

From: [Justin Wood](#)
To: [Council Clerk – Testimony](#)
Subject: Agenda Item 889 - Sales Price Cap
Date: Tuesday, December 14, 2021 2:42:08 PM
Attachments: [dietz_econ_final \(dragged\).pdf](#)
[ATT00001.htm](#)

Hello Mayor Wheeler & Portland City Council Commissioners, It is my understanding that today you are hearing a resolution regarding the sales price cap for new homes built under tax abatement and SDC waiver program. I believe I am probably one of the for-profit builders in Portland who has utilized this program more than many to help provide homes for families making at or below the median family income. Not raising this cap at all will do nothing but hurt families who utilize this program and decrease the number of builders who can provide these homes.

For as long as I can remember the sales price cap has been based on the median area home price. For last year this number was set at \$412,000. The median home price has increased to \$490,000 per Multnomah County yet we are proposing to not change our cap. Our current price cap of \$412,000 may seem like a lot but last year I was able to build and sell 15 new homes to families making at or under the median family income. This is 15 out of the 20 homes I built and sold.

I will tell you the construction industry has seen price increases in 2021 like we have not seen for a long time. The lumber industry to name one increased at levels not seen in my career. As you can see from the attached slide from the national home builders association we saw an increase of building materials of more than 20% in 2021 and they are predicted to be at 17% in 2022. You also know permits, SDCs and land prices are not going down any time soon as well.

I ask you to please consider raising this cap. Without doing this, it will hurt our ability to use this program and provide homes to families at or below the area MFI. Already my forecasting for next year is showing it will be very difficult to build homes and sell them for under 412k. Which means to offset the SDCs being included I need to sell for 460k+.

Buyers still need to qualify for the program based on mortgage requirements and income qualification requirements, so there are checks and balances to make sure that the housing prices are attainable for these families.

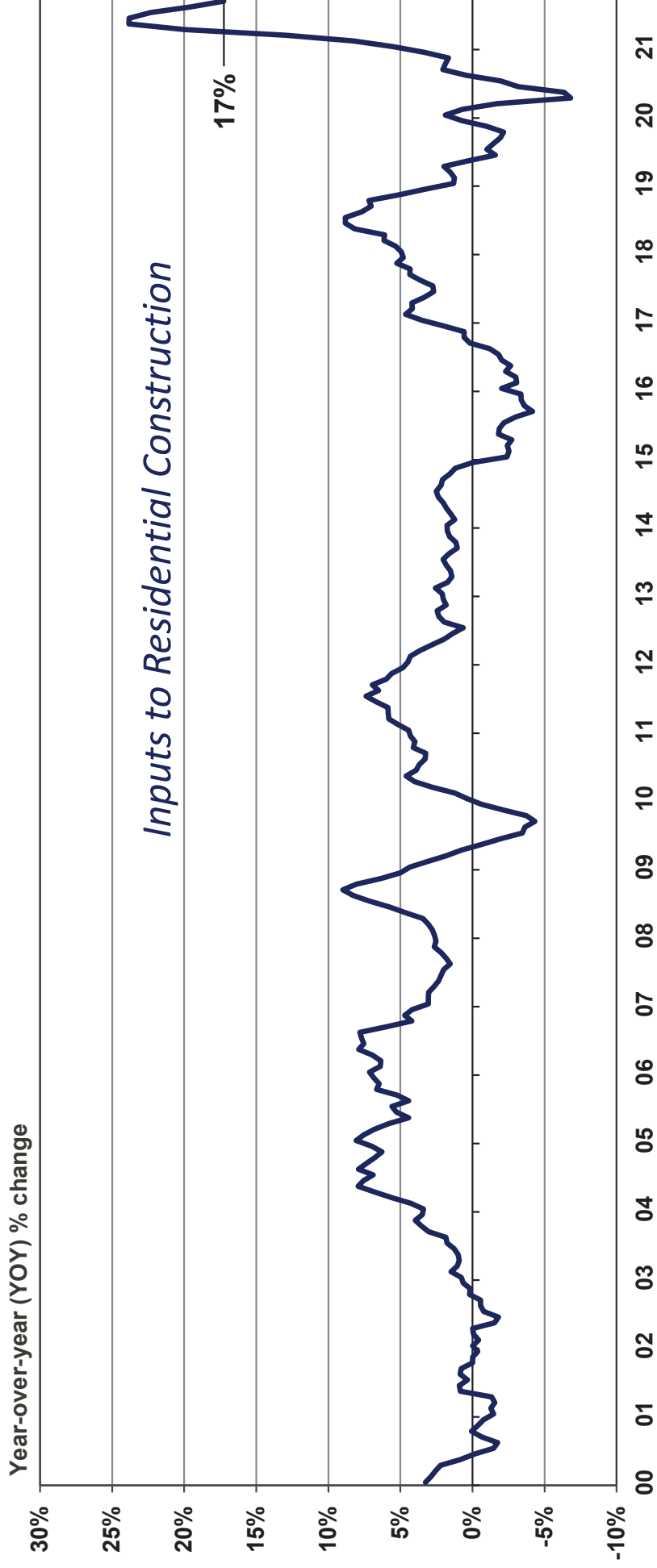
While I understand 490k is a HUGE increase, I ask the council to consider some type of a incremental increase. Even an increase of 20-25% would greatly help us out in our ability to continue to utilize this program and these families.

