incentives offered to builders is too large. It will suppress the production of housing and cause upward pressure on rents.

A key PSC recommendation is that the feasibility gap needs to be closed by some combination of lowering the inclusion rate – which directly impacts the cost of compliance - and increasing the incentive package

It became evident at the Council’s work session that additional offsets are not likely to be forthcoming. In the absence of additional offsets or incentives, it is essential that the IZ program be re-calibrated and the inclusion rates lowered.

- 4. The feasibility gap is particularly problematic in mixed-use zones and for lower-density projects.**

PHB’s proposal provides a significantly greater incentive package for high-density projects (more than 5:1 FAR) in the Central City than it does for smaller, lower-density apartments (less than 5:1 FAR) in mixed-use and other zones.

Lower-density projects are expected to provide the lion’s share of new housing over the next 20 years. If implemented as is, the IZ program will significantly reduce the number of housing units that would otherwise get built in that size range.

- 5. Implementing an IZ program that is not calibrated to achieve a balance between costs and offsets will make the City’s affordability problem worse.**

There is a key policy disagreement between the PSC and those advocating for the immediate implementation of the IZ program. In their comments at the work session, the latter group were dismissive of the importance of achieving a balance between costs imposed and offsets provided.

It was contended that closing the feasibility gap is not necessary because builders will cover the cost of the IZ regulations out of their huge profits – one speaker claimed that developers are “making more profits now than they’ve ever dreamed off” – and will continue building at the same pace and density.

A different argument offered for why the feasibility gap is not relevant was that the vagaries and volatility of the marketplace will somehow balance out of the costs of compliance without effecting the production of new housing or the cost.

Those contentions challenge conventional economic theory and practice, but the PSC was not persuaded that faith in IZ is enough to override the reality of the marketplace.

Of the many articles and academic papers that have been cited by various parties engaged in the PHB process, an article recently published by the Sightline Institute, a progressive think tank based in Seattle, provides one of the better (and more readable) summaries of the research and experiences of IZ programs throughout the country.<sup>1</sup>

<http://www.sightline.org/2016/11/29/inclusionary-zoning-the-most-promising-or-counter-productive-of-all-housing-policies/>

The article’s conclusion is unequivocal:

“If IZ imposes costs that it doesn’t sufficiently offset, it will suppress homebuilding ... choke off housing choice ... and forestall both density and affordability. Done wrong, inclusionary zoning is a curse.

“There is no wriggling out of the economics. IZ without balancing offsets will push some prospective housing developments from black to red ink ... In this way, un-offset IZ can effectively function precisely as what its proponents aim to overcome: exclusionary zoning.”

## **6. Recommended Amendments.**

If the Council decides to go forward with IZ now, I would urge you to consider three modest amendments to the PHB proposal, which I have outlined on a separate attachment to this letter.

Because of the haste with which the two implementing ordinances before you were drafted, there will have to be further work and more Code revisions next year to make the IZ program functional.

---

<sup>1</sup> The PSC also found the testimony of local economist Joe Cortright particularly persuasive. Here’s a link to one of his articles: <http://cityobservatory.org/portland-considers-inclusionary-zoning/>

Finally, I would encourage you follow up on the suggestion from the CBO and direct the three bureaus to collaborate on a fiscal and policy analysis of not just the IZ program itself but how its costs and outcomes compare with other City-subsidized housing programs.

Hopefully, that kind of an interdisciplinary inter-bureau analysis will provide important insights into which programs and which kinds of subsidizes offer the most cost-effective ways to produce more affordable housing.

Thank you for your consideration of these comments.

Very truly yours,

*Jeff Bachrach*

Jeff Bachrach

Cc: PSC Commissioners  
Susan Anderson; Joe Zehnder

**Proposed Amendments to Ordinances Implementing an Inclusionary Housing Program**

Ordinance Nos 1379 (amending Title 33) and 1380 (amending Title 30)

Proposed by Jeff Bachrach, member of the Planning and Sustainability Commission

December 6, 2016

- 1. The initial inclusion rates proposed by PHB of 15% of units at 80% MFI and 8% of units at 60% MFI should be lowered to 10% and 5%, respectively, and applied to all zones.**

Proposed Amendment 1 to lower the initial inclusion rate for all zones supports the policy of a gradual implementation of IZ to lessen the risk that it will suppress the production of housing in the early years.

PHB suggested that the initial inclusion rates should be automatically increased in two years. The proposed amendment does not include a pre-determined date for increases. Rather, adjustments should be considered after there has been sufficient experience with the program to be able to test its effectiveness.

