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**From:** Natalie Rayner <nrayner@hollandpartnergroup.com>  
**Sent:** Friday, December 09, 2016 10:30 AM  
**To:** Council Clerk – Testimony  
**Cc:** Clyde Holland; Hales, Charlie; Commissioner Fish; Commissioner Fritz; Commissioner Saltzman; Novick, Steve  
**Subject:** Inclusionary Housing Program Testimony  
**Attachments:** Clyde Holland Testimony in re Inclusionary Housing Program 12-08-16.pdf

Please find Clyde Hollands testimony relating to the above referenced attached hereto.

Thank you,

**Natalie Rayner | Executive Assistant**  
**Holland Partner Group**  
1111 Main Street, Suite 700 | Vancouver, WA 98660  
Direct 360.992-7075 | [nrayner@hollandpartnergroup.com](mailto:nrayner@hollandpartnergroup.com)



188162

Clyde Holland  
CEO | Chairman

December 8, 2016

Portland City Council  
1221 SW Fourth Avenue  
Portland, OR 97201

**Re: Inclusionary Housing**

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

I appreciate the opportunity to briefly comment on the proposed Inclusionary Housing Program Recommendations as put forth by Commissioner Saltzman and the Portland Housing Bureau. I serve as the Chairman and CEO of Holland Partner Group. Our firm is the largest developer of multi-family housing in the State of Oregon. Our 700+ employee organization is based in the Portland metro region. Many of our employees live in Portland and we are a member of this community. As such, we deeply believe that the City of Portland's efforts to develop effective solutions to address Oregon's housing affordability challenge is one of the most important policy imperatives before City Council today.

Inclusionary Housing can be a useful tool in a framework of policies that address housing affordability throughout Portland **but only if** it's balanced to encourage housing production. The only way to have housing that is affordable to all income levels is to maintain an adequate overall supply of housing. If done right with a minimal impact, most every new building in Portland will include a component of affordable housing. However, if Inclusionary Housing policy is not carefully calibrated, it will lead to disastrous results: severely restricting housing production within City of Portland – throwing housing supply out of whack with our growing population, an inefficient use of public subsidy, missed affordable housing unit targets, and the exacerbation of our current crisis of economic displacement and eroding affordability in the City.

While Inclusionary Housing policies have been enacted in many places around the country, no other city has implemented a program that is this wide-ranging (including both rental and for sale, covering the entire City, and covering all housing construction types with more than twenty units). **Portland can be a leader in this, that other cities emulate, if it's done right, and this policy is too important to get wrong.**

I have previously estimated the housing unit shortfall in Portland at 40,000 units. Metro's estimate is close to 400,000 new individuals moving to our region in the next 20 years. Part of our lens in assessing our policy solutions to must be (a) how do we increase and diversify market-rate housing, and (b) how do we leverage growth for affordability? With access to global capital, my firm stands ready to invest billions of dollars into building housing in the Portland market. But real estate equity investors and lenders, many of which are pension funds that are required to provide specific returns to retirees, can invest anywhere to get those returns.

Portland's regulatory framework must be designed so that it doesn't result in institutional investors exiting the Portland housing market. If projects aren't financed, that pushes rents up; if only smaller projects get financed, Portland has lost that density for 50+ years, also pushing rents up and pushes people outside of Portland for housing.



We support an Inclusionary Housing program that acknowledges the great demand on public resources, doesn't stifle housing production, and ramps up over time as the market adjusts.

To achieve a sustainable and balanced housing market, this challenge must be addressed with thoughtful and well-crafted policy that supports an adequate supply of housing, as well as one that does not run at cross-purposes to broader issues including higher workforce wages, increased resources for education, police, fire, parks and transportation.

Portland needs more housing, especially affordable housing. Starting with a measured Inclusionary Housing policy that ramps up over time is one part of a solution that can get us all there, but we can't take our eye off solving the real issue of an adequate supply.

Respectfully,

Clyde Holland  
CEO/Chairman  
Holland Partner Group

**Parsons, Susan**

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**From:** Blake Goud <blake.goud@gmail.com>  
**Sent:** Sunday, December 11, 2016 6:31 PM  
**To:** Council Clerk – Testimony; Commissioner Saltzman  
**Subject:** Inclusionary Housing

Dear Commissioner Saltzman:

On Tuesday, December 13th, when council holds a votes on the Inclusionary Housing package I hope you will support an amendment to allow developers who pay in-lieu fees rather than building affordable units to also have an in-lieu option for parking. Please tie these additional fees to affordable housing funds or towards affordable transit subsidies for low income residents.

Thank you.

Blake Goud  
3939 N Kiska St.  
Portland, OR 97217  
Sent from [BlueMail](#)

**From:** Chip Gabriel <CGabriel@generationsllc.com>  
**Sent:** Monday, December 12, 2016 10:02 AM  
**To:** cctestimoney@portlandoregon.gov  
**Cc:** ted@gilbertbroscommercial.com; Aaron Walker; Jim Carlson  
**Subject:** Inclusionary Housing

Dear Portland City Council,

I wanted to thank the City Council for working on creating better housing solutions for all economic demographics in Portland. I have some concerns about the proposed Inclusionary Housing proposal.

Generations LLC is a developer, owner, and operator of senior housing and is based in Portland, Oregon. We have been caring for seniors since 1943 as a family owned business. We currently own and operate the CherryWood Village retirement community in SE Portland. We also own land in east Portland that we hope to develop into an integrated campus providing housing for seniors, and other mixed uses serving the greater community.

The proposal talks about nursing homes, but it doesn't address assisted living, memory care, or age restricted apartments. The age restricted apartments are different than typical "market rate apartments". In our communities (like CherryWood Village) the apartments have bundled services which include all utilities, activity programs, personal monitoring, transportation, health club, some food options, etc.. The proposal doesn't address how this would be handled.

In addition, this population does not like providing detailed financial information. If we are required to have 20% affordable population, we would now be required to collect and monitor this information. The requirement of "Annual Documentation of Tenant Income for affordable units and rents" that we would need to provide to the Portland Housing Bureau is something that our company, and other market rate apartment operators are not currently set up to do. There is no analysis of the cost of both personal and systems to do get and provide this documentation. There is also no way of motivating people to better themselves to get out off affordable housing into market rate. If the cost difference grows over time between affordable and market rate, there is little motivation to better yourself.

My fear is that the intent of this measure will have the opposite effect. While creating more affordable units, it will significantly drive up the cost of the market rate apartments to the point that less product overall will be built and come into the marketplace. Our preliminary analysis of how this might affect our proposed project, creates real concerns if it would be viable to develop.

I hope that more study is done to look this proposal and how effects all housing, including seniors.

We hope that we can be part of the solution to make Portland more liveable for all.

Sincerely,

Chip Gabriel  
Generations LLC  
503-652-0750

Sent from [Mail](#) for Windows 10

**From:** James Winkler <jhw@winklercompanies.com>  
**Sent:** Monday, December 12, 2016 1:37 PM  
**To:** Council Clerk – Testimony  
**Cc:** James Winkler  
**Subject:** Inclusionary Housing Testimony, City Council Agenda Items 1381 and 1382

## Below is my testimony on Inclusionary Housing.

As someone who has been involved in affordable housing for over 40 years and is deeply concerned about Portland's housing shortage and the need for an adequate supply of affordable housing, I am philosophically predisposed to favor a mandatory inclusionary housing program. However, national data shows that inclusionary housing has not produced many units and risks real harm to Portland's low-income residents by reducing supply and driving up rents. The answer to Portland's affordability crises and housing shortage is to produce more supply, and build more, not less, housing.

Mandatory inclusionary zoning will, I submit, retard new development. As an example, our company was mid-way through the design of a sixty-five unit apartment project in southwest Portland designed to serve long-term renters with highly-energy efficient, larger units, with greater storage and security; principally to serve households delaying home ownership for whatever reason. In the R1 zone, under the proposed ordinance, our project receives essentially no density increase over the current code or real incentives, just the burden of rent restrictions. As a result, our project is not economically feasible and is now on hold.

