



# SW Corridor Equitable Housing Strategy

BRINGING MORE HOUSING CHOICES AND OPPORTUNITY TO SOUTHWEST PORTLAND AND TIGARD



“Rents are rising in Tigard and many residents are in danger of being priced out of their neighborhoods. We need to find an equitable way to bring much-needed transit to the SW Corridor without increasing housing costs even more.”

—Tigard Mayor John Cook

“To ensure the SW Corridor is a place of opportunity for all, we need to bring public and private partners together to achieve our common goals around housing affordability and choice.”

—Portland Mayor Ted Wheeler



**DISCUSSION DRAFT | MARCH 2018**

[www.portlandoregon.gov/bps/equitablehousing](http://www.portlandoregon.gov/bps/equitablehousing)

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All supporting materials and maps developed for this project are available at:

[www.portlandoregon.gov/bps/equitablehousing](http://www.portlandoregon.gov/bps/equitablehousing)

All photographs courtesy of City of Portland, Community Partners for Affordable Housing, and HomeForward.

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## Table of Contents

1. Preface.....	3
2. Section 1: Introducing A New Model of Equitable Growth.....	5
3. Section 2: Defining the Housing Need and Setting Targets.....	12
4. Section 3: Implementation Strategies and Sequencing.....	16
5. Section 4: Opportunity Sites.....	30
6. Section 5: Stewardship Structure and Accountability.....	31
7. Conclusion and Appendices.....	32



## Preface

In 2016 the Portland City Council directed the Bureau of Planning and Sustainability (BPS) to develop a housing strategy in anticipation of potential investment in a new light rail line from Downtown Portland to Bridgeport Village. The City of Tigard joined the partnership to help secure a planning grant from Metro to partially fund this work. The Portland Housing Bureau (PHB) then joined to co-lead this work with BPS and Tigard.

This housing strategy is nested within the SW Corridor Equitable Development Strategy, a broader planning effort led by Metro that addresses workforce and economic development needs in addition to housing. Tigard and Portland city councils will consider adopting the final SW Corridor Equitable Housing Strategy in the summer of 2018, prior to the adoption of the Locally Preferred Alternative for the light rail project.

## Project Summary

The SW Corridor Equitable Housing Strategy is a unified, strategic approach to housing for the entire corridor. It sets goals and provides a roadmap to align policies and housing investments to:

- Prevent displacement of vulnerable households.
- Increase housing choices for all people over the next 10 years.

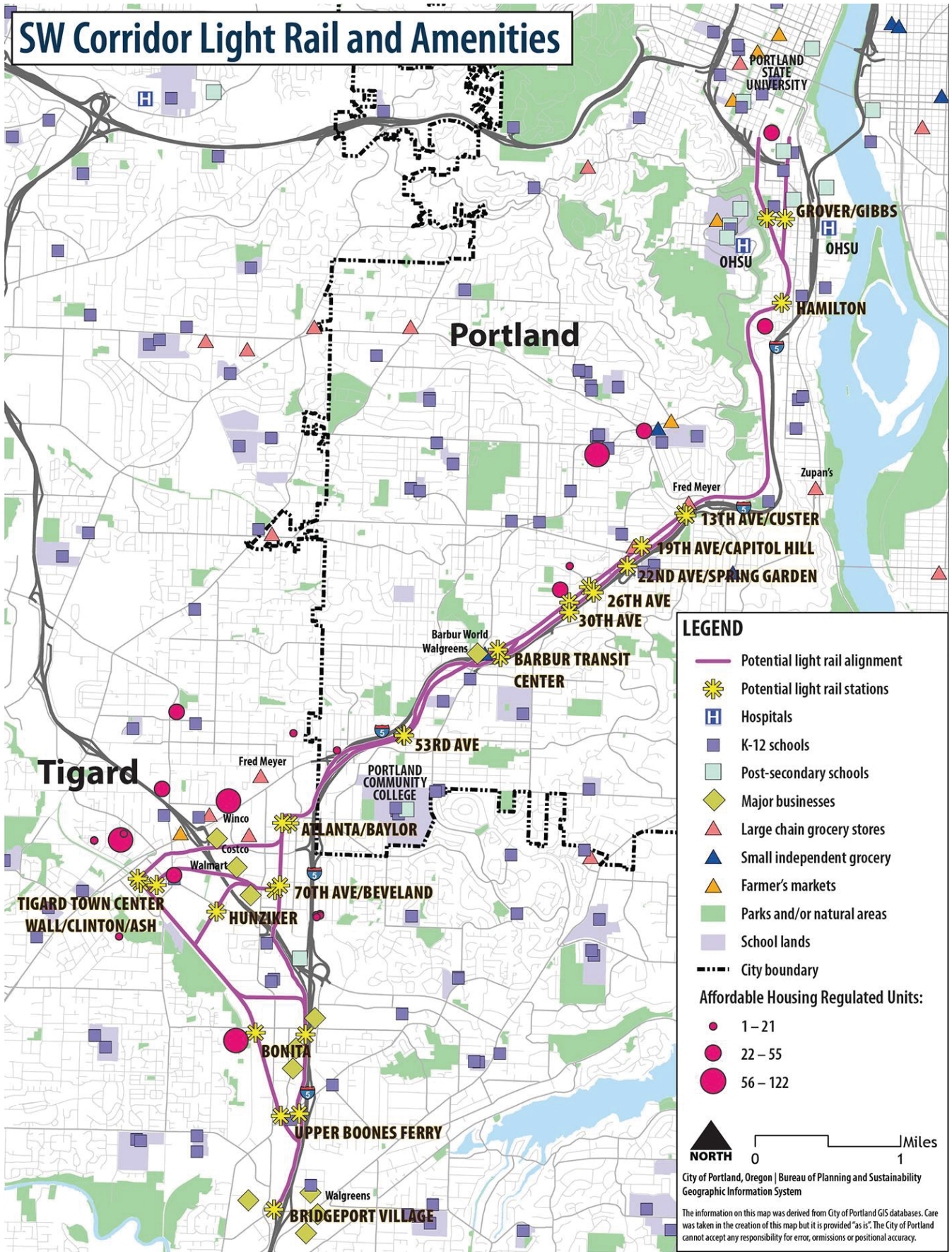
A separate report, “SW Corridor Equity and Housing Needs Assessment,” accompanies this SW Corridor Equitable Housing Strategy document.

## What’s in this report?

This report consists of six sections:

- **Section 1** introduces the project’s vision and goals, partners, and big ideas.
- **Section 2** describes the total affordable housing need in the corridor and proposes preservation and construction targets for both affordable and market rate rental housing.
- **Section 3** details the implementation strategies and recommended actions.
- **Section 4** describes the work to date on key opportunity sites for new affordable and mixed-income transit-oriented development.
- **Section 5** describes the opportunity to form an organizational structure to oversee the housing strategy.

# SW Corridor Light Rail and Amenities



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# 1: Introducing a New Model of Equitable Growth

## Fulfilling the promise of complete communities with housing choices and opportunity

The Portland Metro area's transit system is expanding to better connect the SW Corridor with the rest of the region - during a housing crisis. The current crisis and lack of transportation options in the corridor are hindering people's quality of life in the area and ability to access jobs and educational opportunities. These conditions also create obstacles to achieving the region's long-range growth plans.

The investment in light rail will attract additional investments in housing, providing an opportunity to address this housing crisis and the long-standing racial disparities and underlying income inequality that exacerbate it.

A vision of equitable growth must reflect the realities of the current housing crisis while also planting the seeds for a future where everyone can reach their true potential. Where people have the capacity to strengthen their communities and determine their own future and that of their neighborhoods.

To achieve this vision, we must acknowledge some of the unique barriers facing low-income households and communities of color:

- inadequate public and private investment to meet their needs,
- involuntary economic and cultural displacement pressures and
- lack of housing choices in neighborhoods with access to quality jobs, education, and other key determinants of social, physical, and economic well-being.

To address these barriers, this housing strategy has three primary goals:

- 1. Commit early financial resources to address the near-term housing crisis and long-term needs.** The region is experiencing a significant increase in population, unprecedented prosperity and a corresponding housing crisis. This is our opportunity to align existing resources and raise new revenue to invest in affordable housing infrastructure.
- 2. Prevent residential and cultural displacement.** People and communities that are stable and resilient in the face of displacement pressures fare better and have more opportunities to strengthen and give back to their communities. Immediate action is needed to preserve existing affordable housing and stabilize current households with anti-displacement services.
- 3. Increase choices for new homes for all household types and incomes.** Diversity benefits us all. Research has shown that diverse regions have economies that are more robust – for everyone. Culturally and economically diverse people must be drawn to the area by the quality of life and housing options. We also know where you live has a big impact on how your life unfolds, and that varies tremendously by neighborhood. A pipeline of opportunity sites and supportive land use tools helps ensure that all new residents have a range of choices about where to live.

*"I moved to Portland in 2005 and then moved to Woodburn in 2015 when my family needed more space. We moved back to SW Portland this year. When I left Portland, things were much cheaper. Finding a place was easier. Now, landlords ask if you make three times the money for rent and now is up in the sky. The apartment I rented in 2007 was \$650, and today a friend of mine rents the same apartment for \$1,250."*

-Amina Omar, SW Portland renter

## Defining Key Terms

### Equitable transit-oriented development

Transit-oriented development (TOD) is a pattern of growth typified by higher density development with a mix of uses within walking distance of high frequency transit. Equitable TOD is dense growth around transit that promotes economically and culturally diverse residential and employment opportunities.

### Housing cost burden

Housing cost burden occurs when households spend more than 30 percent of their income on housing. Severely cost burden occurs when households spend more than 50 percent of their income on housing.