- 2. The initial fee-in-lieu should be amended to apply to all zones, and the automatic increase in two years should be deleted.**

Appendix A, the Fee-in-Lieu Schedule, applies the initial (lower) fee-in-lieu only to three mixed-use zones – zones that will not be in effect until 2018 – and increases them automatically in 2019.

As proposed by Amendment 2, the same formula used to determine the initial fee-in-lieu for the three mixed-use zones should be used to determine the initial rate for all zones. As with the initial inclusion rate, the Fee-in-Lieu Schedule should be amended to eliminate the automatic increase in two years. Future adjustments should be evaluated after the program has a track record.

- 3. The adopting ordinances should be amended to provide that all changes to the IZ program must be reviewed by the PSC and approved by City Council.**

As currently structured, a substantial number of the regulations implementing the program will be in PHB administrative rules in Title 30, rather than in the land-use and zoning provisions of Title 33. (The state law authorizing IZ provides that programs will be implemented by land-use regulations.)

PHB's proposed ordinance includes a delegation of authority from the City Council to allow the PHB director to unilaterally amend the IZ regulations in Title 30. At least until the program has been up and running for several years, that authority should remain with the City Council. That will help ensure the program maintains an appropriate balance between housing and planning.

**From:** Paddy Lazar <padders@peoplepc.com>  
**Sent:** Tuesday, December 06, 2016 2:45 PM  
**To:** Council Clerk – Testimony  
**Subject:** Fw: testimony for inclusionary zoning council hearing...

-----Forwarded Message-----

**From:** Paddy Lazar  
**Sent:** Dec 6, 2016 11:02 AM  
**To:** cctestamony@portlandoregon.gov  
**Subject:** testimony for inclusionary zoning council hearing...

**December 6, 2016**

**Dear Council,**

**I am a 68 year old woman that has rented and lived in a one bedroom apartment in SE Portland. My apartment is one of six in our complex. Although the apartment owner has kept our rent lower than the median Portland rental market, it has been creeping up \$25-\$50 yearly.**

**Because I live on a very fixed budget, this year I began looking for senior housing figuring out that with one more rental hike, living expenses would exceed this budget. Moving out would be very sad and stressful for me. I live with an old dog and we both are very happy in this neighborhood and wonderful apartment which has been home to us for nine years.**

**Four months ago, the apartment building owner knocked on my door and said very simply, "Paddy, I just wanted you to know, my husband and I have decided to never raise your rent again as long as you live here. We are doing this with one other renter who lives in one of our other buildings in NW Portland. He is also a senior and has lived in his apartment for years."**

**These good people came to this decision on their own, making it affordable for us to continue living in our home by freezing our rent. I think this is an important story because other rental building owners can also make it possible for lower income renters to continue living in affordable housing, retaining stability for renters and neighborhoods.**

PLEASE PASS THE original PHB IH PROPOSAL. WE ALL NEED TO DO OUR PART TO ENSURE THAT MORE AFFORDABLE HOUSING IS BUILT.

**Thank you for your time and consideration. Paddy Lazar**

December 1, 2016

City Council of Portland  
1221 SW Fourth Avenue, Room 130  
Portland, OR 97204

**RE: Proposed Inclusionary Housing Regulations**

Dear Portland City Council members:

Holladay Park Plaza is a non-profit Continuing Care Community in Portland. We are adamantly opposed to the proposed **Inclusionary Housing Regulations**, as it relates to non-profit senior care facilities. The rents at our communities include a wealth of additional resident services other than housing. It would not be practical to have affordable apartments mixed into facilities where care and services are required.

As part of our mission, as a non-profit provider, we believe in providing affordable housing opportunities. In Portland, our management company, Pacific Retirement Services, is the non-profit sponsor of two (very low income) affordable senior housing communities. Woodland Heights provides 58 units and Columbia Terrace provides 61 units of affordable housing for seniors.

I urge you to please look at how the proposed Inclusionary Housing regulations would negatively impact non-profit senior housing providers. Thank you for hearing our concerns.

Sincerely,



Susan Platte  
Executive Director

**Parsons, Susan**

---

**From:** Sharon McCartney <smccartney@retirement.org>  
**Sent:** Friday, December 02, 2016 12:13 PM  
**To:** Council Clerk – Testimony  
**Cc:** Anthony Sabatini; Susan Platte  
**Subject:** Portland Inclusionary Housing Recommendations  
**Attachments:** Letter.pdf

Good afternoon,

Please see attached Mirabella's written testimony regarding Portland Inclusionary Housing Recommendations.