Inclusionary housing is, I believe, an example of good optics and bad policy. We need good policies that achieve our collective goals without ugly and unintended, but foreseeable, consequences. I understand housing anxiety and anger in the low-income communities but believe mandatory inclusionary zoning is the wrong answer. The recently enacted bond measure is the right kind of answer.

As you evaluate the proposed ordinance, consider who benefits and who is harmed. The big winners are owners of existing apartments who will see rents increase much more rapidly than rents would otherwise have increased. The lottery winners, that is the small fraction of those who are eligible who get the rent restricted units, are also winners. The suburbs, Beaverton and Hillsboro, because they will not be subject to inclusionary housing rules, will see much greater apartment production, which will contribute to longer commutes and increased greenhouse gas emissions.

The losers are all the renters other than the handful of lottery winners. Where mandatory inclusionary zoning has been enacted in the United States the outcome is higher rent levels and production delayed until the rent levels increase enough to recoup the loss from the rent restricted units. Mandatory inclusionary housing is, in effect, a tax on renters that exacerbates the problem it is intended to address. Renters who earn less than 80% of MFI but do not win the rent restricted unit lottery will also bear the burden of higher rents. In our southwest Portland project, for instance, we would need roughly \$3.50 per square foot per year of additional rent on the market rate units to offset the revenue loss on the inclusionary units. In other words, renters in our non-inclusionary

units would need to pay an extra \$2,700 per year, on average, to make the project economically feasible.

Given both the inadequacy of the proposed inclusionary housing offsets and the City's data showing that the median income for renters is just over \$30,000 per year, the implicit cross subsidy from market-rate renters to lottery winning renters is an inappropriate solution to Portland's housing crises.

Another unfortunate impact of the proposed ordinance is that it incents smaller and lower-quality units because the revenue loss will be smaller, thereby reducing choice in the market and reducing the development of products that serve families.

An inclusionary housing program that discourages apartment development due to inadequate incentives will cause lasting harm. Many of our city's best apartment sites will be developed as uses that are not subject to inclusionary housing, such as office, hotels and retail centers. In the residential multi-dwelling zones, such as the R1 zone, McMansions and other low-density housing will become more attractive than apartments. Development of alternative uses will permanently deprive Portland of apartment housing at precisely where it is most needed and in the mixed-use zones where the 2035 comprehensive plan intends for apartments to be located.

I urge caution if we are to enact a mandatory inclusionary housing program. The risk of accelerating Portland's rising rental rates is so great that Council should consider a trial period for a voluntary program with fair incentives. Perhaps the trial should start in specific locations. For instance, Council could choose an area, such as the Pearl or NW Portland, and calibrate inclusion percentages to correspond to the incentives provided, with higher incentives for high inclusion.

We need to find the balance between rent restrictions and development incentives that maximizes the production of affordable units without cutting off much needed market-rate supply. Simply punishing the producers will not fix the problem. No inclusionary housing program can alter the truth that the only long-term, sustainable, and systematic solution to rising housing prices is more supply to meet the growing demand for rental housing in Portland. Building more apartments in every neighborhood is the way to deliver that supply.

***James H. Winkler***

Winkler Development Corporation  
210 SW Morrison Street, Suite 600  
Portland, OR 97204

[jhw@winklercompanies.com](mailto:jhw@winklercompanies.com)

tel: 503.225.0701

fax: 503.273.8591

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

**Parsons, Susan**

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**From:** Molly Esteve <MollyE@nayapdx.org>  
**Sent:** Monday, December 12, 2016 11:52 AM  
**To:** Council Clerk – Testimony  
**Subject:** Inclusionary Housing

To Whom it May Concern:

Inclusionary Housing is an important tool to honor and retain Portland's diversity. It is critical to increase Portland's supply of family-sized housing so that our low-income families can afford to live within neighborhoods that have access to transportation, jobs, parks, and public facilities.

I work as a Housing Advocate with the Native American Youth and Family Center (NAYA), and I am also the sister of a PSU-student with Down syndrome. In these two roles, I interact with folks who are unable, or find it disproportionately difficult, to secure housing in livable communities. Rachel would like to live on her own in Sellwood, the neighborhood where she grew up. From Sellwood, Rachel knows how to bus to school, to her job. She knows where to walk for groceries, and where to meet up with friends for coffee. We've spent 24-years getting Rachel acquainted to living independently in SE Portland, but now feel as though that reality is out of grasp.

Inclusionary Housing (is not a silver bullet) but will improve affordable housing throughout Portland, and will maintain communities without unduly displacing people. Accommodating more low-income people within Portland's neighborhoods will reduce their transportation costs and subsequent effects on our environment.

Sincerely,

Molly Esteve  
DV Housing Advocate | NAYA Family Center  
5135 NE Columbia Blvd., Portland, OR 97218  
(503) 288-8177 ext. 317 | mollye@nayapdx.org  
Cell: (503) 806-9764



**Parsons, Susan**

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**From:** Khanh Pham <khanh@apano.org>  
**Sent:** Monday, December 12, 2016 2:10 PM  
**To:** Council Clerk – Testimony; Commissioner Fritz; Novick, Steve; Hales, Mayor; Commissioner Fish; Commissioner Saltzman  
**Subject:** [User Approved] Inclusionary Housing Letter from APANO (attached and pasted)  
**Attachments:** APANO\_Inclusionary Housing.docx

Dear City Commissioners,

Through our community organizing and advocacy work with hundreds of Asians and Pacific Islanders (APIs) in Portland, APANO has heard hundreds of stories from our members about families who are having to move, outside of Portland, even outside the state, in order to find affordable housing.

Therefore, **we are writing to express our strong support for the inclusionary housing proposal.** The shortage of affordable housing has reached a crisis point, and it is seriously hurting the health and well-being of children and families as they struggle to find stable and safe housing.

We recognize that developers and landlords' groups are forcefully expressing their opposition and finding ways to raise doubts and fears about the impacts of this inclusionary housing approach. We urge you to listen to the thousands of families and prioritize the needs of families and communities.

Many of our API families are being forced to move to the outskirts of Portland, where there are few public amenities or access to jobs and opportunities. Inclusionary housing ensures that families of all incomes levels can live in opportunity-rich neighborhoods.

Building a city that welcomes and protects all of its residents requires a comprehensive approach, and inclusionary zoning is one piece of this comprehensive strategy.

On behalf of all of us at APANO,

Khanh Pham

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**Khanh Pham** | Manager of Programs and Strategy

**My gender pronouns are:** She, Her, Hers

**Asian Pacific American Network of Oregon**

2788 SE 82nd Ave Ste. 203 Portland, OR 97266

**O:** (971)

269-2347

| **M:** [\(503\) 901-1592](tel:(503)901-1592) | [khanh@apano.org](mailto:khanh@apano.org)

**Connect with us:** [Twitter](#) | [Facebook](#) | [Website](#)

**Join APANO's Legislative Advocacy Work!** Anyone has the power and voice to affect policy. Directly engage in legislative advocacy with APANO as we work to prioritize and lift up our communities' needs at the state level. [Sign Up Here](#)

November 21, 2016

Dear Portland City Council,

Through our community organizing and advocacy work with hundreds of Asians and Pacific Islanders (APIs) in Portland, APANO has heard hundreds of stories from our members about families who are having to move, outside of Portland, even outside the state, in order to find affordable housing.

Therefore, **we are writing to express our strong support for the inclusionary housing proposal.** The shortage of affordable housing has reached a crisis point, and it is seriously hurting the health and well-being of children and families as they struggle to find stable and safe housing.

We recognize that developers and landlords' groups are forcefully expressing their opposition and finding ways to raise doubts and fears about the impacts of this inclusionary housing approach. We urge you to listen to the thousands of families and prioritize the needs of families and communities.

