

SUSPEND SYSTEMS DEVELOPMENT CHARGES (SDC'S)
FOR CERTAIN ACCESSORY DWELLING UNITS (ADU'S)

IF YOU WISH TO SPEAK TO CITY COUNCIL, **PRINT** YOUR NAME.

Number	Name (please print)	Address & Zip Code (optional)	Email (optional)
✓ invited 1	Eli Sperat	4757 NE Gony St. Portland, OR 97218	elisperat@gmail.com
✓ 2	JOE ROBERTSON		JOE@SHELTER- SOLUTIONS.NET
✓ 3	Robert Borgan	4336 S.W. Cowden Ave.	robborgan@comcast.net
✓ invited 4	Robert Liberty	1600 SW 4th 97207	
✓ 5	Tim Miller, Enhabat	✓	
✓ 6	Schuyler Silwa		
✓ 7	Willie Dear		
✓ 8	Ben Jackett, KIMBY Homes	2633 NE Wasco St. Portland, OR 97232	benjackett@gmail.com
✓ 9	John Bear, SW home owner		
✓ 10	Tom Karwaki	7139 N. Malcolm	Karwaki@yahoo.com

To: Portland City Council
From: Ben Jacklet, YIMBY Homes
May 2, 2018
RE: SDC ADU Waiver Extension

TESTIMONY:

Hello, I am Ben Jacklet from YIMBYHomes.com, and I would like to encourage the Council to extend Portland's bold SDC ADU Waiver Program. This program is vital to the development of Portland's promising and diverse ADU ecosystem, and it is an integral component of the YIMBY mission to deliver backyard homes that are beautiful, sustainable and affordable.

ADUs represent a creative solution to the housing crisis, and we applaud the City of Portland for taking the national lead on enabling and encouraging people to build them. Well designed ADUs can lower carbon footprints and create livelier, denser neighborhoods without demolition and disruption.

The omission of short-term rentals from the fee waiver makes perfect sense to me. I applaud the city for standing firm with its housing objectives. The fee waiver represents a major investment in the housing future of Portland, and it makes sense to invest judiciously. I believe strongly that this investment will pay off for Portlanders in many ways, including job creation.

Thank you for the opportunity to share our support of this Resolution.

Sincerely,

Ben Jacklet
YIMBYHomes.com
teamyimby@yimbyhomes.com



Institute for Sustainable Solutions
Robert Liberty, Director
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Testimony of Robert Liberty, Director
Institute for Sustainable Solutions at Portland State University

Before the Portland City Council
In Support of Continuation of SDC Waiver for Accessory Dwelling Units

May 2, 2018

Mr. Mayor and Commissioners,

I am Robert Liberty, Director of the Institute for Sustainable Solutions - ISS - at Portland State University.

First, I want to disclose that I have begun work on a small basement ADU in our house. If we are delayed in submitting our application, then we will personally benefit if you re-authorize the SDC waiver for ADUs.

Since August of 2016, our Institute has been making substantial investments of faculty, staff and student time, and money – a total of \$140,000 - on a collaborative project to promote the construction of ADUs and to have them help achieve affordability, equity and sustainability objectives.

Our ADU project has engaged PSU faculty and students from Architecture, Business, Economics, Geography, Gerontology and Urban and Regional Planning.

We have worked with staff from your Bureaus of Development Services, Housing, and Planning and Sustainability, and we are grateful for the support we have received from Commissioner Eudaly.

Participants in our project include nonprofit housing providers, developers, financial institutions and neighborhood groups, shown in Appendix A, (although I may have accidentally omitted a few.)

We are collaborating to design, help implement and evaluate a variety of public, private and nonprofit systems to:

- (a) Greatly increase the production of ADUs in Portland;
- (b) Have ADUs meet the housing needs of Portlanders of modest means, specifically Portlanders earning between 60 to 80% of median area household income;
- (c) Mitigate some of the displacement caused by gentrification and address equity concerns; and
- (d) Use ADUs to help achieve some of the City's sustainability goals.

There are a range of challenges to be overcome if we are to realize these objectives; a partial list and our approach to them is provided in Appendix B.

As part of the foundational work for these efforts, our Institute commissioned a survey of more than 500 Portland ADU owners and tenants, carried out at the end of 2017 by Professor Matthew Gebhardt and PhD student Yael Kidron.

The survey confirmed that your waiver of SDCs has been an essential contributor to the growth in ADU applications - which have risen from a few dozen in 2013 to more than 600 in the last two years.