Thank you,

Sharon McCartney, Assistant Executive Director  
Office: 503.688.6514 | Fax: 503.688.6555  
Skilled Nursing Admission: 503.621.8452

**Mirabella Portland**  
[retirement.org/mirabellaportland](http://retirement.org/mirabellaportland)

---

CONFIDENTIALITY DISCLOSURE: The information contained in this e-mail message is intended only for the personal and confidential use of the individual or entity to which it is addressed. This message may be an attorney-client communication, and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error, and that any review, dissemination, distribution or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us by mail at our expense. Thank you.



## MEMO

---

December 1, 2016

City Council of Portland  
1221 SW Fourth Avenue, Room 130  
Portland, OR 97204

**RE: Proposed Inclusionary Housing Regulations**

Dear Portland City Council members:

Mirabella at South Waterfront is the non-profit Continuing Care Communities in Portland. We are adamantly opposed to the proposed **Inclusionary Housing Regulations**, as it relates to non-profit senior care facilities. The rents at our communities include a wealth of additional resident services other than housing. It would not be practical to have affordable apartments mixed into facilities where care and services are required.

As part of our mission, as a non-profit provider, we believe in providing affordable housing opportunities. In Portland, our management company, Pacific Retirement Services, is the non-profit sponsor of two (very low income) affordable senior housing communities. Woodland Heights provides 58 units and Columbia Terrace provides 61 units of affordable housing for seniors.

I urge you to please look at how the proposed Inclusionary Housing regulations would negatively impact non-profit senior housing providers. Thank you for hearing our concerns.

Sincerely,

Brian McLemore  
President/CEO Pacific Retirement Services

**Parsons, Susan**

---

188162

**From:** Ruth Adkins <ruth@oregonon.org>  
**Sent:** Friday, December 02, 2016 12:43 PM  
**To:** Council Clerk – Testimony  
**Cc:** Callahan, Shannon  
**Subject:** Please Vote Yes for Inclusionary Housing on Dec. 8  
**Attachments:** Oregon ON - Inclusionary Housing Support Letter - Dec. 2016.pdf

Dear Mayor Hales and Commissioners,

Attached for your consideration is Oregon ON's letter in support of the Inclusionary Housing proposal. Thank you so much!

Sincerely,  
Ruth

Ruth Adkins  
Policy Director



919 NE 19th Ave. Suite A | Portland, OR 97232  
Phone: 503-223-4041 x104  
[OregonON.org](http://OregonON.org)



December 2, 2016

Dear Mayor Hales and Commissioners,

We are writing to urge your unqualified support for the historic, thoughtfully constructed, and crucial Inclusionary Housing proposal that is currently before you.

We are supporting Inclusionary Housing, along with the Residential Infill Project, the Construction Excise Tax, the housing bond, and many other policies that you have wisely brought forth — as one part of a multifaceted response to our community's housing emergency.

As one of the lead organizations in the Inclusionary Zoning Coalition, we were proud to work with the City and many partners in Salem last session to lift the statewide ban on IZ. And since achieving that historic victory, we have greatly appreciated the expertise and diligence of Housing Bureau staff, Commissioner Saltzman and his staff in working with the advisory panel of experts to debate and refine the proposal over many months.

We strongly support the Bureau's calibration to maximize incentives for on-site units at 60% MFI. Having affordable units included in future market rate developments ensures broad geographical distribution over time, access to amenity rich buildings and neighborhoods for low-income households, and leverages private development capacity toward the construction of affordable units. While Oregon ON members are willing and able to partner with for-profit developers in the production of off-site units, and we certainly can put to good use any funding that is generated by in-lieu fees, we believe that the goals of economic integration and housing equity are best met by maximizing the inclusion of units on site in market-rate buildings.

Please do not be swayed by pressure from the for-profit development community to further dial back this policy. Arguments that this policy will discourage or undermine market-rate development simply don't hold water. As was noted at this week's work session, for-profit developers have effectively created their own three-year ramp up period by rushing to secure permits for up to 16,000 units.

There will never be a mandatory IZ program that makes developers happy. Many compromises and sweeteners are already in the proposal after extensive negotiations both in Salem and through the City's transparent review process. This policy can and will be reviewed and adjusted over time as the market changes.

Please act now to launch the Inclusionary Housing policy as proposed by Commissioner Saltzman, without further amendments. Thank you so much as always, for your leadership of our city!

Sincerely,

A handwritten signature in black ink, appearing to read 'Ruth Adkins'.