Many of our API families are being forced to move to the outskirts of Portland, where there are few public amenities or access to jobs and opportunities. Inclusionary housing ensures that families of all incomes levels can live in opportunity-rich neighborhoods.

Building a city that welcomes and protects all of its residents requires a comprehensive approach, and inclusionary zoning is one piece of this comprehensive strategy.

Sincerely,

Khanh Pham  
Manager, Programs and Strategy

**Parsons, Susan**

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**From:** Schultz, Katherine  
**Sent:** Monday, December 12, 2016 5:09 PM  
**To:** Council Clerk – Testimony  
**Cc:** Ocken, Julie; PSC Members; Chris Smith; Anderson, Susan; Zehnder, Joe  
**Subject:** PSC Letter of Testimony for 12/13/2016 IH Hearing  
**Attachments:** 2016 1213 IH City Council Hearing.pdf

Mayor Hales and Fellow Commissioners

I regret that I will not be in attendance at tomorrow's IH Hearing. This letter is in response to Commissioner Fish's questions from the IH work session.

If you have further questions, please do not hesitate to call or set up a meeting.

Sincerely,  
Kat Schultz  
PSC Chair

December 12, 2016

Mayor Hales  
Commissioner Saltzman  
Commissioner Fish  
Commissioner Fritz  
Commissioner Novick

RE: Inclusionary Housing (IH) Zoning Code Project

Mayor Hales and City Commissioners:

In the City Council IH work session, Commissioner Fish asked two questions of clarity from The Portland Planning and Sustainability Commission (PSC): 1) was the PSC making a yes or a no recommendation, and 2) of the nine recommendations in our letter, what would be the highest priorities.

To answer Commissioner Fish's first question - the PSC fully supports implementing IH to promote the production of affordable housing but did not support the program that The Portland Housing Bureau (PHB) put before the PSC.

The PHB stated that their proposal was the result of a data-driven discussion, yet our letter reflects the struggle that the PSC had in getting the data requested to answer our questions. At the conclusion of our hearing on October 25, we had multiple requests for further information including:

- Analysis on the differences between Locus and DRA's models – not provided
- Analysis comparing other IH programs to the proposed program – not provided
- Analysis that includes the cumulative effect of current zoning changes – not provided
- Analysis on the total cost of the program to other programs and City budgets – not provided
- Analysis on calibrating the "sweet spot" for the feasibility gap – meaning what inclusion rate and incentive package provide the most units.

Due to lack of data provided, The PSC chose to recommend proceeding with an IH policy and provided nine recommendations on changing the proposed program in the hope that by the time the program was presented to City Council, the answers to our questions could be addressed so that Council could make an informed decision.

To answer Commissioner Fish's second question – of our nine recommendations, which would we prioritize as most critical:

1) Calibration.

All of the research agrees that calibration is critical to the success of the program. To quote the Lincoln Institute of Land Policy, "Inclusionary programs need to be designed with care to ensure that their requirements are economically feasible. While developers are not able to pass on the cost of compliance to tenants and homebuyers, there is some risk that poorly designed

inclusionary requirements could slow the rate of building and ultimately lead to higher housing costs.”

The PSC recommended a full inclusion rate as long as incentives were increased. The latest proposal by PHB did not increase the incentives, therefore, the PSC recommends lowering the inclusion rate in all zones to reduce the feasibility gap as appropriate for the different areas of the City.

2) Lower the fee-in-lieu.

The PSC recognized the fee-in-lieu option as a critical relief valve for when the program is out of calibration with the financial feasibility of projects. The fee-in-lieu schedule as proposed by PHB is set too high and should be lowered to an amount higher than the cost of providing units on site, but not so high as to be punitive.

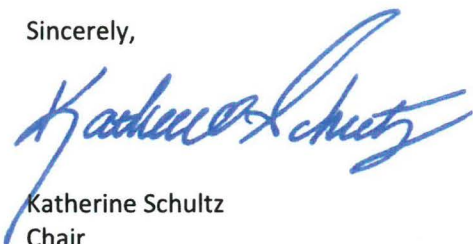
3) Require annual monitoring and reporting to both the PSC and City Council.

Additionally, the PSC was concerned that the program depends on resources that are not certain to be reliably available, are provided at the expense to other programs, and that the City carefully calibrate the program to not offer more financial incentives than is necessary to offset costs.

The PSC highly recommends that you take the time to get all of the data necessary to make a thoughtful decision on a well-crafted and calibrated program.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Katherine Schultz". The signature is fluid and cursive, with a large initial "K" and "S".

Katherine Schultz  
Chair

**Parsons, Susan**

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**From:** Zoe Klingmann <zklingmann@gmail.com>  
**Sent:** Thursday, December 08, 2016 2:26 PM  
**To:** Council Clerk – Testimony  
**Subject:** Inclusionary zoning hearing

Hello,

I'm writing in support of a real, robust inclusionary zoning policy, in advance of the hearing that has been rescheduled for next Tuesday.

One of the things (among many things) that worries me about the increase in home prices here in Portland is how many people who are being pushed out of the city and cut off from the opportunities this awesome, vibrant city has to offer.

Just to illustrate: I'm young, just starting out at my job, and can't afford a car. If I weren't able to afford my apartment near the MAX line--if, like many people, my commute was several hours by bus--I would have a hard time keeping my job.

I'm lucky; others are not. That's why I think and really strong inclusionary zoning policy is so important. I want others to have access to the opportunities that I do, both for their good and for the health of the city as a whole. I want to see it:

- Provide housing for people 60-80% MFI in high opportunity areas, near transit and close to jobs.
- Not give too much away to developers. I want to see the interests of Portlanders, especially renters, come first.
- Not take money from other housing programs that serve people at other income levels. This crisis is hurting us up and down the income ladder.

I appreciate the work the city has already done in Salem to make this policy a reality, and I hope you'll continue and strengthen that good work.

Thank you much,

Zoe Klingmann

6906 N Greenwich Ave #5  
Portland, OR 97217

**From:** Elmore-Trummer, Camille  
**Sent:** Wednesday, December 07, 2016 3:23 PM  
**To:** Council Clerk – Testimony  
**Subject:** FW: Residential Infill Project and Inclusionary Housing  
**Attachments:** Letter to City Council RIP-IZ.(2).docx.docx

Please enter into record.

Thank you,  
**Camille E. Trummer**  
Communications and Policy Strategist  
City of Portland Bureau of Planning and Sustainability  
Phone: 503-823-3660  
Email: [camille.trummer@portlandoregon.gov](mailto:camille.trummer@portlandoregon.gov)  
[www.portlandoregon.gov/bps](http://www.portlandoregon.gov/bps)  
Please note my new contact information as of November 1<sup>st</sup>, 2016.

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 | Письменный или устный перевод | Traducere sau Interpretare |  
Письмовий або усний переклад | 翻訳または通訳 | Turjumida ama Fasiraadda | תרגום כתוב או شفחית | الترجمة التحريرية أو الشفهية |  
[www.portlandoregon.gov/bps/71701](http://www.portlandoregon.gov/bps/71701)

**From:** Diane Linn [<mailto:dianelinn@proudground.org>]  
**Sent:** Tuesday, December 06, 2016 3:28 PM  
**To:** Hales, Charlie <[Charlie.Hales@portlandoregon.gov](mailto:Charlie.Hales@portlandoregon.gov)>  
**Cc:** Commissioner Novick <[novick@portlandoregon.gov](mailto:novick@portlandoregon.gov)>; Commissioner Saltzman <[dan@portlandoregon.gov](mailto:dan@portlandoregon.gov)>; Commissioner Fritz <[amanda@portlandoregon.gov](mailto:amanda@portlandoregon.gov)>; Commissioner Fish <[nick@portlandoregon.gov](mailto:nick@portlandoregon.gov)>; Mary Kyle McCurdy <[mkm@friends.org](mailto:mkm@friends.org)>; Shriver, Katie <[Katie.Shriver@portlandoregon.gov](mailto:Katie.Shriver@portlandoregon.gov)>; Elmore-Trummer, Camille <[Camille.Trummer@portlandoregon.gov](mailto:Camille.Trummer@portlandoregon.gov)>; Grumm, Matt <[Matt.Grumm@portlandoregon.gov](mailto:Matt.Grumm@portlandoregon.gov)>; Adamsick, Claire <[Claire.Adamsick@portlandoregon.gov](mailto:Claire.Adamsick@portlandoregon.gov)>; Madeline Kovacs <[madeline@friends.org](mailto:madeline@friends.org)>; Callahan, Shannon <[Shannon.Callahan@portlandoregon.gov](mailto:Shannon.Callahan@portlandoregon.gov)>  
**Subject:** Residential Infill Project and Inclusionary Housing

Hello Portland City Council members and staff - In addition to our support for the comments below, I have attached a letter from Proud Ground articulating our support for RIP and IZ in coordination with the broad coalition of housing providers and advocates.

