

March 8, 2015

TO: Planning and Sustainability Commission
Bureau of Planning and Sustainability Comprehensive Plan Update Team

RE: 2035 Comprehensive Plan Proposed Draft

There is a tremendous amount of good work apparent in the *2035 Comprehensive Plan Draft*. I won't comment on all aspects of the Plan, but I do think that all in all, it is an excellent document and roadmap for the future. I especially like the focus on creating complete neighborhoods, and the concept of using an "equity lens" when making infrastructure decisions.

My focus will be on the Regulated Affordable Housing section of the plan that you will be discussing in your work session on March 10. I was the project manager for the current Comprehensive Plan Housing Policy (adopted 1998), and may be able to offer some insights on what we were thinking then, particularly regarding the current Policy 4.7, Balanced Communities: "Strive for livable mixed-income neighborhoods throughout Portland that collectively reflect the diversity of housing types, tenures (rental and ownership) and income levels of the region." And Objective A.: "Achieve a distribution of household incomes found citywide, in the Central City, Gateway Regional Center, in town centers, and in large redevelopment projects. I have also attached the commentary section for the Balanced Communities Policy 4.7 so that you can get a more in depth view of what went into development of that policy, what we were thinking. In fact, the four boards and commissions that were involved in housing at the time: Planning, Portland Development Commission, Housing Authority Board, and Housing and Community Development Commission (defunct), met jointly and were all engaged in the review and development of the current housing policy, the first time that there was that level of engagement across housing silos.

At the time the current housing policy was developed there were major redevelopments in the planning stages, notably in the River District, and later the South Waterfront (North Macadam) URA. There was very strong sentiment from advocates and residents that the City's investment in redevelopment of former industrial areas should serve all the people; and that the City should not be financing infrastructure and amenities (e.g. parks, trolleys, trams) in enclaves for high income households. The City and PDC, in conjunction with housing advocates and others, developed a housing investment strategy in the River District aimed at reflecting the city's income profile, with specific goals by income level, and with annual monitoring. As a result of these efforts, the City has been somewhat successful in carrying it out. In the River District, and particularly the Pearl District, there are a few buildings that serve households below 60% of median income, and one notably for very low-income households below 30% MFI at a prime location across from Jamison Square.

The same approach, striving to achieve the city's income profile that was used in the River District, was used in the planning phase of the North Macadam Plan. The North Macadam steering committee adopted a constrained goal that did not match the city's income profile for low-income housing, but still set a respectable goal for the early stage of development. Because of the constrained goal, the Committee also set a goal that once 3000 housing units had been built in the area, and created the necessary increment, that the City would work to match the city's income profile.

PDC and the City have not followed through on their commitments to meet even the constrained goal in North Macadam, even while exceeding the target for market rate housing. Only one project has been completed, Gray's Landing, with about 207 units of housing, including over 40 units for formerly

homeless veterans. This despite the fact that at the outset of the North Macadam redevelopment, PDC identified potential affordable housing sites, and purchased options for later development. It appears that most of those opportunities are now lost; PDC has identified only one additional Parcel for development of affordable housing. The other properties owned by PDC were sold for market rate housing, hotels, OHSU, and other uses. The fate of affordable housing in North Macadam is still under discussion.

The current housing policy set a target of achieving a distribution of household incomes similar to the distribution found citywide in the Central City, the Gateway Regional Center, town centers, and large redevelopment projects, not in every neighborhood. These areas are not unlike the proposed Comprehensive Plan's "opportunity areas". If you read the commentary attached for Policy 4.7.A, you will see that the focus of the Balanced Communities Policy Objective 4.7.A. was on areas with greater development potential rather than on retrofitting existing neighborhoods.

I reviewed the February 25, 2015 memo from the Bureau of Planning and Sustainability staff, and while I have great respect for staff and the excellent work they have done on the Housing Policy, I disagree with their recommendation to use "access to high opportunity areas" and the housing location policies (5.19, 5.20, 5.21, 5.26, and 5.27) that call for a diversity of housing types, higher density, access to opportunities, and development in opportunity areas) to replace the specific income profile target. I think all of the proposed policies that staff cited are good policies, I just don't think they achieve the same result as setting a more specific numeric target.

As I understand it, the only income targets in play (West Quadrant Plan, but possibly expanded to Central City?) are for 30% of housing in the Central City to be affordable to low income households between 0 and 80% MFI. This is a very weak target. According to the staff report, currently 30% of Portland households have incomes **below 50% MFI**, which is considered "very low-income." A proposed target of 30% of households at or below 80% MFI in the Central City, the area targeted for most of the projected growth over the next 20 years, leaves a lot of room for gentrification and displacement of low income households while staying within the target. It also does not speak to the issue of economic integration of housing for extremely low-income households, those below 30% of MFI for example, into these opportunity areas, which by their nature are close to the transportation and services that they need.