Please consider this request.

Sincerely,

Justin Wood
Fish Construction NW

Building Materials - Residential Construction Cost



Source: U.S. Bureau of Labor Statistics (BLS): Producer Price Index (PPI)

From: [Ryan Makinster](#)
To: [Council Clerk – Testimony](#)
Subject: Testimony for Wednesday December 22 9:30am City Council Agenda Item 930
Date: Tuesday, December 21, 2021 2:56:58 PM
Attachments: [CityCouncil Letter.pdf](#)

I have been asked to forward this testimony for the record on behalf of Justin Wood with Fish Construction and his client Sarah Probst.

Ryan Makinster

Director of Policy and Government Affairs

Home Builders Association of Metro Portland

d 503.603.4505 o 503.684.1880 c 971.325.9240 | hbapdx.org

From: Sarah Probst
4735 NE 100th PDX, 97220
503-619-6994

12/21/2021
Cc: FISH Properties

Dear Portland City Council,

I, Sarah Probst, am writing on behalf of the Home Buyer System Development Waiver Program offered through the purchase of my home from FISH properties. This grant provided a \$20,000 reduction in the sale price of my home and allowed me to purchase a brand-new home which otherwise would have been out of reach. I am a single female operating a mental health facility and the grant made an otherwise unattainable dream, a reality.

I appeal to you on behalf of individuals like myself to reconsider abolishing this much needed assistance. The cost of housing in Portland is astronomical as I am sure you know, and this grant absolutely makes home-ownership a possibility for individuals like myself as well as others in even more dire situation.

Warmest Regards,
Sarah Probst, MA LPC

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

From: [Ryan Makinster](#)
To: [Council Clerk – Testimony](#)
Subject: RE: Written testimony for City Council Agenda Item 930 "Establish 2022 sale price cap for the Homebuyer Opportunity Limited Tax Exemption Program"
Date: Tuesday, December 21, 2021 4:49:57 PM
Attachments: [HBA Letter - HOLTE SDC Sale Price Cap 12.21.20.pdf](#)

Please find a corrected letter of testimony attached.

Ryan Makinster

Director of Policy and Government Affairs
Home Builders Association of Metro Portland
d 503.603.4505 o 503.684.1880 c 971.325.9240 | hbapdx.org

From: Ryan Makinster
Sent: Tuesday, December 21, 2021 4:39 PM
To: cctestimony@portlandoregon.gov
Subject: Written testimony for City Council Agenda Item 930 "Establish 2022 sale price cap for the Homebuyer Opportunity Limited Tax Exemption Program"

Please find my written testimony for City Council Agenda Item 930 attached.

Thank you,

Ryan Makinster

Director of Policy and Government Affairs
Home Builders Association of Metro Portland
d 503.603.4505 o 503.684.1880 c 971.325.9240 | hbapdx.org



Home Builders Association
of Metropolitan Portland

December 21, 2021

Ted Wheeler, Mayor
Portland City Council
1221 SW 4th Ave, Room 340
Portland, OR 97204

By E-mail

**Re: Support for Raising the 2022 HOLTE sale price cap
(Agenda Item 930, Wednesday Dec. 22, 2021)**

Dear Mayor Wheeler,

The Home Builders Association of Metropolitan Portland (the “HBA”) represents over 1300 businesses and tens of thousands of women and men who work in the residential building and remodeling industries throughout the greater Portland area. We are dedicated to maximizing housing choices for all who reside in the region while promoting housing access and availability for everyone.