I will be present at both hearings this week on these matters. I look forward to hearing your questions and positions on both measures. Thank you, Diane Linn

On Fri, Dec 2, 2016 at 5:14 PM, Madeline Kovacs <[madeline@friends.org](mailto:madeline@friends.org)> wrote:

Dear Mr. Mayor and Commissioners,

Thank you first of all for your tireless work on the multiple housing proposals now coming across your desk. All of these efforts, together, will result in meaningful improvements for Portlanders across the income spectrum to find housing that meets their needs.



As things get busy, and we are tempted to get lost in the details, the Portland for Everyone Coalition would like to reiterate the importance of making the flexibility and affordability strategies proposed in the Housing Choice Options (Recommendation 4) available to as many Portlanders as possible, in as many places as possible. There are two reasons we believe this to be compelling:

**1) Excluding large areas of the city from the ability to have more flexible and affordable housing options is inequitable.** It denies East Portland and other neighborhoods the benefits of greater housing choices to support walkable and transit-enabled neighborhoods for seniors, young families, and other low- to moderate-income households.

I want to re-iterate a critical point made recently by my colleague, an East Portland Resident who also works directly with affordable housing providers:

“East Portland is also among the most affordable areas of our city at this time. The best way to create homeownership opportunities for households at/below 80% MFI would be to allow smaller housing options, coupled with incentives for affordability, in all neighborhoods--but particularly those where land and property values have not yet skyrocketed.”

**2) The current map is already a compromise.** If the geography shrinks, it likely would remove most of Eastmoreland and Irvington. The map would then also deny people in these neighborhoods the ability to adapt their home to help care for an aging family member, or from providing more affordable options than are currently available.

Thank you again for your time,

Madeline Kovacs

--

Madeline Jane Kovacs  
(preferred pronouns: she/her/hers)  
Program Coordinator | Portland for Everyone  
1000 Friends of Oregon | [portlandforeveryone.org](http://portlandforeveryone.org)  
[+1 510.410.4176](tel:+15104104176) | skype: madeline.kovacs

"The world needs beauty as well as bread..." - John Muir

188162

--  
  
*Diane M. Linn,  
Executive Director, Proud Ground  
5288 N. Interstate Ave  
Portland, Oregon 97217  
503.493.0293 (ex 16)  
[www.proudground.org](http://www.proudground.org)  
[dianelinn@proudground.org](mailto:dianelinn@proudground.org)*



188162

December 6, 2016

Mayor Charlie Hales and members of the Portland City Council  
Portland City Hall  
1220 SW 5<sup>th</sup>  
Portland, Oregon 97210  
Dear Mayor and Members of City Council.

Proud Ground provides permanently affordable homeownership opportunities to working families and given this mission, we feel very strongly about the importance of two major policy tools under consideration this week. ***We encourage immediate passage of the Residential Infill Project Resolution and the Inclusionary Housing policy developed by the Portland Housing Bureau.***

We are working hard to offer more homeownership opportunities to families who have prepared for homeownership and are waiting patiently for the chance to own their home. 60% of the families on our wait list have people of color in their households and given the history of their experience in Portland, these tools are even more crucial going forward.

For **Residential Infill Project**, we understand that there are critical details to discuss to establish the specific code changes to implement the intent of the resolution, and we look forward to participating in those discussions. We do want to promote the broadest geographic reach at this stage in the process. The broader the area, the more potential sites well suited for housing development will be included and more working families will be served. We have confidence that the integrity of Portland neighborhoods will be retained with appropriate provisions in code including the goal to reduce demolitions. The question remains: will Portland neighborhoods be accessible to families making between 30 and 80% of MIF – most of whom are people of color? Who are we defending Portland neighborhoods for? Please keep the broadest area in the resolution for middle housing, workforce housing especially for homeownership.

It's been a long and difficult road for the City of Portland to have the opportunity to establish an **inclusionary zoning policy** since the legislature banned use of the tool until this year. Please accept the well-conceived policy developed by the Portland Housing Bureau staff and led by Commissioner Dan Saltzman. Portland needs this tool now more than ever -- it will create desperately needed affordable units across the city. It's not easy but it's important to commit to a sound policy with an immediate implementation timeline. Our colleagues around the country are helping build and manage hundreds of units of affordable housing.

***Please pass both of these measures – let's turn the tide on Portland's affordable housing crisis before it's too late.***

Diane Linn, Executive Director, Proud Ground

**Parsons, Susan**

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**From:** Jonathan Clay <jonny@multifamilynw.org>  
**Sent:** Wednesday, December 07, 2016 3:35 PM  
**To:** Council Clerk – Testimony  
**Subject:** Testimony for Inclusionary Housing Program hearing - 2:10pm Time Certain 12/8/2016  
**Attachments:** 12-8-16\_PDX\_Council\_Inclusionary\_Housing.pdf

Hello,

Please see attached testimony from Deborah Imse regarding tomorrow's Inclusionary Housing Program hearing at 2:10pm.

Thank you,

**Jonathan Clay**  
Communications Specialist  
**Multifamily NW**  
The Association Promoting Quality Rental Housing  
*Formerly MMHA*  
P: 503-213-1281 x107  
F: 503-213-1288  
16083 SW Upper Boones Ferry Road Suite 105  
Tigard, OR 97224  
[jonathan@multifamilynw.org](mailto:jonathan@multifamilynw.org)

## Holiday Closures

### Holiday Parties

December 8<sup>th</sup>: Closed at 12pm for [Bend Holiday Party](#) & Project Care Wrapping Party

December 12<sup>th</sup>: Closed at 11am for [Staff Holiday Lunch](#)


December 13<sup>th</sup>: Closed at 2pm for [Salem Holiday Party](#)

December 14<sup>th</sup>: Closed at 2pm for [Portland Holiday Party](#)

December 15<sup>th</sup>: Closed at 2pm for [SWV Holiday Party](#)

### Christmas & New Years

Closed December 23<sup>rd</sup> through December 30<sup>th</sup>

Keep in mind the  has quick and easy access to all forms 24 hours a day.

**Multifamily NW wishes you Happy Holidays!**



**MULTIFAMILY NW**  
The Association Promoting Quality Rental Housing

December 7, 2016

Mayor Hales and Portland City Council  
1220 SW Fourth Avenue  
Portland, OR 97204

Dear Mayor Hales and Portland City Commissioners,

The recommended draft of Portland's Inclusionary Housing Zoning Code Project (Exhibit A) does not offer the city a balanced policy. We're concerned its current form will backfire by discouraging housing production, further tighten availability and make affordability more challenging to more Portlanders.

We share concerns already expressed by the Planning and Sustainability Commission and the city's Budget Office that this proposal may hinder our ability to meet our housing needs in the future.

These recommendations are an about face to the city of Portland's MULTE program, which was already a model of public-private partnerships incorporating specific affordability thresholds, creating substantial affordable units *without* the untenable mandates proposed in Exhibit A. In fact, no other city has proposed an Inclusionary Housing program so far reaching covering *all building types over 20 units*. Please allow Portland's notoriety to rather be from a workable, sensible solution with agreement from those stakeholders who will be building and operating the housing. We still have the chance to continue successful affordable housing policies.