### Median family income

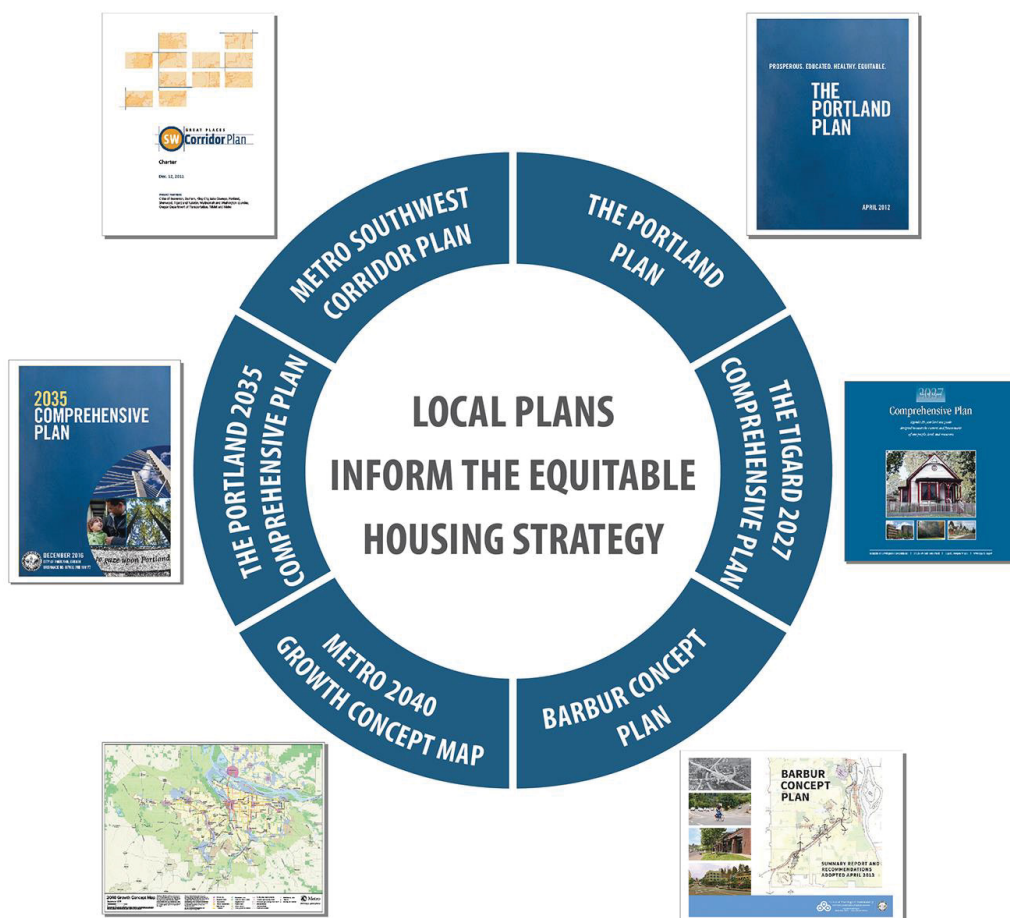
The point where income distribution is divided into two equal parts: half of the incomes fall below the median income and half fall above the median income. The MFI is calculated at a regional level for different household sizes.

### Regulated affordable housing

Housing with a regulatory agreement tied to the deed that requires affordability for an established income level for a defined period of time.

### Unregulated affordable housing

Lower-cost market-rate rental housing.



## Lessons from Research: Past and Present

We have an opportunity to learn from mistakes of the past and write a new story for how new light rail lines can benefit all communities.

The North Interstate Housing Strategy taught us that having good housing policies and intentions are not enough. Early action and bold housing investments were needed. Instead displacement occurred as the area continued to become more desirable and housing cost rose. While some people benefited from the change, many more were forced to move. While this outcome had many causes, it is clear that a fully funded anti-displacement strategy could have stemmed the tide of displacement.

Recent research out of Northeastern University shows the experience along North Interstate is not the exception. They analyzed neighborhood change in 42 neighborhoods in 12 metropolitan areas that received new transit investment between 1990 and 2000. They found when new transit is introduced “the most predominate pattern is one in which housing becomes more expensive, neighborhood residents become wealthier and vehicle ownership becomes more common.”<sup>1</sup>

In North Portland, neighborhood change also had the unintended long-term consequence of reducing transit ridership as new higher-income households opted out of the transit system.<sup>2</sup> TriMet’s experience in North Portland exemplifies the major finding of the Northeastern University research: “There is a symbiotic relationship between diverse neighborhoods and successful transit: transit systems benefit from and depend on racial and economic diversity in the neighborhoods they serve, just as low-income households and people of color depend on and benefit from living in neighborhoods served by transit.”<sup>3</sup>

This new knowledge coupled with the current crisis led the Portland City Council to direct the Bureau of Planning and Sustainability to develop a housing strategy to be adopted alongside the plan for the light rail project. The City of Tigard and the Portland Housing Bureau joined BPS to co-lead the process.

A solid equitable growth policy framework exists and several current plans have laid a foundation for this strategy - most recently the Barbur Concept Plan, the Portland Plan, and Tigard and Portland Comprehensive Plans.

<sup>1</sup> Pollack, Stephanie, Barry Bluestone, and Chase Billingham. 2010. *Maintaining Diversity in America’s Transit-Rich Neighborhoods: Tools for Equitable Neighborhood Change*. Boston, MA. Dukakis Center for Urban and Regional Policy at Northeastern University.

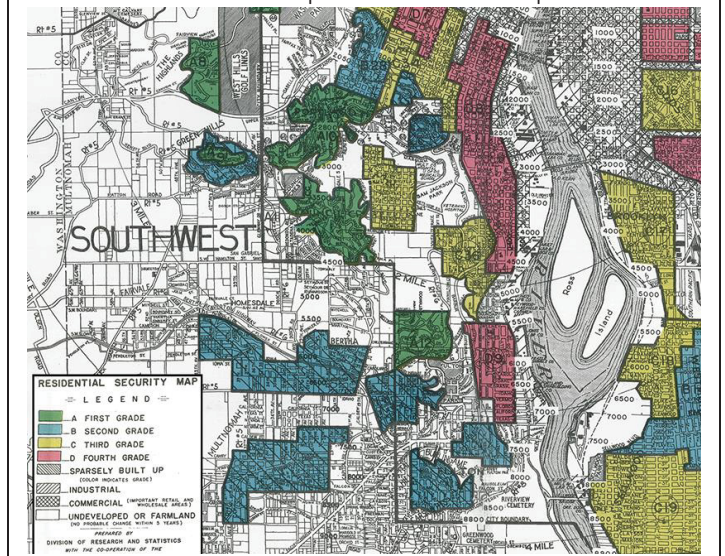
<sup>2</sup> Transit Center, “In Portland, Economic Displacement May Be A Driver of Transit Ridership Loss”, November 2017

<sup>3</sup> *ibid*

## SW Corridor Historical Context

Past freight and auto infrastructure projects, land use regulations, and real estate practices shaped the growth in SW Portland for generations and thus are helpful context for this housing strategy (See Appendix 1 for more history). Investments like freight rail, I-5, and the Ross Island Bridge split low-income neighborhoods, depressed their home values and exposed residents to pollution. Redlining along sections of Barbur and racially restrictive covenants in the surrounding neighborhoods contributed to fewer people of color living in SW and those who did move in were more likely to live along the corridor.

Home Owners Loan Corporation - 1938 Map





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## Shared responsibility – and opportunity

Fortunately, we aren't doing this work alone. Everyone has a role and responsibility: local governments, private funders, philanthropy, major employers and institutions, nonprofit service providers and housing developers, community and advocacy groups, and for-profit developers. We can all work together to support our neighbors and welcome new ones.

With the continued retreat of federal housing dollars, investing in our affordable housing infrastructure is now more of a local responsibility. This requires a rethinking of the role of all public agencies in meeting our housing needs. Local governments and agencies serving the corridor like the cities of Tigard and Portland, Metro, Multnomah County, Washington County, and TriMet are committed to being part of the solution.

Community-led planning and implementation of this strategy are essential for development that works for all people, especially those historically excluded from public planning projects. This starts with government repairing trust with communities of color and low-income households by listening and responding to their needs. Our community partners directly engaged these populations, elevating their needs for earlier investments in the preservation of affordable housing and new anti-displacement services and protections for the most vulnerable residents.

The light rail project sends a clear signal the SW Corridor is a priority for other public sector investments. The housing strategy provides opportunities for private actors to meet their individual needs and achieve the equitable outcomes we all seek.

- **Funders** will see evidence of emerging markets and feel more secure in their investments.
- **Private developers** will gain confidence by our early actions and perceive less risk due to the clear development goals.
- **Foundations** can more easily align their strategic housing investments in specific areas of interest.

In short, a road map to success will attract more success so no one sector is carrying the load.

## Strong partners with shared values

We have a proud tradition of helping neighbors in need and of welcoming newcomers get settled as they get settled in SW Portland and Tigard. Part of an inclusive community is having safe and affordable housing choices – especially for low-income communities and communities of color. This is a critical component of an equitable and prosperous region. The SW Corridor Equitable Housing Strategy aims to continue this tradition by exemplifying these values of inclusivity through the strategy development process.

SW Corridor Equity and Housing Advisory Group comprising leaders from community, finance, government, philanthropy and real estate development sectors helped define a successful housing strategy and vet recommendations. The group's balance of real estate expertise and accountable relationships to low-income communities in the corridor helped develop a strategy that is both inspirational and visionary, while still achievable and grounded in the best practices of implementation.

### Federal Policy Encourages Housing and Transit Planning

TriMet's application to the Federal Transit Administration for funding toward the light rail project takes into account the corridor's regional share of legally binding affordability restricted housing, and plans adopted to maintain or increase such housing<sup>1</sup>.

