

# Paul Runge

#333024 | December 5, 2023

Testimony to **Portland City Council** on the **2045 Portland Housing Needs Analysis, Recommended Draft**

Item 1015 - Testimony in support of approving the Recommended Draft of the 2045 HNA. Portland City Council and Ariel Kane, My name is Paul Runge. I am a Portland resident and an urban planning consultant. (I'm writing in a personal capacity today.) I support the City approving the Recommended Draft Housing Needs Analysis (HNA). I also want to share my support for Portland Neighbors Welcome's "Four Floors and Corner Stores" initiative. This means I support including as a strategy in the upcoming Housing Production Strategies (HPS) document an upzone to allow apartments up to four stories and corner stores throughout the Inner Eastside neighborhoods between 12th and 60th Avenues. As a resident of Southeast, I support this strategy because I love the proximity, convenience, energy, and amenities of neighborhoods at that level of urban density, much like Northwest Portland. We need more neighborhoods like those in Northwest, where there are more residents living near one another and contributing to a vibrant place. It's environmentally sustainable, supplements the tax base atop existing infrastructure, and seems in high demand given the prices that apartments and houses in Northwest command. Beyond this positive case, I'm also worried that we're overestimating our housing capacity given some nuances of the Buildable Lands Inventory (BLI). A good fix to that is adding more zoned capacity. In my day job, I do a lot of housing planning and related real estate services work throughout Oregon and other western states. I'll be working on HPS's in Hillsboro, The Dalles, and other Oregon communities in 2024. Unfortunately, I haven't been fully plugged into Portland's process until now. But I'm glad to see the work is of high quality as usual, with much credit to Ariel Kane and Tom Armstrong at BPS, as well as consultants from ECONorthwest for their work on the Buildable Lands Inventory (BLI). Even though the BLI is complete, I want to register a comment on it, because it factors heavily into the Housing Needs Analysis being recommended. The BLI does a number of things right, such as accounting for parcels' development constraints (e.g. slope, wetlands) as well as the financial viability of the parcels' development. However, an issue with the BLI is that it doesn't actually estimate how likely a parcel is to redevelop when estimating housing capacity. Per the HNA, we need 120,560 housing units by 2045. And the BLI indicates that there are 236,977 units of zoned, market-viable capacity. The obvious conclusion to make is: "We have enough capacity for the housing we need!" But I am not convinced that zoned capacity and market viability alone assure that a parcel will develop to have the new housing we need. There are more, hard-to-know factors at play, such as the strength of the financial upside of development, the rate at which owners turn over their properties, and the rate at which qualified developers win the bid for such properties and find investors. So, while calculating capacity by including only parcels with financial viability is a good step, it doesn't seem quite as good as approximating the likelihood of housing development in order to evaluate capacity. My hypothesis is that if we did that, our housing capacity (or rather the housing we can actually expect to produce given our zoning, policy regime, and existing approval systems) through 2045 would be significantly smaller. There is precedent for that type of capacity analysis. In 2021, the City of Los Angeles was assigned over 400,000 units of housing need for an 8-year period by California's Department of Housing and Community Development. In response, the City commissioned researchers at UC Berkeley's Turner Center for Housing Innovation to estimate the City's parcels' likelihood of development to gauge how many units they should expect to produce over an 8 year period. The researchers found that only 1 in 500 sites can expect to be redeveloped in a given year. And while the City of Los Angeles had zoned capacity for several times its housing need, it could only expect 40,000 to 60,000 units to develop over 8 years, given its current systems and zoning restrictions. I can imagine that if this analysis were replicated for Portland, we would see something similar. So, are we really going to trust that half of the market-viable units in our entire city will be developed by 2045? I can't say for sure, but that seems overly optimistic. In light of that, the question for us should be: What suite of policy and implementation changes must we make to build all the housing we need? Adding zoned capacity in the Inner Southeast neighborhoods—which offer lots of market-viable development potential—is part of that puzzle. And it is the logical, positive next step in those neighborhood's evolution. The forthcoming HPS, I'm sure, will identify many other complementary strategies for meeting our housing need. I look forward to writing in favor of those when the time comes. Thank you very much for reading and for working toward a bright future in Portland. Paul Runge 97206 URL

References Turner Center research write up:

<https://turnercenter.berkeley.edu/research-and-policy/stronger-housing-element-los-angeles/> Turner Center development likelihood methodology:

[https://planning.lacity.org/odocument/15117d38-35ca-416b-9980-25eb20201ba2/Appendix\\_4.6\\_-\\_Regression\\_Methodology.pdf](https://planning.lacity.org/odocument/15117d38-35ca-416b-9980-25eb20201ba2/Appendix_4.6_-_Regression_Methodology.pdf)

City of Los Angeles Housing Element: <https://planning.lacity.org/plans-policies/housing-element-update#draft-plan>

Testimony is presented without formatting.