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September 28th, 2011

Multnomah County Chair Jeff Cogen
City of Portland Commissioner Nick Fish
Limited Tax Exemption BIG LOOK
Policy Review Committee

RE: Letter of Support for Recommended Changes to Limited Tax Exemption (LTE) Programs

Dear Chair Cogen and Commissioner Fish and BIG LOOK Policy Review Committee:

The Planning and Sustainability Commission (PSC) is very enthusiastic about the general direction of changes that the BIG LOOK is considering. In particular, the Commission is very keen on effecting changes to the Single Family New Construction (SFNC) program that can be used to mitigate involuntary displacement in gentrifying areas of the city and also be used to advance minority homeownership goals. The Commission also supports the idea of combining the New Multiple Unit Housing (NMUH) and the Transit-Oriented Development (TOD) programs and instituting a competitive process with an annual or biennial program cap to award tax exemptions. The Commission strongly urges that the competitive process ensure equitable distribution of the abated projects that is sensitive to the issue of foregone revenue for the various taxing jurisdictions, the school districts in particular. The Commission is of the opinion that these process changes will further efficiency in program administration and enhance transparency and accountability.

On September 27th, 2011, the Portland Planning and Sustainability Commission (PSC) held a work session to deliberate the following issues:

- the role of the LTE programs as an implementation tool for housing goals, equity initiative and vibrant neighborhoods envisioned in the Portland Plan;
- the role of the PSC in the LTE programs - should the Commission continue to hear individual cases or be involved in review of program elements and evaluation of outcomes;
- deliberate specific recommendations on program and process changes to the Single Family New Construction (SFNC), the New Multiple Unit Housing (NMUH) and the Transit-Oriented Development (TOD) tax exemptions programs.

Based on the discussions, the Commission concluded that it is indeed critical for the LTE programs to be well-aligned with the current housing goals and also be poised to implement long term strategies envisioned in the Portland Plan. While the Portland Plan is still in its final draft stages, the long term planning strategies envision a Portland characterized by:

- Making Equity Real;
- Thriving Educated Youth (TEY);



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- Economic Prosperity & Affordability (EPA); and
- Healthy Connected City (HCC)

In this connection, the Commission is highly supportive of the idea of using the LTE programs to further affordability in locations that are close to transit and offer a variety of amenities within walking distance like healthy food, quality schools and parks. Further, the Commission urges the BIG LOOK Committee to advise the Portland Housing Bureau and the City Council to institute changes that will discourage the concentration of exempted units in some areas of the city. These changes, and the deliberation the BIG LOOK Committee brings to them, seems to strike an appropriate balance between the benefits of creating incentives for well-located and affordable housing options, and costs associated with foregone revenues, such as budget impacts for school districts.

In light of the desired alignment, the Commission supports the idea of maintaining strong affordability requirements that includes options to get workforce housing, equitable geographic distribution, and a short list of public benefits. A suggested initial list could include:

- Accessible Units
- Larger Units (for families with children)
- Connect employers with housing
- Grocery or health food store

Given the changes that are under consideration, the Commission is comfortable playing an advisory role with involvement in semi-annual program reviews and outcome evaluations rather than hold hearings on individual NMUH/TOD cases. The Commission prefers that these review sessions be held synchronized with the competitive award cycles that are under consideration for selection of projects.

The PSC appreciates this opportunity to offer input on the changes to LTE programs that are under consideration and looks forward to continued involvement in reviewing the programs and evaluating outcomes on regular intervals in the future. The PSC would like to stay involved as the process advances from the BIG LOOK and has assigned two Commissioners to work with staff on preparing a more specific letter of support to the Council when changes come up for hearing at City Council. Further, the Commission will be happy to review the LTE programs for alignment with the updated Comprehensive Plan slated for completion in about two years.

Sincerely,



Andre Baugh, Chair
Portland Planning and Sustainability Commission