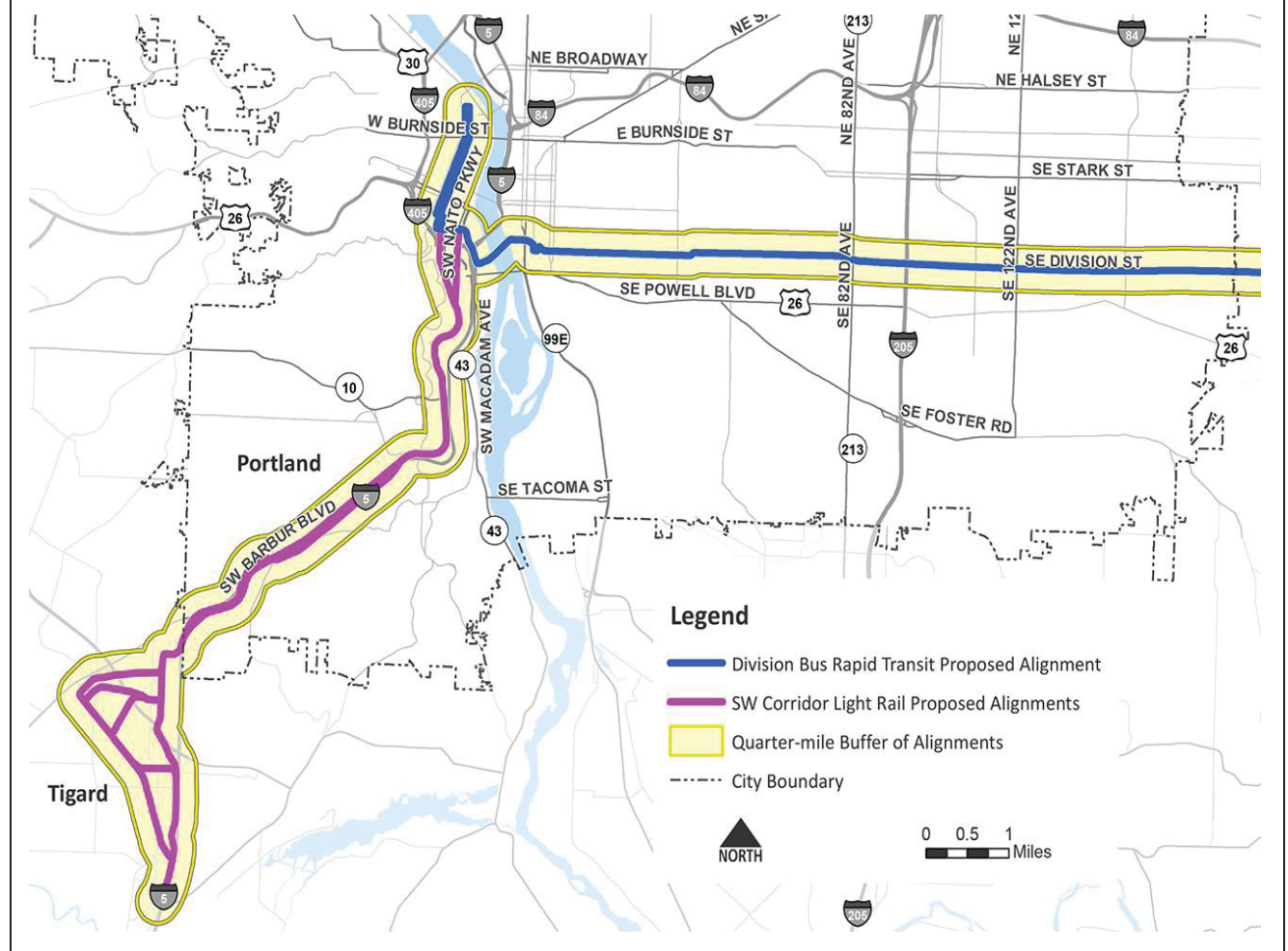
The City of Portland is required to submit a Fair Housing Assessment to HUD in 2020 that looks at the City's plans for investing in affordable housing in areas with access to quality jobs and education like the corridor currently has and good transit like the future light rail.

Through a [Community Grants Program](#), community-based organizations (CBOs) were funded to work with low-income households and communities of color. A large grant funded the Community Alliance of Tenants (CAT) to lead the engagement of low-income tenants, build public awareness of the project and develop policy recommendations informed by community-based research. Smaller grants to other CBOs allowed them to participate through the advisory group and coordinate with CAT to engage their constituents in the project.

These two initiatives helped advance our commitment to race and social equity in all aspects of the project - from decision-making and community engagement to addressing racial disparities in displacement and fair housing through the proposed investment strategies. They provide a model for the type of critical capacity building resources and inclusivity needed to successfully steward this strategy over the long-term.

### Arc of Opportunity: SW Corridor and Division Street

Many of the advisory group members are also active in East Portland where displacement pressures are strong and a new bus rapid transit line is being planned along Division Street. They see an opportunity to connect the SW Corridor and East Portland by new transit while also leveraging new housing tools to create more housing choices and prevent displacement of low-income households and communities of color who live and work in both areas. Many of the proposed strategies in this report should be implemented to meet the housing needs along both of these future transit lines.

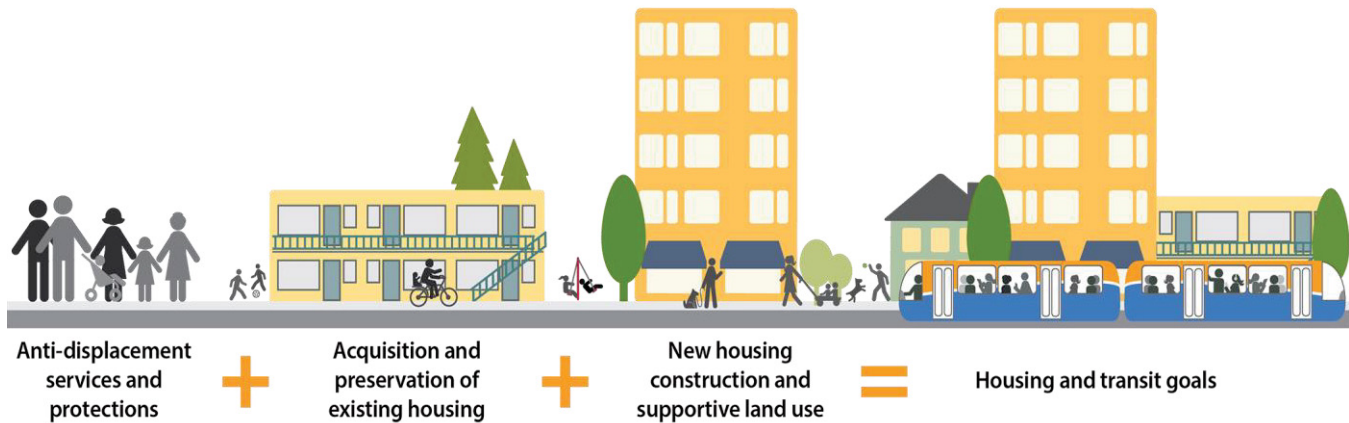


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## Big ideas inspire action

This strategy is full of big ideas to inspire early action and boldly grow the pie of housing resources, align policies and investments with community priorities, and expand our roles and relationships. This will take leadership with a broad vision and the courage to take risks and make big investments in people.

### Big ideas and bold action will be needed to achieve our housing and transit goals



This starts with investing more holistically, acting with more urgency - and relating differently.

We need public and private funding commitments to housing that match the scale of our transit investment. Only then will our transit and housing strategies work together to achieve equitable outcomes. This strategy proposes aligning existing resources and creating several new local and regional funding sources.

We also need new supportive land use tools to encourage housing and services near stations that contribute to a sense of community identity. The broader station areas can be more than just places to catch the train or pass through; they can become neighborhoods with their own sense of place with housing choices for all.

Early action is critical to success. If we achieve our first major goal of raising new revenue, then we must deploy an acquisition strategy that purchases and converts existing apartment buildings into rent/income-restricted buildings and creates a pipeline of sites for newly constructed, affordable multifamily housing in all station areas.

A new lasting civic structure is needed to steward this strategy, holding all parties accountable to the shared responsibility and big ideas. We must find a new way of sharing power between communities most affected by displacement and major institutional players, including local government. That is – affected communities have real authority to implement the vision of equitable growth and institutional partners act in support of that vision.

This housing strategy aligns our housing priorities with public investments in transit and our shared values of inclusion, equitable access to opportunity, and diversity in our communities. This unified, strategic approach to housing for the corridor will increase support for and benefits of the transit project by ensuring that all people – regardless of race, ethnicity, family status or disability – have a range of choices to live near transit.

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## Defining success

The advisory group defined success upfront. The following definitions serve many functions: as a touchstone during the strategy development process; as a rubric for decision makers signing onto this strategy; and as a potential evaluative framework during implementation.

1. Racial and social equity is a central focus, specifically the reduction of direct or economic displacement and the increase in housing choices for households of color and other marginalized groups.
2. Existing and new affordable housing resources are prioritized for the corridor.
3. The housing strategy and light rail project support each other to achieve equitable outcomes.
4. All public-sector agencies active in the corridor planning process prioritize equitable transit oriented development in their missions and programming.
5. Developers and funders have a clear understanding about the development and place-making goals of the corridor and confidence in the public sectors' support of their efforts to help achieve those goals.
6. Quantifiable indicators, including housing targets, are established and tracked over time.
7. A community-centered organizational structure exists to oversee the strategy over the long term.

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## 2: Defining the need and setting targets

### Addressing Today's Housing Crisis and Planning for Long-term Need

We are in a housing crisis and no part of the region is immune. Thousands of our neighbors are paying far too much in housing costs, leaving little left over for food, healthcare and other essential things.

There is significant and growing need for affordable housing and services to help people living in the SW Corridor and those moving in over the next 10 years. Land and housing costs in the corridor are rising as the area becomes more desirable even before light rail arrives in 2027. But we can meet a significant amount of the current and future housing need in the corridor with bold and early action.

Currently, in the SW Corridor there are 2,200 low-income homeowners and 3,500 low-income rental households spending more than 50 percent of their income on housing costs. However, there are only 775 regulated affordable rental homes in the corridor and minimal homeownership assistance programs. Most people must find housing in the private market, which is experiencing rapidly escalating rents and home sale prices.

The corridor is estimated to grow by an additional 3,000 new households in the next 10 years. They are expected to be racially and economically diverse households and almost all will be renters.