The City of Portland (the “City”) is gripped in a housing affordability crisis. Recent reports from ECONorthwest clearly demonstrate the nexus between the underproduction of new homes, rising housing costs, and increases in those experiencing homelessness. Importantly, the Residential Infill Project (“RIP”) will help support the creation of new, diverse housing types that will serve those on all rungs of the economic ladder. However, one segment of housing may get left out of this new production paradigm if we do not update pricing models based on current production costs; houses affordable to those in the 80-100% AMI price range.

Our members have expressed serious concern with the decision by Portland Housing Bureau to recommend holding the Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program sale price cap for 2022 to the same level, \$412,000, as 2021. With continuing escalation in housing production costs, currently 17.3% higher than it was last year, this number will make it extremely unlikely market rate builders, such as our members that are currently producing a significant number of qualified houses each year, will be able to participate in the program.

Ultimately, the buyers of homes that take advantage of the SDC waiver programs must be income qualified at purchase, no matter the sale price, which guarantees these new home owners are at income levels 100% Average Median Income (AMI) or lower, just as the program is intended to work. But without a sale price cap increase, my members will not be able to produce houses that qualify so there will be less units available, for buyers in the 80-100% AMI range, on the market. In addition, this could exponentially affect the amount of homes produced at unsubsidized market rates that target buyers slightly above AMI and able to afford a \$450,000-\$500,000 home.

Home builders that choose to use these programs, do so in order to provide first time and middle-income buyers at or below AMI the opportunity to own a new home. In addition, they choose to build this type of housing to help address the lack of supply, generally, and more specifically at these price points. It is a business decision that they do because they choose to, not because they have to. A \$412,000 price cap will not force them to produce a lower price product. If the projects don't pencil, they will choose to instead produce units at full market value on the same lot.

In addition, once they choose to forgo the SDC waiver program, the market incentive is to build one larger home at a higher price point than the 2-4 units these programs incentivize. Not only would this exacerbate the middle income and AMI affordable housing crisis we are facing, it will also produce far fewer units, in a time when we already have a deficit of tens of thousands of units and growing every year.

To illustrate a point that might not be readily apparent. The SDC waiver program, as it is designed, makes it more feasible for a builder to offer multiple units at lower price points whether or not all of the units end up qualifying for the waiver program. Without participation in the program, the market encourages one unit on a lot at a price point substantially higher than what an AMI qualified buyer could afford. As such, by limiting builder's ability to participate in the program, you will not only be foregoing the AMI qualified units they would produce under the program, but also the additional units that could have been built on a lot now taken up by one large house.

As the August 2020 Oregon Regional Housing Needs Analysis Technical Report shows, by 2040 Portland will require an additional 133,732 units, with 25,793 of those units attributed to current underproduction. During this time, we need to be encouraging builders to produce every extra unit they can and even more so if they are affordable by those in the middle of the household income curve.

Over the past five years, HBA has served as an ally and RIP supporter and is heartened by the City's efforts to permit elegant density in our neighborhoods. We appreciate the City's efforts to bring RIP to fruition and believe that it is a good start to addressing the housing affordability and supply crisis the cities face. However, offering more opportunities to build middle housing while at the same time limiting market rate builder's ability to produce houses at levels financeable by AMI qualified buyers, is counterintuitive and ultimately counterproductive.

HBA continues to stand with those who work to facilitate new, diverse housing options across the City. Thank you for considering our recommendations to support RIP through the SDC waiver program and build a brighter future for all Portlanders.

Sincerely,



Ryan Makinster

Director of Policy and Government Affairs

Cc: Dan Ryan, Commissioner
Jo Ann Hardesty, Commissioner
Carmen Rubio, Commissioner
Mingus Mapps, Commissioner

From: [Madeline Kovacs](#)
To: [Council Clerk – Testimony](#)
Cc: [Douglas MacLeod](#); [Ryan Makinster](#)
Subject: HOLTE - Council Testimony
Date: Tuesday, December 21, 2021 10:31:55 PM
Attachments: [HOLTE Letter 12.21.21.pdf](#)

Dear Mr. Mayor and members of the Portland City Council,

Attached please find testimony addressed to you from Douglas MacLeod re: the HOLTE matter set to come before you tomorrow, on December 22.