When asked "Did the System Development Charge (SDC) Waiver influence your decision to apply for an ADU permit?" 70% of the respondents replied "Yes."

That response is not surprising given that 15% of the ADUs built by the survey respondents cost less than \$50,000 and another 31% cost between \$50,000 and \$100,000. Adding \$15,000 for SDCs would have translated into cost increases of 15% to 30%.

Some additional excerpts from that survey about the use, rents and types of ADUs with Portland statistics about rents, household and home sizes for context, are attached as Appendix C.

In conclusion, the SDC waiver is essential to allow ADUs to continue to make a very important, and distinctive, contribution to the housing supply in our City.

I look forward to our continued work with the City to find ways for ADUs to make Portland a hometown - once again - where people of modest means can find quality housing in good neighborhoods across the city.

Appendix A

Collaborators in the Institute for Sustainable Solutions' Accessory Dwelling Units Project
(partial list)



Appendix B

Obstacles to ADUs Being Built and Used to Achieve Affordability, Equity & Sustainability Goals Being Addressed through PSU Institute for Sustainable Solutions' Small Backyard Homes (ADU) Project

Foundational Research About Current Portland ADU Owners and Tenants and Uses of ADUs

To address many of the obstacles described below, requires basic research into why homeowners build ADUs, how they finance them, the problems they face, how they use the ADU (for example long-term versus short-term rentals) and how and why they are used by their tenants. The Institute for Sustainable Solutions (ISS) at PSU commissioned this research by Professor Matthew Gebhardt and his PhD student Yael Kidron. The survey was completed in early 2018 and the results are being released in the next few months.

Creating ADU Financing for Families Without Substantial Savings or Home Equity, Assisting With Wealth Creation and Home Retention

Unlike buying a single-family home, which requires only \$80,000 (20% down payment) to buy a \$400,000 home, homeowners must find \$150,000 in financing to build an ADU that costs \$150,000. Most current ADU owners financed their ADU with savings, mortgage refinancing, home equity lines of credit or credit cards; without savings, substantial home equity or high-limit credit cards, a homeowner can't finance an ADU. The ISS ADU project has provided information and other support for Craft3's effort to test the feasibility of an ADU loan based on the future rent stream from the ADU.

Other project participants are examining the benefits of building ADUs on property already owned by nonprofit affordable housing providers as a cost-effective way of increasing their portfolio of housing units.

Helping Homeowners Who Lack the Time, Skills & Capacity to Build Their Own ADU

ADUs must become amateur developers to build an ADU. They have to determine their financial capacity and the return on investment, teach themselves about land use regulations, determine their site or home's suitability, navigate government permitting processes, find designers, hire and manage a general contractor. The ISS ADU project has provided research and support for Enhabit's effort to design and test a concierge service that would make it almost as easy to build an ADU as to install solar panels. Research by the Northwest Economic Research Center based on the ISS survey research will be a part of this work.

Incentives and Systems to Deliver Tenant Placement to Provide Housing for People and Households at 60 to 80% of MAHI

The ADU survey research commissioned by ISS shows that rents for ADUs are roughly comparable, and in some cases lower than, market rents for apartments. It also appears that minor reductions in rent might make these ADUs affordable to various households at 60 to 80%

of Median Area Household Income. The project is exploring various incentives that would reduce the rent to make it affordable to this group of Portlanders and also ensure that people in that income range actually had the opportunity to live in them. These incentives might be provided in the form of tax breaks, SDC waivers, as tenancing and management assistance, or from private philanthropy, including voluntary rent reductions by ADU homeowners.

Reducing ADU Design & Construction Costs

Both internal and detached ADUs have been rising steadily in cost. Construction and soft costs for an internal ADU frequently exceed \$50,000 and the cost of a detached ADU (backyard cottage) now range from \$150,000 to more than \$200,000. ISS commissioned research by students and faculty at PSU's Center for Public Interest Design to develop prototypes for standardized, lower-cost ADUs, with a range of features to serve different household needs. Designs have been refined in consultation with general contractors prepared to build the designs. The goal is to have at least one of each those prototypes built or under construction before the end of 2019 to test and refine the designs.

Increasing Sustainability Features and Benefits of ADUs

Because of their small size and current pattern of clustering in walkable neighborhoods with many travel choices, ADUs inherently advance sustainability objectives for infill and redevelopment, energy and water conservation and associated smaller contributions to greenhouse gas production.

The ISS project is exploring ways of enhancing those sustainability features, including the incorporation of materials salvaged from homes deconstructed pursuant to the City's policy.

