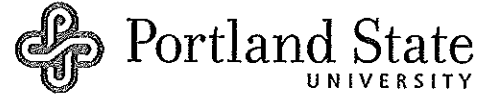


Finance & Administration

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August 1, 2011

Nick Fish, Commissioner, City of Portland  
Margaret Van Vliet, Director – Portland Housing Bureau  
421 SW 6<sup>th</sup> Avenue, Suite 500  
Portland, OR 97204

Dear Commissioner Fish and Director Van Vliet:

Portland State University recommends that student housing be explicitly targeted for affordable housing set-aside funds generated from tax increment financing (TIF) in urban renewal areas (URA). The review of the set-aside policy provides an opportunity to show support to the city's current and aspiring college students and clarify that these funds are available for affordable student housing.


Full-time students are largely disqualified from income-restricted housing, due to the restrictions of federal programs and funds. Prospective students residing in income-restricted housing must often choose between continued access to affordable housing and higher education. This dilemma creates an additional barrier to the goals of ensuring universal access to education and creating a 21<sup>st</sup> century workforce. At PSU, the average age of students is 26 years old, many of which struggle to pay for their education and remain in school. The demographics of many students are just like that of low-income residents, and many have the same housing needs for themselves and their families.

In an effort to provide housing for rapidly growing student populations, institutions of higher education have embraced a variety of development strategies. A number of private developers have shown an interest in partnering with universities to develop affordable student housing. For example, the College Station Residence Hall, currently under construction, is a private development in partnership with PSU. Such projects are fully taxable. The development of student housing is increasingly mixed-use, including ground-floor retail. The greater residential density created by such projects supports local businesses, while active ground-floor uses contribute to the vibrancy and safety of our neighborhoods.

PSU also seeks to provide a greater variety of unit types to accommodate a diverse student body. However, alternate student housing, specifically family housing, is expensive to construct and often out of reach for universities given the affordability needs of students with low-incomes. TIF funding could allow Portland institutions of higher education to provide needed housing to underserved student populations. Student housing is an important element of student success and retention, and may be most valuable to students balancing academic, professional, and family obligations. Investment in student housing in the central city is particularly important where transportation costs are low and access to higher education and social services is greatest.

The use of affordable housing set-aside funds for student housing would provide increased access to housing among the city's students; contribute to student success, engagement, and retention; promote development in URA's; and contribute to the vitality of neighborhoods. We highly recommend that set-aside funds not only are available for student housing, but that the Housing Bureau specifically encourages the use of these funds for this type of housing.

Sincerely,



Mark Gregory, Interim Vice President – Finance & Administration