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As a member of the MU PAC I largely support the Proposed Draft, with the following important exceptions:

1. The existing bonus allowances are too limited and restrictive and the proposed caps on non-affordable housing bonuses are inappropriate.
2. The benefits of public plazas and green space reach a far greater share of the population than affordable housing will. They should be reinstated, without caps.
3. Preservation of Portland's history and character through its buildings is essential if Portland is to remain "Portland." The historic preservation bonus should be greater and uncapped.
4. Bonuses have been gamed in the past. Reinstating and enhancing the public and green space, and historic bonuses as suggested above, should be accompanied by required approvals by either the local neighborhood association or relevant City bureau (Parks) or Commission (Landmarks).
5. The affordable housing bonus provision was proven to be ineffective during economic testing. Consequently, including it other than for political reasons is questionable.
6. The proposed "affordability" options for both housing and commercial space are much too bureaucratic to be effective. Allowance should be made for more innovative options as described below.

As this is the centenary of the birth of Jane Jacobs it only seems fitting to try and model her view of urbanism; namely, that cities are either living or dying, but even living cities can be killed off by poor plans, such as those of her nemesis, Robert Moses. I hold out more hope for this Plan, however, I will argue as Jane did more eloquently, even though cities must grow to survive, there are things that should be preserved and nurtured to make urban life worthwhile. Unfortunately, some of those are potentially being lost in the MU proposal; sacrificed for a single-minded pursuit of an unrealistic goal to substitute private sector investment in affordability for what is, by law as well as right, a City and County responsibility. I speak specifically about the proposed bonus process. However, the draft is also unimaginative, and overly bureaucratic, in its execution of affordability bonuses.

Increase Non-"affordability" Bonuses and Eliminate the Cap on them

I am sure Jane would agree, there are many benefits that can be incorporated into newly built environments that are as valuable, if not more, than affordable housing. After all, a unit of affordable housing only benefits its occupants, while a public plaza and additional landscaping benefit everyone who comes into contact with it, even those just driving by. Accordingly, I am strongly opposed to the loss and/or reduction in allowed FAR/height for those two bonuses. I am also strongly opposed to the reduced FAR/height for historic preservation as described in the draft. Each of these is an urban amenity Jane championed in her time and we should heed her advice.

That said, I support stripping bonus provisions other incentives, most of which were “gimmies” that did not significantly impact construction costs or project *pro formas* over expectations. It is also true that bonuses for public space and landscaping were gamed. The bonus provide for the Radiator’s plaza is a good example, as it is all but hidden from public view and access, and thus provides a solely private benefit. However, I believe there is a way to reintegrate public space and landscaping amenities in a way that restricts gaming opportunities; namely, by requiring support of the local neighborhood association, or if impractical (or it is intractable) the Parks bureau, as public plazas and enhanced landscaping provide a similar service to the citizenry. In this way, plazas and greenspaces can be sited in neighborhoods with the greatest need and bonuses scaled based on their contribution to that need. Regardless, the maximum bonus should not be limited as in the current draft to favor affordable housing over other bonus options.

Clarify Historic Preservation Bonus Treatment, Increase the Allowance, and Eliminate the Cap

I suggest a similar treatment for historic preservation. The current draft text appears to offer a bonus, but its reference to the bonus Table doesn’t show it. Presuming this is an error, and the intent IS to provide a bonus, I would also not cap any bonus to favor affordable housing. I would, however, allow for a greater than 1:1 bonus to incentivize preservation of especially vulnerable properties or extreme measures that may be required to preserve a resource, such as relocating a building. This additional bonus could be determined with the assistance of the Historic Landmarks Commission.

Allow for Innovative Options to Address Affordable Housing

It was clear during the PAC discussions that this was being guided by Council, including shameful engineering of economic results to support a demonstrably poor mechanism to increase affordable housing options. As was indicated during that discussion, forcing developers to include affordable units will most likely result in development within “allowed” limits rather than to “bonus” heights/FAR. It will also increase the cost of units in structures that use the bonuses. Consequently, this policy will undermine both the Plan’s density and affordable housing goals. This provision may be politically expedient, but this Plan is supposed to serve the City of Portland for the next 20 years, not a sitting Commissioner for the remainder of their term. Equally important, as drafted it is a very clumsy in its implementation. Incorporating the Housing Bureau and PDC in the design and development process virtually assures this provision will only be used by local developers wedded to the local market. All others will simply pursue projects in cities with more realistic policies.

To that point, there is the saying about giving a man a fish versus teaching him to fish. Subsidizing housing provides limited, albeit potentially necessary, assistance to the target population. One of the primary causes of housing unaffordability is uncertain rent. One of the primary paths to wealth creation in the US is through home ownership. A better option for both providing affordable housing AND a path out of poverty would be to allow for more

innovation on how to apply for the affordability bonus. A couple of options that come to mind would be to set aside a fraction of units for cooperative ownership, either by tenants or through a land trust entity such as Proud Ground. This could provide a “rent to own” path for tenants to insure stable rents and accumulate wealth through fractional ownership that could later be used for down payment on another residence when the tenant no longer meets income tests. Such an approach may facilitate distribution of units across a structure rather than being concentrated in a low-income ghetto. To the extent this provision is replaced by future inclusionary zoning regulations, the current target population (80% of MFI) would seem to be particularly well suited for a “rent to own” type program.

Allow for Innovative Options to Preserve Affordable Commercial Spaces

My concerns with this part of the Draft are the same as above; however, the solution is somewhat different. Again, the greatest threat to commercial tenants is rising rents. By the same token, the capital and expertise of business owners is optimally applied to their business operations, NOT building ownership and maintenance. Being a landlord is a business unto itself! As noted above, providing business owners with “ownership like rights” through commercial condos, fractional ownership, or “rent to own” building shell leases is the best way for them to ensure stable rent and focus on growing their business. Some businesses could be targeted by PDC or through other programs (including from non-profits) to enable their preservation in communities where rents are rising forcing out business catering to longtime residents, or to enable new businesses to “pioneer” newly developing neighborhoods.

In summary:

1. The “historic” bonus is not explicated in section 33.130.212 as drafted. Consequently, this section suggests bonuses are only allowed for “affordability.” The historic bonus and those suggested above for public and green spaces should be presented jointly.
2. A focus on “affordability” to the exclusion of all other civic benefits undermines the Plan’s objective of retaining Portland’s character.
3. Bonuses for historic preservation and plazas warrant higher bonuses (for historic) and retention (plazas/green spaces) and elimination of the proposed FAR/height caps.
4. The Draft bonus structure fails to reward urban design elements that benefit a greater fraction of residents than the affordability bonuses currently provided. Those other benefits (historic preservation, plazas, and landscaping), should be reinstated without current artificial caps.
6. Affordable goals for housing and commercial space can be achieved by mechanisms not included in the current draft, including ownership in condominium, cooperative, and land trust-type arrangements. Innovations such as these should be explicitly encouraged in the final code to allow greater flexibility and less bureaucratic alternative paths to the desired end.