Ruth Adkins  
Policy Director

**From:** Stephenson, Garrett H. <GStephenson@SCHWABE.com>  
**Sent:** Friday, December 02, 2016 1:20 PM  
**To:** Council Clerk – Testimony  
**Cc:** Bump, Tyler; Callahan, Shannon  
**Subject:** Inclusionary Housing Testimony and Recommendation by Parkview Christian Retirement Community [Addendum]  
**Attachments:** Ltr. Portland City Council Regarding IZ Incentives..PDF

To Whom it May Concern,

Please find attached an addendum to testimony submitted by Parkview Retirement Community regarding the proposed Inclusionary Housing regulations. Please include the attached testimony in the record on these amendments and place it before the Commissioners for their consideration. Please also confirm your receipt of this testimony.

Thank you.

Garrett

**Schwabe Williamson & Wyatt**

**Garrett H. Stephenson**  
Of Counsel  
Direct: 503-796-2893  
[gstephenson@schwabe.com](mailto:gstephenson@schwabe.com)

**Ideas fuel industries. Learn more at:**  
[www.schwabe.com](http://www.schwabe.com)

---

**From:** Stephenson, Garrett H.  
**Sent:** Wednesday, November 30, 2016 3:49 PM  
**To:** 'CCTestimony@portlandoregon.gov'  
**Cc:** Keith Milsark; Bump, Tyler  
**Subject:** Inclusionary Housing Testimony and Recommendation by Parkview Christian Retirement Community

To Whom it May Concern,

Please find attached testimony by Parkview Christian Retirement Community regarding the proposed Inclusionary Housing Zoning Amendments, to be considered by the City Council on December 8, 2016 at 2:00 PM. Please include the attached testimony in the record on these amendments and place it before the Commissioners for their consideration. Please also confirm your receipt of this testimony.

Thank you.

Garrett Stephenson

188162

**Schwabe Williamson & Wyatt**

**Garrett H. Stephenson**

Of Counsel

Direct: 503-796-2893

[gstephenson@schwabe.com](mailto:gstephenson@schwabe.com)

**Ideas fuel industries. Learn more at:**

[www.schwabe.com](http://www.schwabe.com)



---

NOTICE: This email may contain material that is confidential, privileged and/or attorney work product for the sole use of the intended recipient. Any review, reliance or distribution by others or forwarding without express permission is strictly prohibited. If you are not the intended recipient, please contact the sender and delete all copies.

**Parsons, Susan**

---

**From:** Sandy E. Martin <semartin@retirement.org>  
**Sent:** Thursday, December 01, 2016 3:18 PM  
**To:** Council Clerk – Testimony  
**Cc:** Brian McLemore  
**Subject:** [User Approved] Opposition to Proposed Inclusionary Housing Regulations  
**Attachments:** Pdx.pdf

Attn: Council Clerk

Please see the attached letter in opposition to the Proposed Inclusionary Housing Regulations.

Sandy Martin, VP of Community Outreach

P: 541-857-7213 · C: 541-821-7238



---

CONFIDENTIALITY DISCLOSURE: The information contained in this e-mail message is intended only for the personal and confidential use of the individual or entity to which it is addressed. This message may be an attorney-client communication, and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error, and that any review, dissemination, distribution or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us by mail at our expense. Thank you.



PACIFIC  
RETIREMENT  
SERVICES

Leadership for a new age™

188162

December 1, 2016

City Council of Portland  
1221 SW Fourth Avenue, Room 130  
Portland, OR 97204

**RE: Proposed Inclusionary Housing Regulations**

Dear Portland City Council members:

Pacific Retirement Services is the non-profit owner and manager of two Continuing Care Communities in Portland; Holladay Park Plaza and Mirabella at South Waterfront. We are adamantly opposed to the proposed **Inclusionary Housing Regulations**, as it relates to non-profit senior care facilities. The rents at our communities include a wealth of additional resident services other than housing. It would not be practical to have affordable apartments mixed into facilities where care and services are required.

As part of our mission, as a non-profit provider, we believe in providing affordable housing opportunities. In Portland, we are the non-profit sponsor of two (very low income) affordable senior housing communities. Woodland Heights provides 58 units and Columbia Terrace provides 61 units of affordable housing for seniors.

I urge you to please look at how the proposed Inclusionary Housing regulations would negatively impact non-profit senior housing providers. Thank you for hearing our concerns.

Sincerely,



Brian McLemore

President/CEO Pacific Retirement Services

**From:** Judith Potter-Zenn <jpotterzenn@hotmail.com>  
**Sent:** Thursday, December 01, 2016 12:32 PM  
**To:** Council Clerk – Testimony  
**Cc:** Hales, Mayor; Commissioner Fritz; Commissioner Saltzman; Commissioner Fish; Commissioner Novick; info@chloeforportland.com; Sen Dembrow; ted@tedwheeler.com  
**Subject:** Fw: Inclusionary Housing

Please add my name to this testimony.

