



September 23, 2024

Especially in the proposed East Portland TIF districts, where households are struggling to maintain a foothold, the Portland Planning Commission should support a strong commitment of TIF investments to affordable housing and specifically, homeownership. Habitat Portland Region proposes to 1) track the Affordable Housing set-aside TIF by TIF, rather than in the aggregate Citywide, and 2) put more TIF dollars into housing in East Portland to prevent displacement.

- 55% of funds generated by the new East Portland TIFs should be dedicated to affordable housing, and
- 20% of that affordable housing set-aside should be dedicated specifically to homeownership. Homeownership dollars would prioritize households below 80% AMI, with flexibility to spend some funds up to 120% AMI.
- Spending targets should be met within each respective TIF district, with the specific set-aside stated within each URA's plan

***Early investments in Affordable Housing, and specifically Homeownership, help to stabilize communities and insulate against displacement, which has historically been fueled by non-housing TIF investments.***

A recent study by EcoNorthwest concluded that the past 20 years of Portland's TIF investments "did not adequately address housing affordability or community economic opportunity, especially for BIPOC residents." In all but a few outliers with limited housing production overall (Downtown Waterfront and the South Park Blocks), the study found that the development of market rate housing vastly outpaced affordable housing creation, contributing to the displacement of communities of color. We cannot continue to repeat this history. That's why EcoNW recommended *leading* with reducing systemic barriers to economic opportunity and incenting significant new housing production. Affordable housing investment should precede infrastructure and catalytic projects that drive up the costs of market rate housing in the vicinity.

***Learning from the legacy of urban renewal.***

Urban renewal stripped families, disproportionately Black households and other households of color, of their most critical asset; homes were bulldozed, and communities displaced. Today, Black Portlanders own homes at half the rate of White Portlanders. On a national level,

homeownership disparities have not improved since passage of the Fair Housing Act in 1968. Moving forward, Tax Increment Finance dollars should address that harmful history by investing in BIPOC homeownership and stabilizing housing for communities of color.

Even as the City has grappled with the lasting impact of urban renewal policies, it's proven difficult to match intentions to results. For example, a City Auditor's report found that the Lents TIF resulted in a 10% decrease in homeownership for people of color. The Interstate Corridor TIF produced far more rental housing than homeownership and correlated with an exodus of Black households from North and Northeast Portland, many of whom relocated to the East Portland neighborhoods where new TIFs are now contemplated.

***More, not less, affordable housing funds are needed.***

Portland communities continue to face a housing crisis, but local funding for housing development has dried up. The Portland Housing Bond and Metro Regional Housing Bond have been fully allocated, with no plans to seek a new bond in the foreseeable future. Meanwhile, Portland needs 63,000 new homes for households below 80% AMI by 2035 according to the City's Housing Needs Analysis. These homes will simply not be built without public funding.

***Portland's housing strategy must include homeownership.***

Homeownership is a proven path towards improved education and health outcomes, financial resilience, stability, and building equity that benefits the next generation. Without an aggressive strategy to share equitably in the benefits of homeownership, we won't turn the harmful trajectory set by our region's legacy of racist housing practices.

Stakeholder engagement leading up to the East Portland TIF exploration established homeownership as a strong priority for local communities. Residents know that there is no better protection against displacement than a 30-year fixed affordable mortgage. Urban renewal strategies have fueled displacement and exacerbated inequity in housing assets, but these funds can also be part of the solution.

Sources:

<https://www.urban.org/policy-centers/housing-finance-policy-center/projects/reducing-racial-homeownership-gap>

<https://prosperportland.us/wp-content/uploads/2024/04/Understanding-TIF-Investment-Impacts.pdf>

<https://www.portland.gov/sites/default/files/2021/lents-report-web.pdf>