Not all current and future housing need can or should be met with rent/income restricted homes or homeowner assistance. Some of the need can be met through lower cost services such as legal aid, rental assistance, weatherization grants or home repair loans. But even by conservative estimates, the cost to meet the combined current and future need for affordable rental housing and services in the entire corridor over the next 10 years is \$1.5 billion<sup>4</sup> – a far cry from the \$150 million invested over the past five-years.<sup>5</sup>

The investment strategies and policies proposed in this document were informed by both the quantitative analysis found in Appendix 1 and the qualitative research conducted by community partners. Both concluded the quantity and depth of need for affordable housing is growing, but it varies by population and across the various sub-areas along the corridor. Some of the most vulnerable populations to displacement pressures are seniors, very-low income renters, immigrants and refugees, some communities of color, and people with disabilities.

The housing crisis is especially acute for the 22,000 households of color along the corridor. The growth of communities of color is creating a more racially integrated and diverse community, increasing 2.5 percent per year between 2000 and 2015, which is three times faster than the increase in the White population. A sizeable Hispanic/Latino community is now established around Downtown Tigard and a predominately East African community has established roots in the West Portland Town Center. However, these households are more likely to be renters and housing cost burdened, spending more than 30 percent of their income on housing costs. This combination makes these households especially vulnerable to displacement pressures.

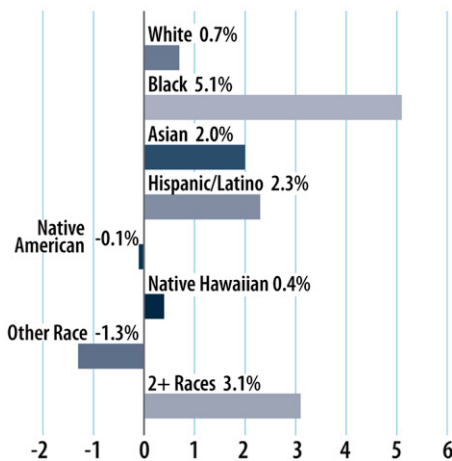
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<sup>4</sup> See Appendix 1 "SW Corridor Housing and Equity Needs Assessment" for full explanation of all estimates

<sup>5</sup> ECONorthwest, "White Paper 1: Existing Investment Tools", 2018

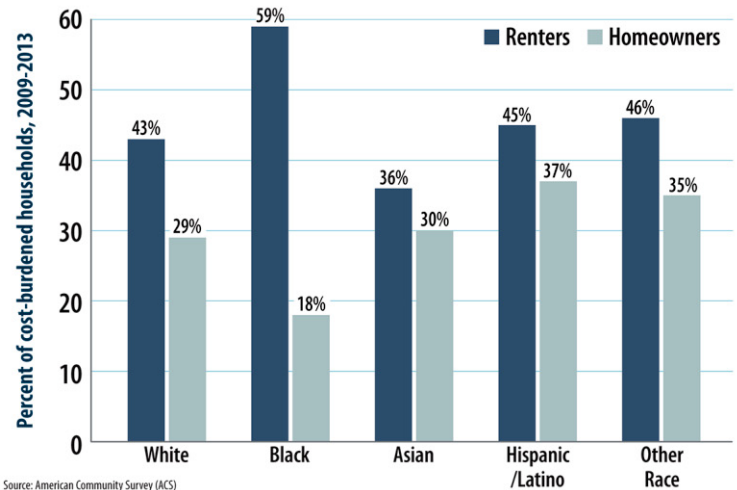
## SW Corridor Population Growth and Diversity

2000, 2011-15 Population Growth by Race



## SW Corridor Cost-burdened Households by Race and Ethnicity

Households spending more than 30 percent of income on housing, 5-year ACS estimate – 2011-15



Housing at the ends of the corridor in Downtown Tigard and closer to Portland’s city center are experiencing the greatest increases in housing costs. The middle of the corridor is still relatively affordable compared to the rest of the region. However, the older and undervalued stock of unregulated affordable multifamily housing is becoming attractive to investors, stoking fears of displacement<sup>6</sup>. Two-thirds of sales of these types of buildings are in lower-income areas and nearly 40 percent are in racially diverse areas. Rents are rising as building sell, having gone up 36 percent since 2010 for the most affordable of these apartments.

### Targets for affordable rental housing acquisition and construction versus the need

The SW Corridor Equity and Housing Needs Analysis in the appendix provide the data and methodology used to establish the need for affordable rental housing described in this section.

Federal and state sources have provided much of funding for the corridor’s affordable housing. If historical trends continue, thousands of low-income renters will be left vulnerable to displacement and very few options will exist for households seeking to move into the corridor. Local sources must be invested.

**Minimum rental targets with today’s resources:** Several new housing tools have recently become available in the corridor, including Tigard’s urban renewal areas, Tigard Triangle lean code adoption, the Portland Affordable Housing Bond, and Portland’s Inclusionary Housing Program. The Portland Housing Bond’s existing policy framework aims to distribute resources fairly equally across the city, including some investment in areas with new planned transit and displacement risks like the Division BRT and SW Corridor LRT lines.

In addition, two affordable housing projects in the development pipeline are in potential Tigard station areas:

- The Fields.** The Housing Authority of Washington County is a special limited partner with Pedcor, the developer of a 236 unit 10-building project near the Tigard Triangle station. 212 homes will be affordable to households making at or below 60 percent of the median family income and 24 will be affordable at or below 30 percent of median family income. There are three and four-story buildings and a one-story community building. The project is anticipated to open in 2020.

<sup>6</sup> Portland State University, “Preserving Housing Choice and Opportunity”, Dr. Lisa Bates, 2017

- **Red Rock Creek Commons.** The City of Tigard is supporting the Community Partners for Affordable Housing to develop 48 affordable one-bedroom apartments near the Tigard Triangle station. The project intends to serve the populations most at risk of displacement and homelessness with 24 project based vouchers. These homes will serve households with incomes at 60 percent median family income and below. CPAH has partnership with Luke-Dorf to house 8 of its clients. Luke-Dorf is a mental health care provider in Tigard, who provide services or referrals for the residents of Red Rock Creek Commons.

Assuming existing resources and these two projects in the pipeline are prioritized, an estimated 1,000 affordable homes for households with incomes at or below 60 percent MFI could be acquired or newly built in the Portland and Tigard portions of the corridor over the next 10 years. These numbers serve as minimum targets for affordable rental housing near light rail stations.

However, by comparing these minimum targets to the actual need, it is clear how far short they fall. The actual need is estimated to be 4,240 acquired and newly constructed affordable homes in Tigard and Portland over the next 10 years. The targets would meet 32 percent of the need in Tigard and 20 percent of the need in Portland.

A comparison table is provided below including estimated total development costs (TDC). The emphasis on new construction in Tigard will result in a higher TDC than in Portland where targets include a balance of new construction and acquisition or conversion of existing apartments. The estimated TDC is not the amount each city would invest individually. Other sources are traditionally used to develop regulated affordable housing such Low-Income Housing Tax Credits. The portion of funding provided by the City of Portland’s traditional gap financing sources is usually between 30-40 percent of the TDC.

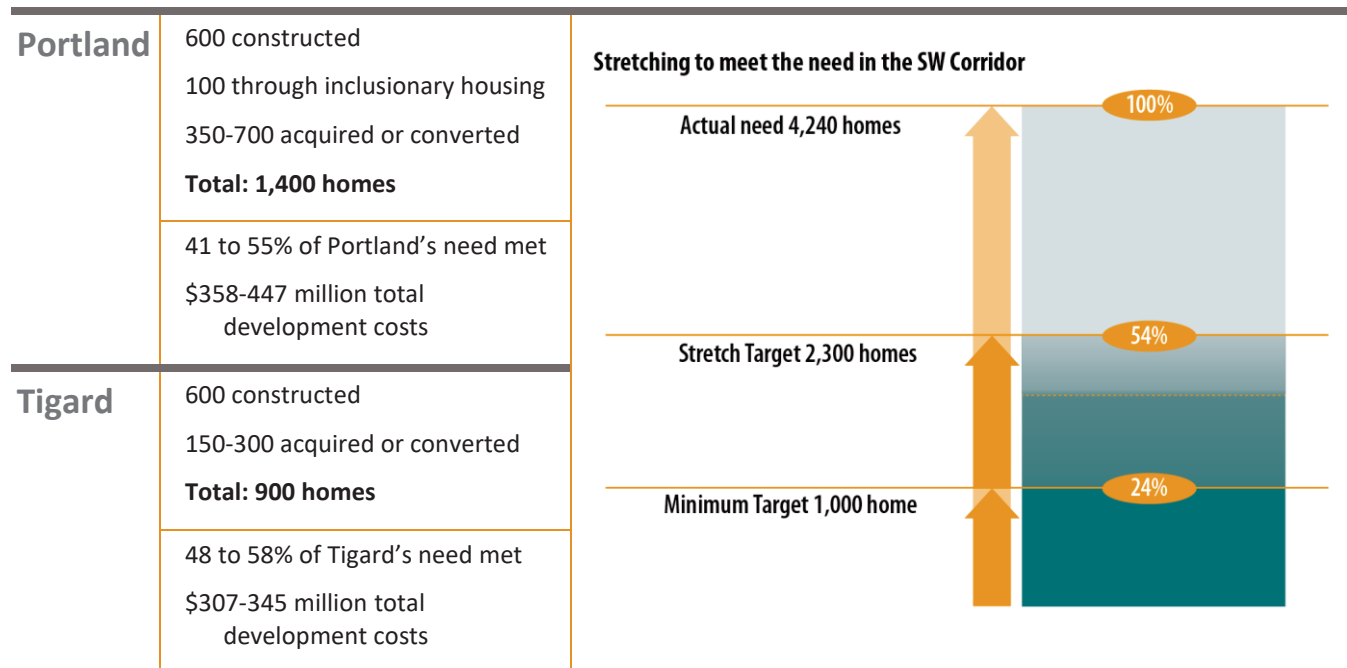
#### Affordable rental housing minimum targets with existing resources versus the actual need