What is relevant for you to consider is that the currently Comprehensive Plan Housing Policy for Balanced Communities has been the policy foundation and the measuring stick against which we measure our success in achieving what the proposed Comp Plan might call "complete communities." We didn't have the concept of "equity lens" in 1998, I wish we had, because it is a great idea. But we were striving for equity and used the income profile target as a way to get there.

What is very clear today is that for all the City's good intentions and sometimes impassioned rhetoric about the need for affordable housing, good intentions without targets get us nowhere. We need to have specific goals, a commitment to resource development, and policies that require economic integration and inclusionary housing. While we have not yet been successful yet in North Macadam, without the Comprehensive Plan policy that calls for Balanced Communities, we would not have a strong policy foundation to even engage in this difficult conversation. And we have not given up.

I ask that the Planning and Sustainability Commission add a more specific policy target for housing affordable to low income households.

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Commentary

The City's Role in Ensuring Housing Opportunity. The city plays numerous roles in ensuring housing opportunity. In the area of regional housing opportunities and fair housing, the city acts as an advocate for enforcement of federal and state laws, and an active participant in the creation of regional policies and programs. The city promotes housing opportunities and neighborhood livability through political leadership and its use of regulatory and funding tools to support opportunity for all citizens.

Policy 4.7: This policy reflects the desire of most residents for "balanced" communities with enough diversity of incomes to support viable commercial areas. Ideally a "balanced" community would be an inclusive, rather than an exclusive, community, offering a range of housing types attractive to a range of households: corporate CEOs and executives, families with children, singles, elderly households, and couples. The range of housing options would include housing affordable to people of different income levels, and people in protected classes. A "balanced" community would also offer both rental and ownership options in both single dwelling detached, attached and multi-dwelling housing. Integration of low-income households throughout the city, rather than concentration in just a few neighborhoods is an important part of this policy. Over time the income mix in the city would be similar to the region as regional growth management strategies are implemented with a regional transportation system, and an equitable access to job opportunities. This policy relates to Policy 4.8, Regional Housing Opportunities, and its Objective A that calls for a regional "fair share" strategy. Both policies are supported by the research of Myron Orfield, David Rusk, and Anthony Downs, who call for using regional growth management tools to reduce the economic disparities between central cities and the balance of the metropolitan area. The success of regional growth management depends on a strong and vital central city with all the functions that entails.

A. This objective reflects the policy that served as a foundation for the River District Housing Implementation Strategy. More and more neighborhoods or stakeholder groups are coming up with their own definition of "balanced." Rather than that approach, which could leave the lowest income group out entirely this objective provides a standard against which to measure development. Objective A focuses on areas of greater potential development rather than on all existing and built up neighborhoods, because of the greater likelihood that the objective could be achieved over time with increased development.

B. In her classic work, *The Death and Life of Great American Cities*, Jane Jacobs wrote about the vitality and livability generated by the diversity inherent in her Greenwich Village neighborhood. She wrote about the importance of creating "seams" of neighborhoods - places where diversity is most likely to happen, and places that knit neighborhoods together. Mixed-use design areas are potentially "seams" to knit together largely residential areas to foster such diversity. A diversity of housing types is necessary to foster income diversity. Maintaining income diversity over the long-term is a challenge because neighborhoods go through cycles of revitalization, equilibrium, and sometimes disinvestment. Each cycle brings a different challenge. Neighborhood revitalization may attract residents from outside the area, often of higher income levels. Disinvestment on the other hand can lead to an exodus of residents from what they perceive as a declining neighborhood. The city has encouraged community-based strategies for revitalization. In the Albina Community Plan and Outer Southeast Plan, for example, specific policies and objectives encouraged non-profit and CDC ownership of housing as part of a long-term strategy to accomplish revitalization while maintaining long-term affordability for existing residents. The overall objective in both efforts was to reduce the displacement that would result from the successful revitalization of the area. In 1997 over 3,100 rental housing units received property tax abatements under the *Charitable Non-Profit* property tax exemption program. The units, which serve households with incomes below 60 percent MFI, are predominately located in north, northeast, and inner and outer Southeast Portland. In 1985-1986, the first year that the program was available, 432 units received tax abatements. The increase in the number of units eligible for the abatement is a measure of the support the city has given non-profit housing developers to revitalize and stabilize neighborhoods.

Commentary

E. This objective supports both mixed-income communities and widespread availability of housing with on-site social services. This objective must be weighed with Policy 4.9 Fair Housing, Objective C, which recognizes that some populations are better served by access to particular social services and public transit, so dispersal may not be a realistic option in all cases.