We can prevent this negative impact on our housing supply, especially at a time when we need more housing across the board from 40% to 120% MFI. If projects can't secure financing, rents are pushed up. When only smaller projects get financed, the city loses that density potential further exacerbating rents and pushing housing outside of the city.

Solutions? Let's start with a *measured* IH program that acknowledges the great demand on public resources, doesn't stifle housing production, and ramps up over time as the market adjusts:

- Given the offsets being proposed, lower the inclusion rate to no more than 7% in Mixed Use zones and 5% in zones in the Central City with Base FAR less than 5.0.
- In Central City zones where the offset is higher, lower the mandatory inclusion rate to 12% for 80% MFI. The voluntary inclusion rate of 10% at 60% MFI works. However, to avoid many areas of near-in Portland being underbuilt, I urge you to support all CC zones having the same full abatement package to allow dense housing production.
- Include a moderate in-lieu-of fee as a safety valve in the initial three years of implementation.
- The Housing Bureau should evaluate the cost effectiveness of the program annually and report back to Council on the housing produced—market rate and affordable.

Portland needs more housing, especially affordable housing, and a lower inclusion rate that encourages more housing will also produce more affordable units. Starting with a *measured* IH policy can get us all the housing we need.

Sincerely,

Deborah Imse, Executive Director  
Multifamily NW

EXECUTIVE DIRECTOR  
Deborah Imse  
deborah@multifamilynw.org

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Jami Sterling  
Sterling Management Group, Inc.

Mark St. Pierre  
Interstate Roofing

Mike Williamson  
American Property Management

**Parsons, Susan**

---

**From:** Alex Joyce <alex@frego.com>  
**Sent:** Wednesday, December 07, 2016 4:54 PM  
**To:** Council Clerk – Testimony  
**Cc:** Hales, Charlie; Commissioner Fish; Commissioner Fritz; Commissioner Saltzman; Novick, Steve  
**Subject:** Testimony on Inclusionary Housing standards

I am a planning consultant who works with cities on bonus programs for affordable housing around the country – I am actually writing from Austin TX where we are working to set a density bonus program standards here (using pro formas).

First, I commend the City on the collaborative process to calibrate inclusionary standards that are **financially feasible AND that can actually produce affordable units**. The proposed standards continue to improve, however, the latest draft standards will still likely result in a decline in new development, which will restrict housing supply – further exacerbating the larger affordability crisis in Portland and result in zero new affordable units. That is the worst possible outcome. As a rule, implementing a new standard like this, the City should air on the side of caution and ease into inclusion rates.

Specifically, I recommend setting lower inclusion rates today that we can be confident will be feasible, and revisit raising the standards after a few years. At the end of the day, ensuring projects continue to get built is the **ONLY** way we can ensure affordable units get built. With the incentives being proposed, inclusion rates should be limited to only 5-10% for various zones at this stage (no more than 7% in Mixed-Use zones, 5% in the Central City). In Central City, where the offsets are higher, lower the inclusion rate to 12% for the 80% affordability level. Expand the abatement package to all CC zones. Including safety values, such as fee in lieu structure, in the initial years is also a way to ensure that the city can iron out critical details in the first years without upsetting the production of desperately needed units in general.

Thanks for the opportunity to weigh in. And thank you for your continued, thoughtful work on setting feasible standards for this important new city policy. We all want this to be successful.

Best,

Alex Joyce  
Principal  
Fregonese Associates Inc.  
1525 SW Park Ave, Suite 200  
Portland OR 97201  
503.228.3054  
[alex@frego.com](mailto:alex@frego.com)

**Parsons, Susan**

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**From:** Jimmy Hinton <JHinton@hfflp.com>  
**Sent:** Wednesday, December 07, 2016 2:45 PM  
**To:** Council Clerk – Testimony  
**Cc:** Hales, Charlie; Commissioner Fish; Commissioner Fritz; Commissioner Saltzman; Novick, Steve; mkingsella@locustdevelopers.org  
**Subject:** Inclusionary Housing Testimony  
**Attachments:** Inclusionary Housing Testimony.pdf

Please find my testimony relating to the above referenced attached hereto.

Regards,

Jimmy Hinton

---

**Jimmy Hinton**

Managing Director Research

HFF | 9 Greenway Plaza, Suite 700, Houston, Texas 77046

tel 713-852-3445 | mob 713-962-1877 | [www.hfflp.com](http://www.hfflp.com)

[jhinton@hfflp.com](mailto:jhinton@hfflp.com)

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188162

December 7, 2016

Mayor Hales  
Commissioner Saltzman  
Commissioner Fish  
Commissioner Fritz  
Commissioner Novick

RE: Inclusionary Housing Zone Code Project

Mayor Hales and City Commissioners:

My name is Jimmy Hinton. I am a Managing Director at HFF, an international intermediary specializing in the capitalization of commercial real estate companies and the assets they hold. I am responsible for the firm's research efforts and in that capacity cover debt, equity and structured finance metrics across the U.S. and in Europe. My personal experience in capitalizing commercial real estate assets includes more than 150 transactions in more than 20 states in an amount exceeding \$4.5 billion USD.

Over the span of my career I've directly capitalized and consulted on the financing of many apartment developments, a business that runs in my family's blood. In that time period, very few if any successful developments were self-funded. Assuming a development initiative is supported by market fundamentals and represents the profit margins required by capital accepting the risk of construction completion and loan repayment, it generally will find many parties interested in contributing to the "capital stack." In other words, projects that have been self-financed are usually indicative of properties that don't have merit.

The diverse nature of capital seeking deployment into the commercial real estate industry represents an equally diverse set of motivations and goals. Public and private pension plans, corporations, financial institutions, private investors, endowments and high net worth individuals are each held to different return thresholds, hold periods and risk appetites. A common theme across all of these investors is that real estate is an option, and not a requirement. Stated alternatively, if the risk-reward balance is put off equilibrium they can elect not to invest in real estate assets. This concept is especially consistent if the opportunity is viewed as canted by non-market forces intervening for purposes not germane to the market demand.

Such is my view of inclusionary housing policy. Policy that unnecessarily compresses margins required by investors will stunt the delivery of product the user and investing market together determines is appropriate for a geographic area. In other words, stunting the incentive for new housing will stunt the availability of new housing.

Specifically, the yield degradation calculated in the attached Oregon LOCUS analysis (which may be different in the different areas of the City and for different building types) makes development infeasible or less feasible to a certain degree relating to the inability to obtain capital, inflexible land values and market rents. Even across as broad a spectrum of capital as I mention above, the significant difference in yields offered by the analysis, when compared to "market rate" developments will result in a loss of interest and therefore a "capital vacuum." Moreover, the IZ Code will make the proposed development too risky and infeasible to build multi-family projects in excess of 19 units in the City.

As an alternative, I recommend the City of Portland take a very measured approach in inclusion rates, based directly on offsetting incentives.

Respectfully,

Jimmy Hinton  
Managing Director, Research  
HFF



**Parsons, Susan**

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**From:** jcortright <jcortright@gmail.com>  
**Sent:** Wednesday, December 07, 2016 2:12 PM  
**To:** Council Clerk – Testimony  
**Cc:** k davidson@opb.org  
**Subject:** Testimony on Items 1379 and 1380  
**Attachments:** Cortright\_to\_City\_Council\_Dec2016.pdf

Please accept and enter into the record this testimony on the proposed Inclusionary Housing measures for December 8, 2016.

Thank you.

Joseph Cortright

1424 NE Knott Street

Portland

--

Joe Cortright | Impresa | 503.213.4443 | @Joe\_Cortright

# JOSEPH CORTRIGHT

December 5, 2016

Portland City Council  
City Hall  
1221 SW 4th Avenue  
Portland, Oregon 97204

RE: Agenda Items 1379 and 1380. Inclusionary Housing

Dear Mayor Hales and Commissioners:

Portland's housing affordability problem is serious and real. And it's deeply rooted in policies that have been in effect for years or decades.