Judith Potter-Zenn  
2525 NE 64 AV  
Portland Oregon 97213

---

**From:** Susan Ferguson <oakbay@q.com>  
**Sent:** Thursday, December 1, 2016 11:45 AM  
**To:** Barbara Brunkow; Sharron Fuchs; Sharon And Tim Kyle; Patty Hawkins; Lucy Pond; Judi Potter-Zenn  
**Subject:** Fwd: Inclusionary Housing

FYI. They say "all politics is local"...

Susan

*The arc of the moral universe is long, but it bends towards justice.* Martin Luther King

Begin forwarded message:

**From:** Susan Ferguson <[oakbay@q.com](mailto:oakbay@q.com)>  
**Date:** December 1, 2016 at 11:40:20 AM PST  
**To:** [CCTestimony@portlandoregon.gov](mailto:CCTestimony@portlandoregon.gov)  
**Cc:** [ted@tedwheeler.com](mailto:ted@tedwheeler.com), Charlie Hales <[mayorcharliehales@portlandoregon.gov](mailto:mayorcharliehales@portlandoregon.gov)>, Amanda Fritz <[amanda@portlandoregon.gov](mailto:amanda@portlandoregon.gov)>, Dan Saltzman <[dan@portlandoregon.gov](mailto:dan@portlandoregon.gov)>, Nick Fish <[nick@portlandoregon.gov](mailto:nick@portlandoregon.gov)>, Steve Novick <[novick@portlandoregon.gov](mailto:novick@portlandoregon.gov)>, [info@chloeforportland.com](mailto:info@chloeforportland.com), Sen Dembrow <[sen.michaeldembrow@state.or.us](mailto:sen.michaeldembrow@state.or.us)>  
**Subject:** Inclusionary Housing

Dear Mayor Hales, Commissioners Saltzman, Novick, Fritz, and Fish,

The City of Portland has the opportunity to take a major step forward in addressing what has been essentially a segregated housing policy, with the adoption of the Inclusionary Housing mandate. This foray into affordable housing will allow us to address historically discriminatory housing by providing for affordable housing in every ZIP code in Portland. This, in turn, will help to integrate our schools racially and economically and strengthen our neighborhoods. All kids do not get an equally good education now. Would you rather send your child to Jason Lee or to Ainsworth? To Roosevelt or to Lincoln? All kids deserve an equal chance at success and that is not happening now.

If we are serious about inclusionary housing, there should be no "fee-in-lieu of providing affordable units". Such a fee would encourage developers to pick and choose where affordable housing should be located.

After reading about the lack of interest in the Jarrett Street Condos in North Portland, I hope the Portland Development Commission and developers have learned the importance of understanding the needs of people who qualify for affordable or subsidized housing. Forget the "high end finishes" and build practical units that respect the needs of the potential residents. The proposed amendments also eliminate the parking minimums for residential development projects close to transit. TriMet needs to improve transit, then we can talk about reducing (not eliminating) parking minimums.

Thank you for considering my testimony.

**Susan** Ferguson  
6119 NE Sacramento Street  
Portland. OR 97213  
503.284.0048  
Rose City Park Neighborhood

*The arc of the moral universe is long, but it bends towards justice.* Martin Luther King

**Parsons, Susan**

---

**From:** Susan Ferguson <oakbay@q.com>  
**Sent:** Thursday, December 01, 2016 11:40 AM  
**To:** Council Clerk – Testimony  
**Cc:** ted@tedwheeler.com; Hales, Mayor; Commissioner Fritz; Commissioner Saltzman; Commissioner Fish; Commissioner Novick; info@chloeforportland.com; Sen Dembrow  
**Subject:** Inclusionary Housing

Dear Mayor Hales, Commissioners Saltzman, Novick, Fritz, and Fish,

The City of Portland has the opportunity to take a major step forward in addressing what has been essentially a segregated housing policy, with the adoption of the Inclusionary Housing mandate. This foray into affordable housing will allow us to address historically discriminatory housing by providing for affordable housing in every ZIP code in Portland. This, in turn, will help to integrate our schools racially and economically and strengthen our neighborhoods. All kids do not get an equally good education now. Would you rather send your child to Jason Lee or to Ainsworth? To Roosevelt or to Lincoln? All kids deserve an equal chance at success and that is not happening now.

If we are serious about inclusionary housing, there should be no "fee-in-lieu of providing affordable units". Such a fee would encourage developers to pick and choose where affordable housing should be located. After reading about the lack of interest in the Jarrett Street Condos in North Portland, I hope the Portland Development Commission and developers have learned the importance of understanding the needs of people who qualify for affordable or subsidized housing. Forget the "high end finishes" and build practical units that respect the needs of the potential residents.