	Minimum targets with existing resources		Actual need
<b>Portland</b>	<ul style="list-style-type: none"> <li>▪ 200 constructed</li> <li>▪ 100 through inclusionary housing</li> <li>▪ 200 acquired or converted</li> <li>▪ <b>Total: 500 homes</b></li> </ul>	<p>20% target need 500 homes</p> <p>Portland 100% of need 2,660 homes</p>	<ul style="list-style-type: none"> <li>▪ 910 constructed</li> <li>▪ 1,650 acquired or converted</li> <li>▪ <b>Total: 2,660 homes</b></li> </ul>
	<ul style="list-style-type: none"> <li>▪ Up to 20% of Portland’s need met</li> <li>▪ \$141 million total development costs</li> </ul>		<ul style="list-style-type: none"> <li>▪ 100% of Portland’s need met</li> <li>▪ \$829 million total development costs</li> </ul>
<b>Tigard</b>	<ul style="list-style-type: none"> <li>▪ 450 constructed</li> <li>▪ 50 acquired or converted</li> <li>▪ <b>Total: 500 homes</b></li> </ul>	<p>32% target need 500 homes</p> <p>Tigard 100% of need 1,580 homes</p>	<ul style="list-style-type: none"> <li>▪ 730 constructed</li> <li>▪ 850 acquired or converted</li> <li>▪ <b>Total: 1,580 homes</b></li> </ul>
	<ul style="list-style-type: none"> <li>▪ 32% of Tigard’s need met</li> <li>▪ \$214 million total development costs</li> </ul>		<ul style="list-style-type: none"> <li>▪ 100% of Tigard’s need met</li> <li>▪ \$546 million total development costs</li> </ul>

There are several new funding sources and investment strategies proposed in this strategy. If there is action on these proposals, then new resources can stretch to meet more of the need.

**Recommended stretch targets with new resources:** A bold goal is to build one new affordable transit-oriented development (TOD) near each of the proposed 10 light rail stations beyond the two projects already in the development pipeline and acquire an equal number of unregulated affordable apartment buildings (10) where risk of displacement is highest for vulnerable populations. This could provide 1,800-2,300 regulated affordable homes and meet 48-58 percent of the need in Tigard and 41-55 percent of the need in Portland. See the table below for more details.

### Recommended affordable rental housing stretch targets with new resources



### Policy goals for affordable housing

Additional parameters will direct affordable housing funding to achieve the above targets. The strategy recommends:

- **Invest in family sized homes.** The proportion of new homes with two or three bedrooms should be greater than the proportion within the current stock of affordable housing in the corridor.
- **Invest in housing for those in greatest need.** The proportion of new homes affordable to households with incomes between 0-30% MFI should be greater than the proportion within the current stock of affordable housing in the corridor.
- **Prioritize housing for those displaced by the light rail project.** Households directly displaced by the light rail project are given preference for new affordable homes if they meet all other program requirements.
- **Invest in more homes accessible to people with disabilities.** A greater percentage of accessible newly constructed homes than is required by the Americans with Disabilities Act should be created for those with disabilities.
- **Create homeownership opportunities.** At least one newly constructed affordable TOD project should be dedicated for first time low-income homeowners and prioritize reducing the racial homeownership gap.



- 
- **Prevent displacement of people of color.** Acquisitions prioritize buildings in areas where the proportion of households of color is greater than the proportion of households of color in the corridor population.
  - **Acquire larger apartment buildings.** Acquisitions prioritize buildings with more than 50 homes.
  - **Build larger new affordable apartment buildings.** Land acquisitions prioritize parcels that can support 100 or more homes.

### **Targets for market rate housing**

Most of the 3,000 additional new households projected to move into the corridor in the next 10 years will find housing in market rate homes without rent restrictions. Achieving the most aggressive affordable housing targets will result in construction of approximately 1,300 regulated affordable homes. That means at least 1,700 new market rate homes need to be built to provide enough housing for new residents, recognizing these new homes will unlikely meet lower-income households immediate affordability needs.

### **Targets for affordable homeownership**

The affordable homeownership need and associated targets will be included in the final housing strategy.

Some level of legal support, housing counseling, and financial services are needed to support the existing 2,200 low-income homeowners spending over 50 percent of their income on housing costs. Home repair loans, weatherization grants, utility and mortgage assistance are a few of the most needed services. Predatory lending education is also needed to help the 35 percent of all low-income homeowners who have paid off their mortgages and are thus more likely to be targeted by predatory lending practices.

In addition, first-time homeownership assistance is needed to help low-income renters transition into owning a home and begin accumulating wealth.

## **3: Implementation strategies**

The opportunities and recommendations described below aim to achieve the overall strategy's three big goals. A proposed framework outlines a sequence of supportive public policy and investments early on. These will set the stage for the market to be catalyzed by light rail investment. These early public actions can meet community needs when the market will not and help communities to benefit directly from future growth.

### **Alignment of transit and housing implementation**

The housing strategy is designed to support a successful transit project and leverage elements of the project to enhance the strategy:

- The strategy will support the light rail project by encouraging dense development and prioritizing affordable housing investments near station areas, which in turn, will support ridership.
- The transit project will support the housing strategy by prioritizing affordable housing on appropriate sites during the disposition process for excess property that was originally acquired for the project's construction. It also provides an opportunity to raise local revenue for affordable housing in parallel with the light rail investment.

Some benefits of this alignment include better outcomes for people, increased financial sustainability of the transit system, efficient land uses, and enhanced political and community support for growth along the corridor. Some healthy tensions addressed are the potential for increased upfront costs, "mission drift" of partner agencies, and the goal to meet the needs of both current residents and those moving in.

# SW Corridor Housing Goals and Implementation Strategies

- ◆ Primary strategies are those required to achieve our goals.
- ❖ Secondary strategies should continue to be explored as this strategy evolves throughout the implementation

Strategies are either corridor-wide or agency-specific and are distinguished below with the following marks.

- ✦ Corridor-wide strategies can be pursued collaboratively
- ⤴ Agency-specific strategies pertain to individual cities or other institutional partners.



## Goal 1

**Commit early financial resources to address near-term housing crisis and long-term needs**

**Strategy 1-1: Grow new resources for the long-term**

- ◆ Form a SW Portland Urban Renewal Area ⤴
- ◆ Fully Capitalize the Network for Oregon Affordable Housing's Housing Acquisition Fund ✦
- ◆ Support a Metro regional housing bond ✦
- ❖ Support region-wide workforce housing real estate investment trust ⤴
- ❖ Explore an employer-assisted housing and corridor employer fund ✦
- ❖ Support Portland Just Energy Transition Initiative ⤴

**Strategy 1-2: Prioritize existing resources early on**

- ◆ Prioritize competitive resources for the SW Corridor ✦
- ◆ Promote existing incentives available to all multi-family development ✦

**Strategy 1-3: Strengthen partners to steward the strategy**

- ◆ Form a lasting community-centered organizational structure to champion and implement the strategy ✦



## Goal 2

**Prevent residential and cultural displacement**

**Strategy 2-1: Preserve existing unregulated affordable rental housing**

- ◆ Acquire and convert up to ten unregulated affordable multi-family apartment buildings into income/rent restricted buildings ✦
- ◆ Provide tax exemptions for existing unregulated affordable housing ✦

**Strategy 2-2: Strengthen tenant protections and provide anti-displacement services**

- ◆ Fund an anti-displacement services package ✦
- ❖ Create parity of tenant protections across jurisdictions ✦



## Goal 3

**Increase choices for new homes for all household types and incomes**

**Strategy 3-1: Secure and develop opportunity sites for new construction of equitable transit-oriented development (TOD)**

- ◆ Develop TOD-scale (100+ homes) affordable multi-family buildings in each of the ten station areas in Portland and Tigard ✦

◆ Execute an interagency Equitable TOD Memorandum of Understanding ✦

◆ Inclusionary zoning receiving site(s) agreement ⤴

❖ Recruit community land trusts to the corridor ✦

❖ Explore opportunities for limited equity cooperative housing models ✦

❖ Identify opportunities for community benefits agreements ✦

**Strategy 3-2: Regulate land use and zoning to create affordable and market rate housing**

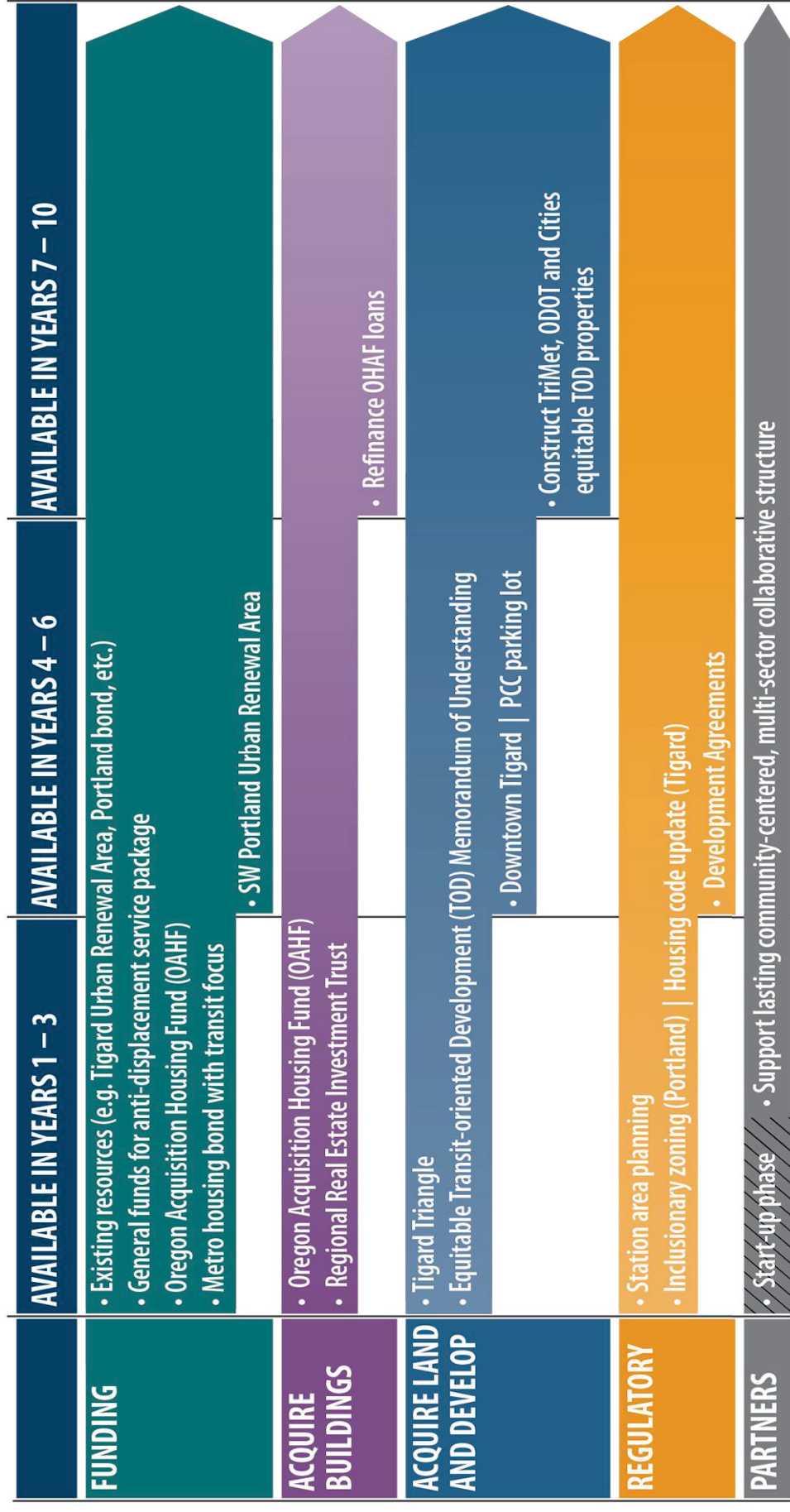
◆ Incentivize equitable TOD through zoning ✦