It's tempting to think that enacting an inclusionary zoning requirement will, overnight, make this problem better. But as proposed, Portland's inclusionary zoning program would not only **not** solve the problem at hand, but would make our housing affordability problems demonstrably worse. This is a well-intended, but fundamentally counterproductive action.

I'm an economist based in Portland. I direct City Observatory, a non-partisan think tank on urban policy issues. We undertake extensive research on cities, city economies, housing, transportation, poverty and neighborhood change. We spend much of our time analyzing the causes of the nation's growing housing affordability problems and prospective policy responses. We've researched and written extensively about inclusionary zoning programs around the country. I'm writing today in my personal capacity as a resident of Portland.

I'd strongly urge you not to go forward with the inclusionary housing requirements as they are proposed in the ordinance before you today. Based on my understanding of the literature, many of the representations that have been made to you by advocates of the inclusionary zoning program are inaccurate or misleading.

## **Size Matters**

You're being told that inclusionary zoning programs are commonplace, that hundreds of jurisdictions have such policies, and that despite the concerns of economists, there's little evidence that they've actually led to declines in development.

The advocates of the inclusionary zoning ordinance are eliding the critical question of size. Nearly all of the jurisdictions that have inclusionary zoning programs are suburbs or small towns. Virtually all of them produce a handful, or at most dozens of affordable units per year. Of the major urban centers with inclusionary zoning, only three or four have produced more than 100 units per year. As an appendix to this letter I have attached two tables; one is from a report prepared by New York City's housing department; the other is from Lisa Sturtevant an advocate of inclusionary zoning. Both show the trivially small number of units built under inclusionary zoning programs around the country.

These tables help put the claims that have been made that inclusionary zoning has no discernable negative effects on housing markets in context: The reason why the negative effects of inclusionary zoning have been hard to detect is that the scale of these programs in practice is so small.

If you look in detail at these programs, you can see why they are so small. Mostly, it's because the jurisdictions that have imposed them are very small. In larger cities (Boston, Chicago, New York), the inclusionary zoning requirements only apply in some neighborhoods, to some kinds of development, and in some situations (where there is a public subsidy, or where there's a major re-zoning).

It's misleading to suggest that there's a simple, well-identified and widely standardized scheme of inclusionary zoning, for which there is abundant evidence of both its efficacy and absence of side effects. To assert that the ordinance proposed for Portland bears any substantive similarity to inclusionary zoning requirements in other places is simply incorrect.

### **Details Matter**

Much has been made that some of these programs have been "voluntary" and that as they shift "mandatory" they will somehow become more effective. Most prominently, New York City has had a voluntary inclusionary zoning program for more than a decade. Earlier this year, with great fanfare, the New York City Council approved Mayor Di Blasio's proposal to enact a mandatory inclusionary zoning program. That certainly sounds impressive. But the reality is actually quite different.

In reality, the new NYC Inclusionary Housing program only applies when developers seek to up-zone property from its current allowable levels of density. The NYC plan does not apply to by-right development of existing properties. Moreover, the City Council has to approve—case-by-case—the density increases associated with the inclusionary housing. So far, two developers have come forward with proposals to build larger buildings that used density bonuses and upzoning to accommodate affordable units. In both cases, the City Council, in response to local opposition and aldermanic privilege, denied the upzones.

If the housing bureau and other advocates of inclusionary zoning were proposing a program along the lines of the NYC “mandatory” program, they might be right that this wouldn’t be expected to have much impact. But that’s not at all what they’re proposing. The ordinance before you would apply to every for rent, multi-family housing project of more than a threshold number of units in the city, even if it was otherwise already fully in compliance with all provisions of the zoning code.

### **Offsets Matter**

The policy attractiveness of inclusionary zoning requirements is that they seem like something for nothing: The perception is that we somehow make greedy developers forego some of their excessive profits and pay for affordable housing at little or no cost to the public. As in so many other areas, here there is no free lunch. Affordable units will cost more to build than they generate in rent, and developers will have to make back this cost by charging higher rents to other tenants or getting cost reductions (aka “offsets”) in the form of greater allowable density, lower systems development charges, lessened parking requirements or outright tax abatements.

A review of inclusionary zoning last week published by Dan Bertolet and Alan Durning of the Sightline Institute makes it abundantly clear that without adequate offsets, the effects of inclusionary zoning requirements on housing investment will be highly negative. (Available at: <http://www.sightline.org/2016/11/29/inclusionary-zoning-the-most-promising-or-counter-productive-of-all-housing-policies/>)

Will the added costs of inclusionary zoning eradicate *all* new development? No. But at the margin, fewer projects will get built. Inclusionary zoning adds to costs, and especially until all the bugs are worked out of this program, it adds greatly to uncertainty. Higher costs and greater uncertainty will have a devastating effect on new investment. Many investors will wait and see, or look elsewhere for places to invest their money. When they do fewer units will be built.

And that’s the damaging paradox here: If fewer new units are built in total, the housing supply, relative to demand is even more constrained. And, as a result, rents will rise for all renters.

### **Density Matters**

One of the principal objectives of the Portland Plan is to accommodate most of our future population growth in centers and corridors, particularly in the central city. To do so, the city will have to build thousands of units of multi-family housing. Getting this dense housing built is critical to our objectives of promoting affordability, convenient and central locations, promoting biking and walking, and reducing vehicle miles traveled and greenhouse gas pollution.

Inclusionary zoning creates strong incentives for developers to under-build on designated multi-family land. Developments of 20 or fewer units are exempt from the inclusionary requirements altogether, which will create incentives to keep under this limit, instead of building 25 or 30 units, which would trigger much higher costs. In addition, the ECONW report prepared for the Urban Land Institute shows that inclusionary requirements are much more burdensome for high rise concrete and steel towers. Meeting the inclusionary housing requirement will likely prompt many builders to build lower density podium structures. Finally, because the inclusionary requirement is calculated based on the number of units and not on the value of the project, it is likely only high rent developments will go forward.

What this means is that, as development does proceed, it will occur at much lower levels than allowed—and anticipated in Portland’s plan. We’ll realize lower levels of density, lower levels of property tax revenues, and importantly, under-utilize the expensive investments we’ve made in transit, infrastructure and other public facilities to accommodate density in the city center, and in other centers and corridors. Inevitably, some development will be displaced to suburban centers, which will result in more auto-dependent development, and more driving, and pollution in the Portland region. As proposed, inclusionary zoning constitutes a major barrier to achieving the stated goals of the city’s land use plan.

### **Timing Matters**

Finally, its important to keep in mind that housing booms are cyclical and short-lived. We fortunate just now that a unique coincidence of economic factors is in place (low interest rates, relatively low returns for non-housing investment, higher rents, low unemployment) and supporting a housing boom. The truth is that housing, especially rental housing, isn’t built at a slow, even pace; its mostly built during short-lived booms. If we’re concerned about housing affordability, we have to get more supply built, and we can only do that when the private sector is willing and incentivized, as it is now. We must make hay while the sun shines. A year or two years from now, this investment cycle could be over (a recession, a financial crisis, tax policy changes, etc). Not building as many units as you can now will mean a tighter supply and higher prices in the future, if you miss this window. It would be reckless to forego the positive effect of generating more supply by enacting a draconian and poorly thought out inclusionary zoning requirement.

Inclusionary zoning is symbolism and tokenism at its worst. It vilifies developers and purports to force them to pay for affordable housing, something they can easily avoid by investing their money elsewhere. It may give you a handful of affordable units, for which you can cut ribbons and have photo opportunities with the lucky households chosen by lottery to get one of these units. But this will be a pyrrhic political victory. Unseen—because they will not have been built—will be hundreds or thousands of other apartments. And because those apartments weren’t built, the households that would have occupied them will be forced to compete with everyone

else for the smaller overall number of rental housing units in the city. And all of these households will pay higher rents than they would otherwise.