The proposed amendments also eliminate the parking minimums for residential development projects close to transit. TriMet needs to improve transit, then we can talk about reducing (not eliminating) parking minimums. Thank you for considering my testimony.

**Susan Ferguson**  
6119 NE Sacramento Street  
Portland, OR 97213  
503.284.0048  
Rose City Park Neighborhood

*The arc of the moral universe is long, but it bends towards justice.* Martin Luther King

**Parsons, Susan**

---

**From:** Dee Walsh <deew@noah-housing.org>  
**Sent:** Tuesday, November 29, 2016 11:22 AM  
**To:** Council Clerk – Testimony  
**Subject:** inclusionary zoning

To whom it may concern:

I am writing to express my support of the Inclusionary Housing Proposal. With the housing crisis worsening and the prospects of federal resources diminishing, we must create local tools to address the issue. I request that you support inclusionary housing as a tool to address this critical problem in our community.

Dee Walsh

**Dee Walsh**  
Chief Operating Officer  
**Network for Oregon Affordable Housing**  
1020 SW Taylor St., Suite 585  
Portland, OR 97205  
503.501.5542



**Parsons, Susan**

---

**From:** Stephenson, Garrett H. <GStephenson@SCHWABE.com>  
**Sent:** Wednesday, November 30, 2016 3:49 PM  
**To:** Council Clerk – Testimony  
**Cc:** Keith Milsark; Bump, Tyler  
**Subject:** Inclusionary Housing Testimony and Recommendation by Parkview Christian Retirement Community  
**Attachments:** Ltr to City Council Regarding Inclusionary Zoning.pdf

To Whom it May Concern,

Please find attached testimony by Parkview Christian Retirement Community regarding the proposed Inclusionary Housing Zoning Amendments, to be considered by the City Council on December 8, 2016 at 2:00 PM. Please include the attached testimony in the record on these amendments and place it before the Commissioners for their consideration. Please also confirm your receipt of this testimony.

Thank you.

Garrett Stephenson

**Schwabe Williamson & Wyatt**

**Garrett H. Stephenson**  
Of Counsel  
Direct: 503-796-2893  
[gstephenson@schwabe.com](mailto:gstephenson@schwabe.com)

**Ideas fuel industries. Learn more at:**  
[www.schwabe.com](http://www.schwabe.com)

---

NOTICE: This email may contain material that is confidential, privileged and/or attorney work product for the sole use of the intended recipient. Any review, reliance or distribution by others or forwarding without express permission is strictly prohibited. If you are not the intended recipient, please contact the sender and delete all copies.



CHRISTIAN RETIREMENT COMMUNITY

*"Seniors our concern, Christ our motivation"*

Portland City Council  
 1221 SW 4th Ave, Room 130  
 Portland, OR 97204  
 Attn: Comprehensive Plan Implementation

Re: Proposed Inclusionary Zoning Regulations  
 Addendum to Testimony of Parkview Christian Retirement Community

December 2, 2016

Dear Mayor Hales and City Commissioners,

My name is Keith Milsark and I am the Executive Director of Parkview Christian Retirement Community, located in East Portland at 1825 NE 108th Ave. The purpose of this letter is to add to testimony I submitted on November 29, 2016 (**Exhibit 1**) requesting a revision of the proposed Inclusionary Housing amendments to Title 33. In addition to our prior testimony, we respectfully submit this addendum to address the proposed Inclusionary Housing incentives to be included as part of Title 30. Although these incentives may reduce the impacts of Inclusionary Housing on for-profit developers, they are largely illusory for non-profits that will be subject to Inclusionary Housing regulations, like ours.

The Bureau of Housing proposes several incentives, including a 10 year property tax exemption, density bonuses, and relaxation of minimum parking requirements. None of these provides an effective incentive for us. We are a property tax exempt organization and our project pro forma is already premised on that status. We are not developers and will not seek a density bonus for our site. Along the same lines, we do not require and cannot benefit from a minimum parking reduction for a density bonus we cannot use in the first place.

Thus, our status as a nonprofit retirement community will cause us to bear the brunt of Inclusionary Housing regulations while at the same time, proposed offsetting incentives provide no additional offsetting effect.

We believe that Inclusionary Zoning is well intentioned and that the City has done substantial work to minimize its adverse impacts on developers. However, the proposed regulations do not contemplate impacts to independent retirement living and they should be amended accordingly before they are adopted.

We hope you will seriously consider this testimony and adopt the revision we propose in **Exhibit 1**.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Milsark". The signature is written in a cursive style with a large initial 'K'.