◆ Incentivize equitable TOD through development agreements ✦

❖ Adopt middle housing tools and policies that work for low-income households ✦

### Sequencing primary implementation strategies

The following graphic illustrates the recommended sequencing of strategies necessary to achieve the corridor’s major housing goals. Early investments prioritize anti-displacement services and acquisitions of unregulated affordable multifamily housing. Other early actions include land use planning for station areas and securing public properties for future redevelopment as affordable housing. Increasing levels of investment are needed later when building acquisition bridge loans require refinancing and construction capital is needed to develop the public properties.



# DRAFT SW Corridor Housing Goals and Implementation Strategies

Strategies are identified as **corridor-wide** or **agency-specific**. Corridor-wide strategies can be pursued collaboratively, while agency-specific ones pertain to individual cities or other institutional partners.

Strategies are grouped as **primary** or **secondary**. Primary strategies are those required to achieve our goals. Secondary strategies should continue to be explored as this strategy evolves throughout the implementation.

## Goal 1: Commit early financial resources to address the near-term housing crisis and long-term needs

### Strategy 1-1: Grow new resources for the long-term

#### ◆ A. Form a SW Portland Urban Renewal Area (agency-specific)

A URA district encompassing the potential SW Portland light rail stations can use tax increment financing (TIF) to capture the increase in land and property value partially created by the light rail project. Preliminary modeling estimates \$181-300 million in maximum indebtedness could be supported, depending on the size of the district.

The TIF resources could be deployed as low-interest loans, grants, or direct investments for a variety of capital investments, including funding affordable or mixed-income housing. The resources modeled could produce an estimated range from 120-280 acquired or newly constructed affordable homes using \$27-63 million in TIF housing set-aside; assuming TIF can be used “as is” with leverage.

#### Recommended Actions

- First explore expansions of URAs in East Portland. If capacity is left over and/or new capacity is freed up from expiring URAs then conduct additional research, planning, and community engagement to form a URA in SW.
- Explore a housing set-aside greater than the 45 percent minimum policy.
- Front load funding by providing general fund backing to finance early investments in housing before speculation intensifies.

#### Considerations

- URAs divert revenue from overlapping taxing districts (i.e., city, county, school district portions).
- City Council adopted a policy that sets aside 45% of revenue in eligible URAs to create housing affordable to households at or below 100% of AMI.
- A cap of 15 percent of the city’s total acreage can be included in URAs.

#### ◆ B. Fully capitalize the Network for Oregon Affordable Housing’s Housing Acquisition Fund (corridor-wide)

NOAH’s current \$33 million fund draws on many capital sources to provide short-term financing to for- and nonprofit entities to acquire market rate buildings, unrestricted by regulatory agreements, with the intent that the buildings will be transitioned into rent/income restricted affordable housing.

Analysis of hypothetical acquisitions of buildings in the SW Corridor shows a \$10 million infusion of public subsidy reduces the amount of additional sources needed beyond the NOAH loan by millions, with the most impact in projects of 50+ homes. Those savings could go to other projects, enabling even more affordable housing to be preserved. Cash flow projections for NOAH’s fund with a hypothetical \$10 million-dollar public investment and better terms indicate that 555 affordable homes could be preserved.

<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>▪ Determine feasibility and source for one-time addition of public subsidy into NOAH’s capital composition beginning with contributions from both cities and counties.</li> <li>▪ Explore opportunities to use the new public investment to entice better terms from other existing lenders or attract new lenders with better rates.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>▪ Longer term financing is needed to sustain affordability over time.</li> <li>▪ NOAH’s current lending term (48 months) is short and the interest rates are higher as compared to national programs</li> <li>▪ There is precedent for this action. In 2016 PHB invested \$1 million in NOAH’s land acquisition fund.</li> </ul>
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**◆ C. Support the referral of a Metro regional housing bond (corridor-wide)**

Metro is considering placing a \$200-700 million bond on the 2018 ballot to fund regional affordable housing investments.

Some funds could be used by the Metro TOD Program to acquire land in high capacity transit corridors. Most of the funding could be passed through to local housing authorities to construct new affordable housing or purchase existing unregulated affordable housing.

<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>▪ Support Metro to refer a bond on the higher end of the range of amounts they are exploring.</li> <li>▪ Support referral of a constitutional amendment to change the lending of credit prohibitions to allow for better leverage of public funds.</li> <li>▪ Continue dialogue with Metro and the community about administering a portion of funding with a focus on strategic investments that align with regional priorities, such as land acquisition in transit corridors, including SW Corridor LRT and Division BRT.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>▪ Most of the funding could be passed through to local housing authorities to construct new affordable housing or purchase existing unregulated affordable housing.</li> <li>▪ Current constitutional limitations require all housing funded through bond money to be publicly owned though housing can be operated by contracted partners.</li> </ul>
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**◆ D. Support region-wide workforce housing Real Estate Investment Trust (agency-specific)**

Meyer Memorial Trust and Gerding Edlen have partnered to bring mission-based investors into a long-term investment fund that purchases unregulated workforce housing, operates them with rents tied to CPI, and provides a competitive but less-than-market-rate return to investors in the form of quarterly cash flow. Partners hope an initial \$100 million in capital can be raised in 2018. The fund would not use public policy-driven funds so it can have the agility of private capital to move with the market.

<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>▪ Conduct due diligence to determine if the City of Portland can be an investor or otherwise support it through grants or by funding operations.</li> <li>▪ Seek to align REIT activities with the corridor’s housing preservation goals.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>▪ It is one of the only tools being developed to preserve workforce housing in the 60- 120% AMI range.</li> <li>▪ Investment return is around 4%.</li> </ul>
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**❖ E. Explore employer-assisted housing or corridor employer fund (corridor-wide)**

Anchor institutions or large employers could directly participate in the development of affordable and/or market rate housing for rent or homeownership to eligible employees by providing property and/or low-cost financing. Employers could also pay into a fund dedicated to alleviating the housing burden for corridor employees.

<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>▪ Hold discussions with corridor employers to discuss their interests, employee needs, and structures for a possible public-private or public-public partnership.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>▪ PCC Sylvania’s vision for campus development includes affordable housing.</li> <li>▪ 21% of OHSU’s 16,530 employees live in the corridor.</li> </ul>
<p>❖ <b>F. Support Portland Just Energy Transition Initiative – (agency-specific)</b></p>	
<p>Local environmentalists and social justice organizations are championing a 2018 ballot measure to enact a large retailer tax to fund projects that reduce greenhouse gases, provide family-wage jobs, and promote economic opportunities for communities of color and low-income communities.</p> <p>Between 20 - 25% of funding (\$15- \$20 million annually), could support renewable energy and energy efficiency projects in regulated affordable housing buildings. For example, providing energy efficiency and rehabilitation grants to nonprofit developers who purchase non-regulated properties to be converted into permanently affordable homes.</p>	
<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>▪ Support the referral of this measure to the 2018 ballot.</li> <li>▪ Explore alignments of the Initiative’s housing investments with other proposed primary funding strategies listed above.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>▪ The Oregon Legislature is working on similar solutions statewide.</li> </ul>
<p><b>Strategy 1-2: Prioritize existing resources early on</b></p> <p><b>Commitment to racial equity:</b> Existing funding will not be diverted from commitment to other equity and anti-displacement agendas in other parts of the region, such as North and NE Portland and East Portland.</p>	
<p>◆ <b>A. Prioritize locally controlled competitive resources for the SW Corridor (agency-specific)</b></p>	
<p>Housing resources have varying policy priorities. Alignment of priorities provides clarity, predictability, and efficiencies. Aligning a portion of the following resources along the corridor has the greatest potential to meet the corridor’s housing goals:</p> <ul style="list-style-type: none"> <li>▪ Tigard Triangle URA (\$188 million)</li> <li>▪ Portland Housing Bond (\$258 million)</li> <li>▪ North Macadam URA</li> <li>▪ Portland Construction Excise Tax</li> <li>▪ Metro TOD Program</li> <li>▪ Other (State, County, philanthropy)</li> </ul>	
<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>▪ Develop options for a Tigard Triangle URA set aside for market rate and affordable housing.</li> <li>▪ PHB contracts with brokers to solicit land and building acquisition opportunities using either CET or bond funding.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>▪ Tigard will undertake a project to prioritize Tigard Triangle urban renewal plan projects.</li> </ul>