Next steps may include integrating new building materials and technologies into ADU designs and coupling ADU construction with sustainability upgrades for the primary home.

Aging in Place Strategies

As the number of seniors in Portland increases, more and more of them will want, or be forced to find ways to age in their own home, or on their own property. In parallel, more children of seniors will be addressing the same questions with their parents. During the next phase of the ISS ADU project, we will be supporting the efforts at the Center for Age Friendly Cities and partners like AARP to find ways to facilitate the housing choices that will allow seniors more opportunities to remain in their home, on their property or with their children.

Appendix C

Excerpts from ISS-Commissioned Survey of 513 ADU Owners and Tenants
Conducted by PSU Professor Matthew Gebhardt and Yael Kidron, PhD Student

How do the ADU owners who answered the survey currently use their ADU:

Primary residence nonfamily member	44%
Primary residence of ADU owner	16%
Short-term rental	26%
Extra space, vacant, other	14%

On average, how much rent do ADU owners charge per month (including utilities)?

Up to \$600	4%
\$601 - \$1,201	54%

Size & Types of ADUs

Under 500 square feet	41%	Studio	39%	Basement renovation	21%
500 to 700 square feet	28%	One-bedroom	43%	Garage renovation	22%
700 to 800 square feet	26%	Two-bedroom	17%	Detached ADU	38%
Over 800 square feet	5%	Other	2%	Other (e.g. attic)	19%

For context: Portland affordable rents, household sizes and homes sizes

HUD Guidelines Portland Vancouver 2017

	Income	Max. Rent
60% Median Income (e.g. day care provider)	\$31,380	\$784 studio
80% Median Income (e.g. two full-time retail clerks & child)	\$47,800	\$1,345 2 bedroom

City of Portland Households & Home Sizes

(all types of homes, including single family homes & apartments)

Households by Size		Homes by Bedrooms	
1 person households	35%	Studios	7%
2 person households	34%	1 Bedroom	17%
Subtotal	69%	Subtotal	24%

Sources: 2010 US Census, American Community Survey, HUD

Moore-Love, Karla

From: Leon Porter <leonporter@yahoo.com>
Sent: Tuesday, May 1, 2018 6:19 PM
To: Council Clerk – Testimony
Subject: Testimony in support of Resolution 426

Hi,

I support Commissioner Eudaly's Resolution 426 to suspend systems development charges for Parks and Recreation, Environmental Services, Transportation, and Water for the construction of accessory dwelling units that are occupied by the property owner or have a rental agreement subject to ORS 90. We need to make it easier for more ADUs to be developed to help address Portland's housing shortage.

Best wishes,
Leon Porter
1822 NE Wasco St.
Portland OR 97232

Moore-Love, Karla

From: Benjamin Kerensa <bkerensa@gmail.com>
Sent: Monday, April 30, 2018 4:12 PM
To: Moore-Love, Karla
Cc: Council Clerk – Testimony
Subject: Testimony for Wednesday
Attachments: Agenda Item 426 (SDC Suspension).pdf; Agenda Item 427 (Comp Plan).pdf

Hello Karla,

Attached is written testimony for the city council items on Wednesday please provide these to City Council.

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Benjamin Kerensa

Dear City Council,

I am writing to oppose City Council Agenda Item 426 on the agenda for WEDNESDAY, 2:00 PM, MAY 2, 2018. The item is a proposed suspension of systems development charges for Parks and Recreation, Environmental Services, Transportation, and Water for the construction of accessory dwelling units that are occupied by the property owner or have a rental agreement subject to ORS 90 the Residential Landlord and Tenant Act.

I oppose this proposal for the following reasons:

1. It creates an unfair and inequitable playing field for SDC's where those building ADU's do not have to pay SDC's and contribute towards the services SDC's help fund.
2. ADU's often times are becoming Airbnb units and not month to month or leased rentals. Airbnb has pushed up rental costs in the City and the City should not be subsidizing these units by suspending fees.
3. While the proposal does require an owner occupation or a rental agreement, this is easily abused without some sort of oversight. A individual can claim to be owner occupying for suspension and then a month later vacate and list as an Airbnb. We see these types of abuses already with Airbnb properties which the Bureau of Development Services already struggles to enforce code around and provide oversight.

For these reasons, I oppose Commissioner Eudaly's proposal and encourage you to consider these issues. Perhaps rather than suspending the SDC's could be lowered for these scenarios.

Sincerely,

Benjamin Kerensa