Keith Milsark

Executive Director, Parkview Christian Retirement Community



CHRISTIAN RETIREMENT COMMUNITY

*"Seniors our concern, Christ our motivation"*

Portland City Council  
1221 SW 4th Ave, Room 130  
Portland, OR 97204  
Attn: Comprehensive Plan Implementation

Re: Proposed Inclusionary Zoning Regulations  
Testimony on behalf of Parkview Christian Retirement Community

November 30, 2016

Dear Mayor Hales and City Commissioners,

My name is Keith Milsark and I am the Executive Director of Parkview Christian Retirement Community, located in East Portland at 1825 NE 108th Ave. As a nonprofit provider of assisted living and independent retirement homes, we are committed to providing safe, comfortable, and enriching independent living options. The City's proposed Inclusionary Housing (IH) regulations, while well-intentioned, present a serious obstacle our service goals and fulfilling the needs of all our residents. This letter is respectfully submitted to request that nonprofit independent living retirement homes exclusively serving residents over 55 years of age are not subject to the (IH) regulations.

### **Our Concerns.**

We are actively pursuing an expansion of our facilities to include a new memory care unit and up to 22 independent living apartments. As proposed, the IH regulations will affect our new independent living apartments, which will range in cost from \$1,565 for a studio apartment to \$2,830 for a two-bedroom, two-bath apartment. Included in this rent will be meals in the dining room, activities, housekeeping, transportation, wellness and fitness classes, daily well-being checks, chaplain services, mailing services, emergency call response and a variety of other programs and services intended to foster the long-term wellbeing of our residents. In addition, the rent includes most utilities and cable television.

According to the Portland Housing Bureau,<sup>1</sup> in 2016 an apartment affordable to a household making 60% MFI would be \$771 for a studio and \$990 for a two-bedroom. The 80% MFI level would be \$1,027 for a one-bedroom and \$1,320 for a two bedroom. This is a substantial decrease in rent for a number of our future units and would require us to increase rent significantly for our other residents.

### **1. Inclusionary Housing will create two classes of retirement residents.**

---

<sup>1</sup> This data taken from PHB's Median Family Income and Rent Affordability document, available at <https://www.portlandoregon.gov/phb/article/572034>.

The proposed IH regulations intend to further equity for Portland's low income renters, but they will actually create inequity in retirement communities like ours. It is extremely difficult to disentangle the monthly amount actually paid for each apartment from other services included in the rent, but that is what the proposed IH regulations would require us to do. Stated bluntly, the IH requirements will force us to create a second class of resident who pay a lower rent and get none of the ancillary services enjoyed by other residents. That will cause enormous problems when one of those residents wants or needs a service we would ordinarily provide. Imagine a 17-year-old dining room server trying to deny dinner to a resident who's demanding it. Or a bus driver turning down someone who wants to take the Wednesday bus run to Fred Meyer.

**2. Inclusionary Housing is unnecessary to assure housing affordability in nonprofit retirement communities.**

The Proposed IH regulations are also unnecessary to ensure that retirees with a wide range of incomes can afford living at Parkview Christian. As a church related nonprofit organization, part of our mission is to serve those who may not be able to afford to live elsewhere. Consequently, we build into our budget approximately \$50,000 a year to help residents who have outlived their resources. As an example, we have one resident whose total income is about \$800 per month. We subsidize her by reducing her rent \$1000 per month, so she can continue to live here. There are other residents in similar situations. To the best of my knowledge, no resident has ever been asked to leave because of an inability to pay. Reducing the rent available from a significant number of our apartments will substantially reduce our ability to provide these crucial subsidies.

**3. Inclusionary Housing is simply unfair to nonprofit retirement communities.**

Finally, it is fundamentally unfair to subject a non-profit provider of quality senior housing to regulations intended to reduce the cost of market rate apartments. Measured against our level of amenities and services, our rates are already below market rate because we do not include a substantial profit margin in our rental fees. Simply put, these regulations are ill-suited to nonprofit senior housing providers and will likely jeopardize our ability to invest in new facilities.

**Our Request.**

We respectfully request an amendment to the draft IH regulations so that they exempt senior housing. To effect this change, we recommend the following revision of PCC 33.245.030:

“33.245.030 Exemption

The regulations do not apply to group living, college uses, and household living restricted to residents 55 years of age and older that is part of a nonprofit retirement community.”

This simple amendment will allow us and other retirement communities to continue to offer key services and subsidies to seniors of all incomes.

We appreciate your time and attention in this matter and hope that you will seriously consider and support our request.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Milsark". The signature is written in a cursive style with a long horizontal stroke at the end.