<ul style="list-style-type: none"> <li>▪ PHB targets opportunity sites in the portion of the North Macadam URA that overlap with the Gibbs station walkshed area.</li> <li>▪ Metro participates in an Equitable TOD MOU with other partners (see details under Goal 3).</li> <li>▪ Engage the Oregon Housing and Community Services Department to explore options for prioritizing 9% LIHTC applications for projects within light rail stations' walkshed areas.</li> </ul>	
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**◆ B. Promote existing incentives available to all multi-family development (corridor-wide)**

Programs exist using incentives and requirements to increase feasibility and affordability of affordable and market rate housing without direct public investment. Helping developers become aware of and experienced with using the following programs could increase their use in the corridor:

- System Development Charge exemptions (Portland and Tigard)
- Vertical Housing Development Program (Tigard)
- Inclusionary Housing (Portland)
- Affordable Housing Property Tax Exemption (Tigard)

<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>▪ Promote the corridor's housing vision for to developers with marketing materials tailored to different development models and business plans (eg. market rate, mixed-income and completely regulated affordable housing).</li> <li>▪ Provide technical expertise to developers to help them use the existing resources.</li> </ul>	<p><b>Considerations</b></p> <p>Tigard City Council will soon consider a SDC waiver for affordable housing.</p>
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**Strategy 1-3: Strengthen partners to steward and champion the strategy**

**Commitment to racial equity:** Any organizational structure will include meaningful decision-making authority for and accountability to low-income people and communities of color and equitable funding for community based organizations to participate.

**◆ A. Form a community-centered organizational structure to champion and implement the strategy over the long term (corridor-wide)**

An implementation best practice is forming a collaborative around a common vision to connect equitable TOD strategies with the right public, private, philanthropic, and nonprofit leaders who have the ability and heft to implement them. These tend to take a regional view of a broad array of issues such as transit, affordable housing, workforce development and economic development.

Interviews with the Equity and Housing Advisory Group revealed interest in a broader collaborative like those in other regions but also a near-term desire for an oversight function similar to the N/NE Neighborhood Housing Strategy. More details on options for structures can be found in Section 5 below.

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### Recommended Actions

Provide public and philanthropic funding for stakeholders in the corridor to continue to explore forming a collaborative structure. Due diligence should identify:

- purpose and purview of a potential structure,
- options for governance and membership,
- long-term public sector role,
- a backbone organization and initial staffing needs, and
- seed funder(s) including philanthropy and local jurisdictions.

### Considerations

- A broader regional collaborative could provide an oversight function for the goals in the SW Corridor Equitable Housing Strategy.
- Additional work by Metro on workforce and economic development in the corridor could broaden the purview of an oversight committee or collaborative.



## Goal 2: Prevent residential and cultural displacement

### Strategy 2-1: Preserve existing unregulated affordable rental housing

**Commitment to racial equity:** Prioritize funding for culturally specific organizations to acquire and preserve affordable housing where communities of color are established such as the area around the Islamic Center of Portland and in parts of Tigard where Hispanic/Latino households reside.

#### ◆ A. Acquire and convert up to 10 unregulated affordable multifamily apartment buildings into income/rent restricted buildings (corridor-wide)

A capitalized strategy to convert some of the corridor's 372 unregulated apartment buildings into rent/income-restricted buildings is the most effective way to prevent displacement of current residents. The corridor's older stock of apartment buildings is selling at an average of \$152,000/unit - much lower than the industry standard of \$275,000/unit to construct a new affordable home.

New and existing sources identified under Goal 1 could be aligned. Partners' acquisition activities could be coordinated to have greater impact. A foundation for establishing funding criteria is provided in Section 2.

#### Recommended Actions

- Capitalize NOAH's Oregon Housing Acquisition Fund.
- Work with funding partners to incorporate the policy goals for acquisition found in Section 2 into their funding criteria and explore joint NOFA's and underwriting processes.
- Continue to fund community-based organizations to engage tenants.
- Contract with brokers to solicit acquisition opportunities.

#### Considerations

- 10 buildings is a stretch goal dependent upon newly created resources under Goal 1 (See Section 2 for minimum targets)
- Rehabilitation and ongoing maintenance costs of buildings in the corridor are not known.

#### ◆ B. Provide tax exemptions for existing unregulated affordable housing (corridor-wide)

The State's authorization for local jurisdictions to provide partial property tax exemption in exchange for the provision of regulated affordable housing can be extended to owners of unregulated affordable apartment buildings. Tigard's Affordable Housing Property Tax Exemption is currently an incentive for affordable housing.

#### Recommended Actions

- Pass state-authorized local legislation to expand tax exemption programs with the goal of converting existing unregulated affordable housing into rent/income restricted housing.

#### Considerations

- Portland's property tax exemption authority is exclusively available as an incentive to participate in the Inclusionary Housing Program.

### Strategy 2-2: Strengthen tenant protections and provide anti-displacement services

**Commitments to racial equity:** Prioritize funding for culturally specific organizations to provide culturally targeted anti-displacement services in areas where communities of color are established such as the area around the Islamic Center of Portland and in parts of Tigard where Hispanic/Latino households reside.

◆ **A. Fund an anti-displacement services package (corridor-wide)**

Anti-displacement services provide long-term cost effectiveness by preventing homelessness and stabilizing renters and homeowners. They can be quicker to deploy and cheaper than creating rent/income-restricted units. Local cost/household estimates for legal aid and emergency rental assistance are \$3,000 and \$2,300 respectively.

Community partners' engagement of low-income renters and homeowners identified the three service types in greatest need:

1. **Legal Support.** Help answering legal questions, completing forms and providing representation in court.
2. **Housing Counseling.** Education, outreach, organizing, and assistance accessing services such as financial literacy, credit counseling, renters rights, and home loans and predatory lending education
3. **Financial Services.** Direct monetary support to renters and homeowners such as emergency rental, utility, and mortgage assistance or home repair and weatherization funding.

**Recommended Actions**

- Develop a package to include the immediate needs identified by community partners: rental assistance, legal aid, and education and research.
- Identify funding sources beginning with commitments from both the City of Tigard and City of Portland.
- Explore options for a Tigard/Portland Intergovernmental Agreement to coordinate services.
- Continue to fund community-based organizations to engage tenants.

**Considerations**

- There is precedent for a package of this type. In 2018, PHB submitted budget requests for \$1 million in renter services and \$500,000 in homeownership support services.

❖ **B. Explore creation of tenant protections (corridor-wide)**

Tenants along the corridor have different rights and protections depending on which city they live in. For example, Tigard does not have a requirement of 90-day notice for no-cause evictions. Neither city has a rental registration program. This is an obstacle to coordinated anti-displacement services and preservation of unregulated affordable housing.

**Recommended Actions**

- Form a Community Preservation Workgroup as part of any organizational structure to strengthen tenant protections in both Tigard and Portland.

**Considerations**

- Portland is in the process of developing a rental registration program.

## Goal 3: Increase choices for new homes for all household types and incomes

### Strategy 3-1: Secure and develop opportunity sites for new construction of equitable TOD

**Commitments to racial equity:** Prioritize funding for culturally specific organizations to develop affordable rental housing and reduce the racial wealth gap through homeownership opportunities.

#### ◆ A. Develop TOD-scale (100+ homes) affordable multi-family buildings near each of the 10 stations in Portland and Tigard (corridor-wide)

All potential station areas in Tigard and Portland have parcels zoned to allow multi-family housing at a density supportive of transit. Public sector-owned parcels can be prioritized for affordable housing. Regulated affordable TOD near each station would provide low-income households with approximately 1,300 new choices of where to live along the corridor.

New and existing sources identified under Goal 1 could be aligned. Partners' funding and land activities could be coordinated to have greater impact. A foundation for establishing funding criteria is provided in Section 2.

#### Recommended Actions

- Secure funding under Goal 1
- See details on opportunity sites in Section 4 below.

#### Considerations

- 10 buildings is a stretch goal partially dependent upon Inclusionary Housing in Portland and the newly created resources under Goal 1 (See Section 2 for minimum targets)

#### ◆ B. Execute an interagency Equitable TOD Memorandum of Understanding (corridor-wide)

Publicly owned parcels are an important opportunity to develop affordable housing. A MOU between public agencies to coordinate land acquisition and development can leverage scarce resources and provide a predictable pipeline of sites for affordable housing funders and developers.

A few sites with TOD potential are already owned by the public sector. All light rail alignment scenarios require additional parcels to be acquired that will be redevelopable after the light rail construction. See Section 4 for more details.

#### Recommended Actions

- Execute a MOU between the City of Portland, City of Tigard, TriMet, Washington County, and Metro related to affordable housing on remnant light rail project property and other publicly owned sites.
- Execute the MOU in advance of adopting the light rail project's Locally Preferred Alternative.

#### Considerations

- Most sites will not be available until 2027 or later.
- New FTA Joint Development rules are favorable to developing affordable housing on transit agency owned land.

#### ◆ C. Inclusionary Zoning receiving site(s) agreement (agency-specific)

Housing production estimates from Portland's Inclusionary Housing Program in SW are between 100-200 affordable homes over the 10-year housing strategy. The program allows market-rate developers to meet their affordable housing requirements on-site or by paying an in-lieu fee or creating the housing at a nearby site. Giving developers along the corridor an option to create off-site units on approved *receiving sites* in the corridor would lower the barrier to participation in the program. Receiving sites could contribute to one or two of the buildings in Strategy 1A above and serve as an incentive to participate in a master development agreement to incentivize deeper affordability levels.