F. The city provides special assistance to geographic target areas. These areas are called by a variety of names: target areas, urban renewal districts, distressed areas, enterprise communities, and through a variety of programs they become eligible for specialized assistance. This objective supports City intervention to improve housing conditions in these areas. Some reviewers of the discussion draft were critical of the city's neighborhood revitalization strategies because the city often does not acknowledge the potential for gentrification and displacement of existing residents. The city's neighborhood housing revitalization strategies have focused on support for non-profit and community development corporations to acquire rehabilitate and build housing affordable to very low to low-income households. Non-profit developers of rental housing own and manage housing to ensure long-term affordability. In target areas the city also provide grants and low-interest loans to very low to moderate-income homeowners for housing rehabilitation. Recent first-time homebuyers programs supported with city-controlled funds have required subsidy retention so that home ownership opportunities remain available for low-income households over the long-term.

G. The city's property tax exemption program for Transit Oriented Residential and Mixed-Use Development encourages housing that serves households at a range of income levels near transit stations. Tri-Met encourages a mix of market and below-market rate housing built near transit to encourage ridership among those who might not otherwise choose to use public transit. Many households that can afford to pay market rate rents or prices for housing own more than one car. Housing options near transit may allow these households to give up one of their cars.

Access to public transit and employment is particularly critical for low and moderate-income households who are often dependent on public transit to get to and from their work. Locating low-income housing near transit and employment supports balanced communities in two ways: potentially decreasing the share of household income spent on transportation, freeing more discretionary income for food, clothing, medical care, and recreation; and increasing a family's income potential.

Commentary

C. There is increasing public support at the federal and local level for mixed-income housing since it can provide economic diversity within a particular development or within a neighborhood. Encouraging mixed-income housing through incentives or regulations is one strategy to reduce concentrations of low-income households in any one area of the city. The Urban Growth Management Functional Plan may require cities to consider incentive-based inclusionary zoning to encourage the production of housing affordable to low and moderate income households. The city has included incentives for mixed-income housing in the Housing Investment Fund program, and in the Transit-Supportive Residential or Mixed-Use Development tax abatement program.

D. The concentration of low-income households in any one area can discourage investment in neighborhood commercial services and facilities, and can adversely affect school enrollment and quality. Quality jobs are often lacking in such areas, resulting in fewer economic opportunities for low-income households. Low-income households who have opportunities to locate in higher income areas may benefit from expanding social networks that lead to better jobs and opportunities. This objective is supported by recommendations from the Task Force on Strategies for Fair Housing and is implemented by the city's *Subsidized Housing and Shelter Policy*. The *Subsidized Housing and Shelter Policy* limits direct City funding for housing in census tract block groups that are identified as "impact areas." An "impact area" is defined as census tract block groups where more than 50 percent of the households are below 50 percent of area median income, or where more than 20 percent of the existing housing units are identified as "public and assisted." In the identified impact areas mixed-income housing is encouraged.

Some public comment indicated that the draft policy to discourage concentration of very low-income households by providing opportunities throughout the city was not sufficient and that the city also needed policies, strategies and programs to support the creation of middle and upper-income housing in neighborhoods that are disproportionately low-income. Policies 4.7, Balanced Communities and 4.10, Housing Diversity, support economic diversity and mixed-income communities. In terms of strategies and programs the city has administered property tax abatement programs to stimulate housing production for specific geographic areas. Within the Central City area the *New Multiple Unit Housing Program* has provided property tax abatements to over 2,543 units of housing since its inception, much of it for middle-income households. The city also authorizes property tax abatements in designated distressed areas for single-unit housing that is priced up to 120 percent of the median sales price in the city. Over 674 units of housing, mostly in inner northeast and outer southeast Portland, have received 10-year property tax abatements through this program. Tax increment funds have also been used to finance middle-income housing in urban renewal areas. Non-housing funds are used to support parks, transportation improvements, public safety programs, and other amenities that enhance neighborhood livability and encourage the private sector to invest in middle and upper income housing.

Commentary

- H.** Attracting a proportionate share of households with children is essential to maintaining a vital public school system that in turn contributes to neighborhood stability and livability. This objective carries forward the concept of maintaining families in the city, one of the foundation policies of the city's 1978 Housing Policy.
- I,J.** The Planning Commission added these two objectives to reflect the policy intent to expand housing opportunities necessary to create balanced communities. The objectives reference a regional benchmark as a method of analyzing balance. These objectives are intended to reflect a long-term or gradual transition in the mix of housing opportunities available in a particular area.
- K.** This objective focuses on issues of involuntary displacement. Even though the city cannot regulate all of the market factors that lead to displacement, the Planning Commission's intent is to encourage the evolution of neighborhoods to achieve a balance through the introduction of new housing opportunities rather than the involuntary displacement of people from their communities caused by a decreasing stock of affordable housing.