The affordable housing problem is one of scale. It's not about dozens or even a few hundred households that might be lucky enough to get a discounted apartment if you go ahead with this program. Its about building enough supply of housing that rents will not continue to be bid up at breakneck rates. This is a problem that demands that you respond not on a token or a symbolic level, but on a systematic level. Voting for this inclusionary zoning program may foster the political illusion that you've done "something" to address housing affordability, but future city councils, and future residents of Portland, especially its low income renters, will ultimately rue the day you took this step.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph Cortright', with a long horizontal line extending to the right.

Joseph Cortright,

1424 NE Knott Street  
Portland, OR 97212

## Appendix

### New York City Planning Department Inclusionary Housing Report, 2016

[http://www1.nyc.gov/assets/planning/download/pdf/plans-studies/mih/mih\\_report.pdf](http://www1.nyc.gov/assets/planning/download/pdf/plans-studies/mih/mih_report.pdf)

**Table 5**  
**Comparison of Inclusionary Housing Programs**

	Boston	Chicago	District of Columbia	Denver	Los Angeles	San Francisco	Seattle
<b>Year Adopted</b>	2000	2003	2006	2002	1991	2002	2001
<b>Voluntary/Mandatory</b>	Voluntary	Voluntary	Mandatory	Combination	Mandatory	Mandatory	Voluntary
<b>Affordability Duration</b>	50 years	30 or 99 years	Perpetuity	15 years	30 years or life	Perpetuity	50 years
<b>Density Bonus</b>	Varies	Varies	20%	N	Varies	N	Y
<b>Total Inc Set Aside</b>	15%	10%	Varies	10%	15%	12% onsite, 20% offsite	Approx. 5%
<b>Target Incomes (AMI)</b>	<70%-100%	56%-100%	<50%-80%	50-80%	30-80%	55-90%	80-100%
<b>Applies to Market Rate Rental</b>	Y	Y	Y	Y	N	Y	Y
<b>Applies to Market Rate Condos</b>	Y	Y	Y	Y	Y	Y	Y
<b>Off-Site Allowance</b>	Y	N	Y	Y	Y	Y	Y
<b>Total Unit Production * - Changes underway</b>	1,070 units (thru 2012)	740 units (as of mid-2014)	80 units (as of mid-2014)*	77 units (as of mid-2014)	N/A	1,560 units (as of mid-2014)	56 units (as of mid-2014)^
<b>In-Lieu Fee</b>	Y	Y	N	Y	Y	Y	Y
<b>Total In-Lieu Fees Collected</b>	\$57.2 M	\$19.0 M	N/A	\$7.6 M	N/A	\$58.8 M	\$31.6 M

Source: BAE Urban Economics, 2014

Lisa Sturtevant,  
 Center for Housing Policy, 2016  
<http://www.nhc.org/#!2016-fact-and-fiction/jfbck>

**TABLE 1. Affordable Housing Units Produced  
 by Local Inclusionary Housing Programs:  
 Results from Key Research Studies**

Jurisdiction	Period	Total Inclusionary Units Produced*	Average Number of Inclusionary Units Produced per Year
Montgomery County, MD	1974-2011	13,246	358
Fairfax County, VA	1990-2011	2,448	117
Prince George's County, MD	1993-1996 (repealed)	1,600	400
San Francisco, CA	2002-2008	1,328	83
Chicago, IL	2003-2009	1,235	206
San Diego, CA	1992-2003	1,200	109
Huntington Beach, CA	2002-2010	1,071	134
Santa Monica, CA	1990-2009	862	45
Emeryville, CA	1990-2009	706	37
Mahwah Township, NJ	1985-2010	650	26
San Clemente, CA	1999-2006	627	90
Santa Fe, NM	1999-2010	593	54
Sunnyvale, CA	1980-1999	529	28
Freehold Township, NJ	1984-2010	519	20
Loudoun County, VA	1993-2001	509	64
Montville Township, NJ	1985-2010	407	16
Cambridge, MA	1998-2010	385	32
Boulder, CO	2000-2009	364	40
San Bruno, CA	1999-2006	325	46
Monrovia, CA	1990-2003	280	22
Brea, CA	1993-2003	278	28
Washington, DC	2009-2014	211	42
Boston, MA	2000-2004	200	50
Burlington, VT	1990-2012	200	9
San Juan Capistrano, CA	1995-2003	196	25
Chapel Hill, NC	2000-2002	154	77
Laguna Beach, CA	1985-2003	139	8
Denver, CO	2002-2012	77	8
Davidson, NC	2001-2011	54	5
Mill Valley, CA	1990-2010	35	2
Virginia Beach, VA	2007-2013	7	1

\*New units, excludes units produced through in-lieu fees.



**Parsons, Susan**

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**From:** Julz Chesshir <chesshir.neko@gmail.com>  
**Sent:** Wednesday, December 07, 2016 1:44 PM  
**To:** Council Clerk – Testimony  
**Subject:** Inclusionary Housing

As someone who has lived in Portland their entire life, Inclusionary Housing is very important to me. It would enable thousands more units of affordable housing to be built in Portland, which means that I would be able to afford to live in my city after my parents are gone. I would hate to see my city gentrified and hope that people of various income brackets can live here together far into the future. Portland is a fantastic city and Inclusionary Housing will make it even better.

**Parsons, Susan**

---

**From:** JoAnn Herrigel <JoAnn@eldersinaction.org>  
**Sent:** Wednesday, December 07, 2016 1:37 PM  
**To:** Council Clerk – Testimony  
**Cc:** Satterfield, Vivian  
**Subject:** Inclusionary Zoning Testimony

Attached is testimony from Elders in Action on the Inclusionary Zoning Code being considered on Thursday, December 8 by City Council.

Thank you,

JoAnn

JoAnn Herrigel, Deputy Director  
1411 SW Morrison St. Ste. 290  
Portland, OR 97205  
[joann@eldersinaction.org](mailto:joann@eldersinaction.org)  
503-595-7530 direct  
503-235-5474 main office

Elders  
in Action  
EST 1968



188162

December 7, 2016

Mayor Hales and Members of the City Council:

Thank you for the opportunity to speak on this important issue. Elders in Action participated in the effort to pass the Inclusionary Zoning bill at the legislature and we are proud that the City of Portland is one of the first communities to move forward with local code language.

Before starting my work with Elders in Action, I worked for a local government just to the south of us for almost 20 years. I wrote ordinances, resolutions and code language and I worked with City Councilors to get them approved. Your work is very difficult and I appreciate the political and personal challenges you face on a regular basis. I understand that there is an economic development and perhaps even legal argument behind ensuring that developers are not unduly impacted by the proposed inclusionary zoning code.

I have to say, however, that in light of the increasing number of low income older adults that call Elders in Action every day sharing stories of fear and impending houselessness – I am hard pressed to support too much compromise on this code language.

In the month of November alone, Elders in Action received 179 calls from adults over age 60, and 50% of these individuals were are facing eviction or precipitous rent increases. These people don't have two years to phase in their eviction; they have 30 to 90 days. And we are out of suggestions for where they should look for affordable housing. Granted, most of our calls are from people well below 60% of Area Median Income. Many of the folks we work with have a total income of less than \$800 a month. But even for those people making 60% or 80% of the AMI, I'd be uncomfortable telling them that we are phasing in affordable units over the next 2 years so we don't impact the bottom line of the developers in the City of Portland.

We need the private sector to share the burden of providing affordable housing. The passage of the recent affordable housing ballot measure includes all property owners in the effort to increase the City's affordable housing units. We need the development community to contribute to this effort as well. Rent increases are NOT reflecting real need – they are reflecting profit. Profits are being made at the expense of our elders and other vulnerable low income residents.

We encourage you to approve the strongest measures you can on the shortest timeline you can to ensure increased affordable housing in this City.

Thank you.