Best,
Madeline

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Madeline J. Kovacs
Deputy to the Owner
UrbanRoost Development, LLC
Blue Sky Property Northwest
Cell: 510.410.4176 | Zoom Mtg ID: 7850039283



Douglas P. MacLeod
Principal, UrbanRoost Development LLC
503.481.3997
douglas@blueskynw.com

December 21, 2021

To: Portland City Council
Re: Portland Housing Bureau HOLTE Program

Mr. Mayor and members of the Portland City Council:

Thank you for the opportunity to provide perspective and input on this matter: It is critical that a workable 2022 sale price cap be established for the Homebuyer Opportunity Limited Tax Exemption ("HOLTE") program. In short, we recommend a \$440,000 cap to account for recent cost increases and insufficient bumps the past few years.

First and foremost, we should remind ourselves of the goals of the program: To deliver as many below-market homeownership opportunities as possible to families making 100% of MFI or less. It is also important to remember that private participation in the program is capped at 100 homes per year, while nonprofit builders may utilize HOLTE to deliver as many homes as they can to families making 80% of MFI or less. This is as it should be, and these two qualifying income caps are not changing, nor I believe should they.

This unvetted price freeze is also particularly bad timing given what we know about the real estate market this year. The result of not allowing the price cap to keep pace with inflation, land and other cost increases will, in fact, be directly counter to the bureau's stated intent: Builders will not suddenly be able to make projects work below last year's threshold. It means that we won't build many middle-income, attached and/or condominium homes at all. Please allow this successful market intervention for middle-income homeownership to continue working. Please allow builders to continue to utilize a program that will yield a greater number of homes to income-qualified buyers, rather than either being forced to price these middle homes approaching or exceeding the current market average of \$490,000, or even reverting back to what have been colloquially nicknamed "McMansions."

This is also happening at critical moment for middle housing: The City of Portland has exhibited extraordinary leadership with RIP1, reforming a zoning code that was driving production of large, single-dwelling detached homes, and opening up neighborhoods of opportunity that for too long were allowed to opt out of adding their fair share of new and less-expensive housing options. (We are also tracking RIP2, and hope that the West hills will not continue to be exempted from adding needed housing, among other things.) However, changing zoning rules to technically legalize housing types alone does not guarantee that they will be built. We must also develop meaningful incentives and programs

that deliver deeply affordable homes, and first-time homeownership. It is where land use and programmatic solutions come together that the most effective market interventions happen.

America has an income problem. America also has a public housing problem: As a nation, we have been under-building regulated affordable housing since the Reagan Administration. Portland, as a left coast city experiencing consistent population growth over the last decade, also now has an acute housing supply problem. We have been drastically under-building housing of ALL kinds relative to jobs and new residents since before the Great Recession. The fact is that we need more less-expensive or “middle” homes, more apartments, and *much* more regulated affordable housing all, and one solution ought not be pitted against the other. Each time a middle housing project delivers four smaller, attached homes instead of one huge one, that’s three more families who get to live here, who get to be homeowners, and who will open up three more homes down the price chain for other families to move into.

It can be tempting to ask one program to solve *all* issues related to our housing shortage, and specifically our regulated affordable housing shortage, at once. But the answer isn’t to hamstring a program - one of few - that is meeting its stated goal. The answer is rather to continue to fashion well-tailored programs across the housing needs spectrum.

We are not just talking about affordability today, we are also talking about future affordability: Middle housing built to 100% of MFI today will continue to age into less-expensive housing compared to their larger single-detached counterparts in the same neighborhoods for decades to come.

Sincerely,

Douglas MacLeod

From: [Greg Fox](#)
To: [Council Clerk – Testimony](#)
Subject: Agenda Item 930
Date: Wednesday, December 22, 2021 9:16:06 AM

Good morning,

I have been a professional, real estate broker with over 30 experience in the Portland market. Over the past year, I have been personally involved in approximately ten SDC-Waiver-qualified sales. It's been a pleasure to help well-deserving families.

The majority of the families have been minorities: Black, Asian and Latino. We currently have two pending transactions which are SDC-Waiver-qualified. The buyers are Asian and Latino, respectively.

By not increasing the sales cap, by what is essentially a nominal amount, will reduce the amount of affordable new construction in our market. I do not see how this serves minority communities in any form.

Thank you for your consideration.

Greg Fox
Principal Broker, CRS, E-Pro®
Happy Homes Properties, Inc.

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greg@happyhomes.com

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City Council Meeting - Wednesday, December 22, 2021 9:30 a.m.

Agenda No.	First Name	Last Name	Zip Code
930.1	Ryan	Makinster	97217
930.2	Douglas	MacLeod	97215
930.3	Michael	Mitchoff	97202