

July 26, 2016
Ms. Katherine Schultz, Chair
Planning and Sustainability Commission
1900 SW 4th Avenue, Room 2500A
Portland, OR 97201

RE: Proposed Amendments to Zoning Code

Chair Schultz and Members of the Planning and Sustainability Commission,

Portland's development community is united in our appeal to the Planning and Sustainability Commission (the Commission) to postpone considering elimination of the nineteen existing Central City Density Bonus Options from current zoning code until the work of the Inclusionary Housing Program Panel of Experts (the Panel) is complete and all the impacts of affordable policy changes are evaluated to ensure robust multifamily development at all levels of affordability. The Panel's work is scheduled to be completed, soon, in fall of 2016.

As you know, the Portland Housing Bureau, led by Commissioner Dan Saltzman, has been meeting regularly with the Panel to develop an inclusionary housing program for the City of Portland that meets the statutory requirements, including density incentives. The Panel has been carefully considering policy framework options, including modeling affordable housing prototypes with financial and incentive consideration so that the program will be effective. In addition to ensuring the Inclusionary Housing program itself will be effective, the Panel is very mindful that Inclusionary Housing policy not chill the overall supply of housing at all levels of affordability. Good work is being done and they are still a few months away from final program recommendations, given the complex nature of this task.

Our experience is that density bonuses are a proven zoning tool to make significantly more housing units pencil out; now is not the time to restrict housing creation by limiting the residential 3:1 density bonus only to Inclusionary Housing program development. Additionally, the existing density bonuses in current zoning code create incentives for the creation of multiple public benefits, including but not limited to daycare centers, retail establishments, green spaces, and mixed-use neighborhoods. These elements are important to our urban fabric and should not be jettisoned without careful consideration of their utilization, public value or the alternative ways to incentivize their development. As was discussed at the Panel's Tuesday, July 19 meeting, the Bureau of Planning and Sustainability has not provided any data related to the utilization or effectiveness of the nineteen existing Central City Density Bonus Options being proposed for elimination.

We have a housing crisis affecting Portlanders at various income levels, not just those whose incomes qualify them for affordable housing units. The development community supported the passage of SB 1533, which lifted the statewide ban on inclusionary zoning, because it required local jurisdictions to offer incentives to make affordable housing requirements viable and thus increase the overall housing supply. Yet if existing density bonuses are eliminated for all development except the Inclusionary Housing program, there will be less housing built and that will only make affordability worse. The biggest crunch will impact the middle-income households: nurses, teachers, and civil servants who earn between 80 and 120 percent of MFI.

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We urge the Commission to keep the existing density bonus structure in place until the Panel completes their analysis and recommendations. A future Affordable Housing Bonus that can be stacked upon existing bonuses will likely go further to address our housing crisis and be more equitable to all Portlanders.

We appreciate being part of this process. Thank you for the opportunity to comment.

Sincerely,

Jeremiah Jolicoeur, Alliance Residential

Wade Lange, American Assets Trust

Chris Nelson, Capstone Partners

Greg Goodman, Downtown Development Group LLC

Tom Brenneke, Guardian Real Estate Services LLC

Dennis Allen, Holland Partner Group

Noel Johnson, Killian Pacific

Gary Vance, Mill Creek Residential

Greg Specht, Specht Development

Tim O'Brien, Urban Asset Advisors

Michael Nagy, Wood Partners