JoAnn Herrigel  
Deputy Director  
Elders in Action

**Parsons, Susan**

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**From:** Sam Romanaggi <sromanaggi@gmail.com>  
**Sent:** Wednesday, December 07, 2016 1:39 PM  
**To:** Council Clerk – Testimony  
**Cc:** Hales, Charlie; Commissioner Fish; Commissioner Fritz; Commissioner Saltzman; Novick, Steve  
**Subject:** Inclusionary Housing Testimony  
**Attachments:** RVS letter to PDX Council-IH\_12-7-2016.pdf

Please see the attached pertaining to the 12/8/16 Council meeting.  
Thanks,

Sam V. Romanaggi, MAI  
[Romanaggi Valuation Services, LLC](#)  
4805 SW Oleson Road  
Portland, OR 97225

December 7, 2016

Portland City Council Hearing  
December 8, 2016  
cctestimony@portlandoregon.gov

RE: Inclusionary Housing considerations

Dear Members of the Portland City Council:

As a commercial real estate appraiser I've been in recent conversations with a number of developers and other market participants regarding the potential impacts and needs for Inclusionary Housing ("IH"). We all recognize urban planning for housing is complex which is further complicated by the need for adequate lower income housing. This is further exacerbated and highlighted by the homelessness crisis impacting our local market and other's nationally.

In our practice when appraising and consulting on multifamily housing developments and land for development we have seen a great deal of concern and hesitation by the market. Some land sales closings are being halted to a wait-and-see pending the Councils decisions. Or, permits are being rushed to get under the deadline. Anytime government actions causes the markets to behave different than supply and demand economics dictate, we often experience a ripple effect that is undesirable (i.e. from the housing market collapse in 2008 to the tax reform act of 1986, etc.). So it is very important that any Council decisions do not cause the markets either to freeze, or become so complicated and expensive that development is hampered. The latter is crucial as the development sector is still seemingly catching up to demand locally. A lack of adequate development would unfortunately be borne by tenants in the form of higher rents.

One example of a proposed project, close-in, the developer's analysis of IH showed a 10% impact on the NOI of apartment's proforma cash-flows. That then directly impacts the feasibility of the project to move forward or lower land values that they can afford to pay; likely somewhere in the middle.

My concern and considerations regarding the Councils activities with IH is that government interventions, regardless of good meanings, do not cause unintended consequences to the desired beneficiaries. Such broad decision should be moderate at first so as to better measure the impact prior to stepping up to higher measures.

Respectfully Submitted,

  
Sam V. Romanaggi, MAI

**Romanaggi Valuation Services, LLC**

4805 SW Oleson Road  
Portland, OR 97225

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**From:** Jerry Johnson <jwj@johnsoneconomics.com>  
**Sent:** Wednesday, December 07, 2016 1:26 PM  
**To:** Council Clerk – Testimony  
**Cc:** Hales, Charlie; Commissioner Fish; Novick, Steve  
**Subject:** Testimony Regarding Inclusionary Zoning  
**Attachments:** Comments.pdf

I am attaching a brief memo summarizing testimony I would like to submit for the record on the Inclusionary Zoning issue.

Thanks.

Jerry Johnson  
Johnson Economics LLC  
621 SW Alder, Suite 605  
Portland, OR 97205  
503/295-7832 x111



**JOHNSON**  
**ECONOMICS**



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**MEMORANDUM**

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DATE: December 7, 2016

TO: PORTLAND CITY COUNCIL

FROM: Jerry Johnson  
JOHNSON ECONOMICS, LLC

SUBJECT: Review of the Portland Inclusionary Housing Study

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I am submitting this testimony as a local housing expert, with a strong interest in affordable housing. This is an important issue, and getting it right is critical if the policy objectives are to be forwarded by the proposal. Understanding the impact of this policy proposal on the economics of housing production will help the City better anticipate the impact on the market. Adopting the proposal without thoroughly vetting of the underlying assumptions could yield a policy that undermines its stated objectives. In other words, if not correctly calibrated, this policy could result in a reduction in housing affordability.

The following comments are based on my review of the Portland Inclusionary Housing Study, produced by DRA. The following comments reflect my understanding based on what has been made available.

- The study relies heavily on the impact on residual land values. It should be noted that residual land values reflect a theoretical maximum land value, and not a market clearing price. Actual land transactions would typically be assumed to occur at a rate below the residual land value. As the study uses land transactions and panel opinion to set the current land values, these are likely understated if they are to be compared in later steps with indicated residual land values.
- The report appears to evaluate the property tax abatement as a change in the NOI. My understanding is that this abatement has a limited duration (ten years), and should be evaluated as a stand-alone income stream and discounted as opposed to through a shift in NOI. If it is evaluated as a shift in NOI, this overstates the value of the abatement significantly.
- The assumptions seem more specific to the more urban markets, and are unlikely to apply in areas with substantially lower achievable pricing. Much of the study area extends east of I-205, and the findings for this area will vary substantively.
- Construction costs have been increasing significantly in the region over the last few years, and financing terms shift constantly. The assumptions regarding cap rates and construction costs are integral to the findings, and need to be carefully vetted.
- The target return on cost is set at 1.5% above the market cap rate. At the assumed low market cap of 4.75%, this reflects a very strong target of 32% return on cost. Under the high 5.25% scenario, this yields a more modest 19% return. We find that using a percentage of the market cap rate provides a much more consistent basis for evaluation, particularly in a period of unusually low cap rates. In our experience, there are no developers making anything close to a 32% return on cost in this market. The market is highly competitive, and yields for new development are significantly lower than those assumed.



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It would seem to me that the primary question is the extent to which the incentives offset the costs of the inclusionary zoning program. I am not convinced that the analysis does that well. An alternative approach that focuses on the marginal cost associated with the proposal (loss of potential income) as well as the marginal benefit of the incentives (abatements, SDC/fee reductions). This should be supplemented with some market specific variables, which reflect the broad range of market conditions in the affected areas.

I appreciate the City's interest in addressing affordable housing issues, but intervening in markets can yield unwelcome results regardless of intent.



**From:** Alison Dennis <dennis.alison@gmail.com>  
**Sent:** Wednesday, December 07, 2016 12:45 PM  
**To:** Council Clerk – Testimony  
**Subject:** Inclusionary Housing

I am a Portland resident and renter writing to you to show my support for the Inclusionary Housing Zoning Code Project. Much of Portland has become unaffordable to working class and lower income people. Many people I know who work full time still struggle to afford housing as Portland rents have skyrocketed. I am also appalled by the visible explosion of the homeless population in this city. From volunteering to help feed people to simply walking and biking around town, it's obvious to me that there are more and more people, including entire families on the streets each day. This is inhumane and unconscionable.

I see building new housing stock as an important part of making this city more affordable, but most new housing developments remain out of reach average residents, let alone lower income individuals and families. The city of Portland must take a proactive role to ensure that new developments provide livable space for an economically, ethnically and occupationally diverse population in order to preserve Portland's vibrant culture livability. We as a city need to prioritize the basic needs of our citizens over lining the pockets of developers. The Inclusionary Housing Zoning Code Project is an important step in the right direction, requiring affordable housing in all new developments. I urge you to adopt this regulation and support a vision for a Portland that is truly livable.

Sincerely,

Alison Dennis  
2711 NE Clackamas St  
Portland, OR

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**Parsons, Susan**

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**From:** Al Johnson <alj250@gmail.com>  
**Sent:** Wednesday, December 07, 2016 5:53 AM  
**To:** Jennifer Bragar  
**Cc:** Council Clerk – Testimony  
**Subject:** [User Approved] Re: Inclusionary Zoning Proposal

FYI, here is Tallahassee's inclusionary zoning scheme:

<https://www.tal.gov.com/planning/planning-af-inch-af-inhouse.aspx>

On Tue, Dec 6, 2016 at 7:37 PM, Jennifer Bragar <[jbragar@tomasilegal.com](mailto:jbragar@tomasilegal.com)> wrote:

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](tel:503-894-9900) | Fax: [971-544-7236](tel:971-544-7236) | <http://www.tomasilegal.com>

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