<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>Analyze the feasibility of producing the housing development(s) that would include the off-site affordable homes.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>Per City policy, a receiving site cannot be supported by any additional PHB subsidy.</li> <li>A number of publicly controlled parcels could serve as receiving sites.</li> <li>Inclusionary Housing does not create deeply affordable housing.</li> <li>Inclusionary Zoning is dependent on the construction of new market rate housing.</li> </ul>
<p>❖ <b>D. Recruit community land trusts to the SW Corridor (corridor-wide)</b></p>	
<p>CLTs own land and provide long-term ground leases to providers of affordable rental housing or low-income households to purchase the homes on the land. Homeowners agree to purchase prices, resale prices, equity capture, and other terms to ensure long-term affordability.</p>	
<p><b>Recommended Actions</b></p> <p>Engage CLT operators and developers about the ability to partner in the SW Corridor.</p>	<p><b>Considerations</b></p> <p>Low-income homeowners capture some limited equity.</p>
<p>❖ <b>E. Explore opportunities for limited equity cooperative housing models (corridor-wide)</b></p>	
<p>This form of multi-family housing could offer residents in the corridor much needed affordable ownership opportunities. Residents would not own the land or their individual home, they acquire shares in the cooperative corporation that holds title to the building. Share prices are restricted to levels well below the typical down payment required for the acquisition of a single-family dwelling. Resale prices are restricted to maintain affordability.</p>	
<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>Explore a role for NOAH’s acquisition financing if buildings are purchased first to preserve affordability with the goal to later transition into cooperative housing.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>It does not build homeowner assets through equity</li> <li>A nonprofit sponsor is needed to initially organize this model.</li> </ul>
<p>❖ <b>F. Identify opportunities for community benefits agreements (corridor-wide)</b></p>	
<p>Project-specific agreements between developers and community coalitions on large-scale, redevelopment projects ensures community support for the projects in return for creating more affordable housing or other community benefit. This decreases a developer’s risk and maximizes the positive impact of development.</p>	
<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>An oversight body or other corridor-specific coalition can identify potential development parcels in the corridor to watch for opportunities to negotiate CBAs.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>There are limited large redevelopment opportunities in the SW Corridor with exception of the Tigard Triangle.</li> <li>Portland’s CEIP applies to all publicly funded large-scale projects including those using affordable housing resources.</li> </ul>

## Strategy 3-2: Regulate land use and zoning to create affordable and market rate housing

**Commitments to racial equity:** Use best practices of inclusive and equitable engagement during planning processes. Operationalize Portland Comprehensive Plan anti-displacement and equitable housing policies through station area plans.

### ◆ A. Incentivizing equitable TOD through zoning (corridor-wide)

Currently 56% of all acres in the Portland’s potential station areas is zoned single family. The existing mixed-use zoning in station areas is often shallow with an immediate transition to low-density zoning. Mixed-use, low-rise TOD can be developed in this zoning but the imbalance of single-family zoning does not allow for the incremental increases in residential density necessary to create a transit-oriented community. Careful rezoning to allow for more 20+ unit multi-family buildings would result in more affordable homes through Portland’s Inclusionary Housing Program (under 20 units does not trigger affordability requirements).

The City of Tigard recently rezoned most of the land in the Tigard Triangle to accelerate pedestrian-friendly, mixed-use development by streamlining the development review process. Downtown already has mixed use zoning, but the city will explore additional changes to its development code to allow additional residential density in this area.

#### Recommended Actions

Coordinate a corridor-wide station area planning process, beginning in select station areas.

#### Considerations

Barbur Transit Center and the Burlingame stations are in designated Town Centers intended for more multi-family housing.

### ◆ B. Incentivizing equitable TOD through development agreements (corridor-wide)

Development agreements between a city and developers are binding contracts that increase project feasibility and production of community benefits beyond what underlying regulations provide. Potential development agreements in the corridor could address the following tools:

- Increased entitlements
- Participating in an inclusionary housing obligation receiving site (Portland only)
- Infrastructure subsidy: sidewalks and storm water management
- Participating in off-site shared parking (i.e. park and ride or parking district)
- System Development Charge waivers
- Participate in a streamline review and permitting program

#### Recommended Actions

- After station area planning is complete, determine the additional affordability goals and incentives to target for development agreements in order to further incentivize projects that will not get built even with revised zoning.

#### Considerations

- Park & Rides at the Barbur Transit Center and 53rd street station are shared parking candidates.
- The corridor requires significant storm water infrastructure investments that could compete for properties also appropriate for affordable housing.

❖ C. Adopt middle housing tools and policies that work for low-income households (corridor-wide)

Portland’s Residential Infill Project may allow duplexes, triplexes, and additional ADUs in single-family zoned areas, including in SW light rail station areas. If barriers to participation are removed, low-income homeowners could use these new allowances to bring in more income. Affordable housing requirements could also accompany these new allowances.

The City of Tigard will consider updates to the development code to allow a wider variety of “missing middle” housing options that will provide for a wider variety of housing types to accommodate residents at all stages of life. These code updates will include zoning and design standards for a broader range of accessory dwelling units and duplexes, as well as cottage clusters, live/work units, courtyard apartments, and other small- and medium-sized units. The updates may also include changes that lower barriers to the development of affordable housing.

**Recommended Actions**

- Identify sources of public funding to provide low-cost financing to low-income homeowners.
- Adopt policies that create more affordable housing.

**Considerations**

- Homeowner with older mortgages at higher interest rates may need help refinancing to take advantage of development opportunities.

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## 4: Pipeline of Opportunity Sites

The corridor's affordable housing stretch targets depend upon growing new resources to build one affordable TOD near each of the corridor's 10 light rail stations and acquire an equal number of unregulated affordable apartment buildings. Pro-active efforts by local government partners and nonprofit developers to find willing sellers of apartment buildings are the best approach to achieving these preservation targets. Prioritizing publicly owned land for affordable housing is the best approach to achieving the new construction targets.

***An MOU between TriMet, City of Portland, City of Tigard, Washington County, and Metro will be the primary vehicle for prioritizing public properties for new affordable TOD. It will define a process for disposing of remnant transit project property in a manner that supports affordable housing development goals.***

Analysis is underway to identify development and funding scenarios for a pipeline of new affordable TODs along the corridor. The final housing strategy will include hypothetical housing programming, capital needs, and funding strategies for a package of sites. A few specific opportunity sites are included in this analysis, including:

- The Portland Community College Board of Directors is interested in developing affordable housing on the Sylvania Campus.
- The Oregon Department of Transportation owns two properties that may be available to provide some amount of affordable housing; the Barbur Transit Center and land under portions of the Ross Island Bridgehead. Redevelopment scenarios will account for their current transportation functions.

Two other future development projects should also be supported in addition to opportunity sites more closely tied to this housing strategy:

- The South Waterfront North District Development Agreement between ZRZ Realty Company and the Portland Development Commission (now Prosper Portland) dedicated a parcel for affordable housing. The future development will help meet the North Macadam URA housing goals rather than this strategy's goals. However, it is located within the potential Gibbs light rail station walkshed so the affordable housing will contribute to the overall build out of the station area.
- Neighborhood House is planning to build an affordable apartment building for low-income seniors on its property in Multnomah Village. The site is .6 mile from the nearest potential light rail station. While the potential project is not located in close walking distance to the potential light rail station, it should be supported to contribute to the broader corridor's stock of affordable housing.

## 5: Stewardship Structure and Accountability

Goal 1, Strategy 3 is to “**Strengthen partners to steward and champion the strategy.**” This could take the form of a community-centered cross-sector regional collaborative focused on equitable TOD but with a near-term responsibility to steward the corridor’s housing strategy. An initial concentration on housing in the corridor could broaden both geographically and by sector. Metro’s SW Corridor Equitable Development Strategy’s focus on workforce and economic development in the corridor could broaden the collaborative’s scope beyond just housing. Supporting investments like the Division Street bus rapid transit line and equitable TOD projects along existing light rail and streetcar lines could broaden the scope geographically.

Another organizational form to explore is an oversight body tasked with advising and overseeing the implementation activities made by public partners.

Securing public and philanthropic funding for these members to continue to explore forming a structure is an important next step. Any organizational structure should include meaningful decision-making authority for and accountability to low-income people and communities of color and equitable funding for community based organizations to participate.

The table below summarizes some of the elements of a collaborative. Many of these elements are also relevant for an oversight structure.

The final strategy will include a set of options for structures. See “White Paper 4: Organizational Strategies” linked in the appendix for a full description of collaboratives in other regions and more detail of each element.

### Elements of organizational structures

Elements	Questions
Purpose	What is the purpose and purview of a potential structure?
Size	Is the structure intentional about the size of its membership? Why or why not?
Legal structure	Is it formally incorporated as a 501(c)(3)? Why or why not? If not incorporated, are there formalized agreements among partners?
Inclusive governance	How are decisions made? Who has decision-making power and why?
Membership	Is membership restricted to specific types of organizations? What is the public sector role over the long-term?
Equitable funding	What are sources of funding? Who are potential seed funders? Are members compensated? Why or why not?
Staff	Is there dedicated staff? If so, how and where are they employed?
Geographic reach	Where is the work focused?
Backbone organization	Is there a backbone organization?



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## Conclusion

Meaningful financial capitalization of this strategy and an effective community-centered organizational structure to seek solutions together will likely be the major determinants of whether the big ideas of this strategy come to fruition. The opportunity to get ahead of the predictable cycle of gentrification and displacement is now. Our region is well positioned to learn from the past and provide a new model of equitable growth.

## Appendices

### 1. Appendix 1: Equity and Housing Needs Assessment

Demographics, market conditions, land uses, housing needs, housing programs and past investments, as well as existing organizational networks in the SW Corridor

### 2. Appendix 2: Preserving Housing Choice and Opportunity

Portland State University research on unregulated affordable housing in the region and SW Corridor

### 3. Appendix 3: Existing Funding Landscape on the Southwest Corridor

Consultant analysis of housing programs available in the corridor and accounting of those recently used

### 4. Appendix 4: Existing Organizational Presence

Consultant analysis of organizations providing affordable housing, advocacy and human services in the corridor

### 5. Appendix 5: Implementation Strategies

Consultant analysis of implementation strategies proposed in the SW Corridor Equitable Housing Strategy

### 6. Appendix 6: Organizational Structures for Equitable Transit Oriented Development (eTOD)

Consultant research on national examples of multi-sector collaborative structures