Keith Milsark

Executive Director, Parkview Christian Retirement Community



CHRISTIAN RETIREMENT COMMUNITY

*"Seniors our concern, Christ our motivation"*

Portland City Council  
 1221 SW 4th Ave, Room 130  
 Portland, OR 97204  
 Attn: Comprehensive Plan Implementation

Re: Proposed Inclusionary Zoning Regulations  
 Testimony on behalf of Parkview Christian Retirement Community

November 30, 2016

Dear Mayor Hales and City Commissioners,

My name is Keith Milsark and I am the Executive Director of Parkview Christian Retirement Community, located in East Portland at 1825 NE 108th Ave. As a nonprofit provider of assisted living and independent retirement homes, we are committed to providing safe, comfortable, and enriching independent living options. The City's proposed Inclusionary Housing (IH) regulations, while well-intentioned, present a serious obstacle our service goals and fulfilling the needs of all our residents. This letter is respectfully submitted to request that nonprofit independent living retirement homes exclusively serving residents over 55 years of age are not subject to the (IH) regulations.

### **Our Concerns.**

We are actively pursuing an expansion of our facilities to include a new memory care unit and up to 22 independent living apartments. As proposed, the IH regulations will affect our new independent living apartments, which will range in cost from \$1,565 for a studio apartment to \$2,830 for a two-bedroom, two-bath apartment. Included in this rent will be meals in the dining room, activities, housekeeping, transportation, wellness and fitness classes, daily well-being checks, chaplain services, mailing services, emergency call response and a variety of other programs and services intended to foster the long-term wellbeing of our residents. In addition, the rent includes most utilities and cable television.

According to the Portland Housing Bureau,<sup>1</sup> in 2016 an apartment affordable to a household making 60% MFI would be \$771 for a studio and \$990 for a two-bedroom. The 80% MFI level would be \$1,027 for a one-bedroom and \$1,320 for a two bedroom. This is a substantial decrease in rent for a number of our future units and would require us to increase rent significantly for our other residents.

### **1. Inclusionary Housing will create two classes of retirement residents.**

---

<sup>1</sup> This data taken from PHB's Median Family Income and Rent Affordability document, available at <https://www.portlandoregon.gov/phb/article/572034>.

The proposed IH regulations intend to further equity for Portland's low income renters, but they will actually create inequity in retirement communities like ours. It is extremely difficult to disentangle the monthly amount actually paid for each apartment from other services included in the rent, but that is what the proposed IH regulations would require us to do. Stated bluntly, the IH requirements will force us to create a second class of resident who pay a lower rent and get none of the ancillary services enjoyed by other residents. That will cause enormous problems when one of those residents wants or needs a service we would ordinarily provide. Imagine a 17-year-old dining room server trying to deny dinner to a resident who's demanding it. Or a bus driver turning down someone who wants to take the Wednesday bus run to Fred Meyer.

**2. Inclusionary Housing is unnecessary to assure housing affordability in nonprofit retirement communities.**

The Proposed IH regulations are also unnecessary to ensure that retirees with a wide range of incomes can afford living at Parkview Christian. As a church related nonprofit organization, part of our mission is to serve those who may not be able to afford to live elsewhere. Consequently, we build into our budget approximately \$50,000 a year to help residents who have outlived their resources. As an example, we have one resident whose total income is about \$800 per month. We subsidize her by reducing her rent \$1000 per month, so she can continue to live here. There are other residents in similar situations. To the best of my knowledge, no resident has ever been asked to leave because of an inability to pay. Reducing the rent available from a significant number of our apartments will substantially reduce our ability to provide these crucial subsidies.

**3. Inclusionary Housing is simply unfair to nonprofit retirement communities.**

Finally, it is fundamentally unfair to subject a non-profit provider of quality senior housing to regulations intended to reduce the cost of market rate apartments. Measured against our level of amenities and services, our rates are already below market rate because we do not include a substantial profit margin in our rental fees. Simply put, these regulations are ill-suited to nonprofit senior housing providers and will likely jeopardize our ability to invest in new facilities.

**Our Request.**

We respectfully request an amendment to the draft IH regulations so that they exempt senior housing. To effect this change, we recommend the following revision of PCC 33.245.030:

“33.245.030 Exemption

The regulations do not apply to group living, college uses, and household living restricted to residents 55 years of age and older that is part of a nonprofit retirement community.”

This simple amendment will allow us and other retirement communities to continue to offer key services and subsidies to seniors of all incomes.

We appreciate your time and attention in this matter and hope that you will seriously consider and support our request.

188162

Sincerely,

A handwritten signature in cursive script, appearing to read "Keith Milsark".

Keith Milsark

Executive Director, Parkview Christian Retirement Community