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Planning and Sustainability Commission
1900 SW Fourth Ave., Suite 7100
Portland OR, 97201

Attn: CC2035 testimony

RE: Central City Plan: FAR Transfers, Affordable Housing and Income Disparity

Dear Commissioners:

I represent Service Employees International Union Local 49. SEIU Local 49 supported the Council amendments to Policy 3.3 and 3.3.d. of the Comprehensive Plan adopted in June 2016 to mitigate the impact of development on income disparity and housing affordability, and to include requirements in the zoning code “to provide public and community benefits as a condition for development projects to receive increased development allowances.”

One important way to mitigate the impacts of development on income disparity and on affordable housing specifically contemplated in our requests to the Council is to require a public benefit for increased floor-area ratios (FAR) when the increase results from a transfer of FAR from one site to another. We believe that the Proposed Draft Central City Plan code provisions should be amended to include such a requirement as minimal compliance with Policy 3.3.d. of the Comprehensive Plan. This request was made by Nicole Knudsen of SEIU 49 in her March 30, 2016 letter to your staff concerning the Discussion Draft of the Central City Code. Your staff commentary to the Proposed Draft suggests at page 48 that providing an initial public benefit in the form of a contribution to affordable housing in exchange for a 3:1 bonus increase in FAR is sufficient to comply with the new Plan Policy 3.3.d. That approach would allow increased development allowances through unlimited transfer of FAR without requiring a public benefit for that transfer increase. We believe this is contrary both to the Council’s intent regarding transfers of FAR and to the plain language of Policy 3.3.d.

Our comments to the Council and your staff concerning the Comprehensive Plan amendments contemplated that the public benefit to be provided in conjunction with transfers of FAR should be tied to what we call “good jobs” for the people who provide ongoing maintenance, cleaning and security for developments. See, for example, the attached testimony from SEIU Executive Director Maggie Long to the City Council dated

January 7, 2016. Now, based on the policies of the recently adopted Comprehensive Plan, we are proposing a specific zoning code requirement for “good jobs” when FAR transfers result in increased development allowances.

Conceptually, our proposal draws on the ideas used to establish affordable housing “linkage fees” in cities such as Seattle, Boston and San Francisco. These fees start with the assumption that the tenants or occupants of new commercial development will create new jobs, and that the new employees will have to find housing in the city. Because some of those jobs will be relatively low-paying, the new development and new jobs will have a direct impact on the limited supply of affordable housing in the community. It is therefore appropriate for the developer to mitigate that impact by providing additional affordable housing, in the same way it is appropriate for a developer to provide additional transportation or other infrastructure to mitigate the impact of a new development on those limited community resources.

The impact of development on affordable housing is especially direct with respect to the workers who will provide ongoing maintenance, janitorial and other services to a commercial development. When the impact of development is so direct, the mitigation of the impact should be direct as well. Rather than paying into a fund for affordable housing projects in the future, the development should assure that its workers can afford housing. Where increased development is achieved through transfer of FAR, a condition of approval should require a public benefit in the form of “good jobs” for such workers.

For purposes of affordable housing, a “good job” pays enough that the worker can afford to rent non-subsidized housing in the Portland area. We propose a simple, workable definition of a “good jobs” requirement for FAR transfers to be included in Chapter 510 the code: a job that provides compensation, including wages and benefits, equivalent to 50% of the median family income for a family of four (50% MFI). Such a compensation package would be around \$36,000-38,000 per year. Standard recommendations are that only 1/3 of income should be spent on housing, so such workers would have approximately \$1,000/month available for rent.

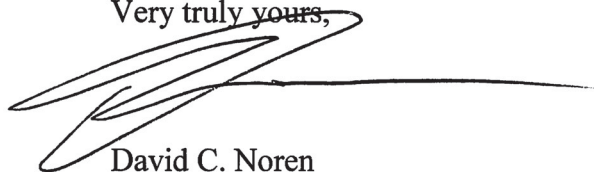
Based on our research, without some impetus to pay more, the “market rate” compensation package for cleaning and security workers in Portland is about \$22,000/year, so income available for housing would be about \$610/month. Our research of rental rates in the Portland area indicates that the average apartment rents for more than \$1,150 per month. Apartments are scarce or unavailable without public subsidy at rents of \$610 per month; vacancy rates are below 3% for subsidized units, and only 3% of total apartment inventory is available at rents of \$610/month or lower. To mitigate the impact on the affordable housing stock created by new commercial development that will require the ongoing services of maintenance, cleaning and security workers, it is appropriate to require that such workers be paid at 50% of MFI if the development uses transferred FAR. Increasing compensation to 50% of MFI opens up more than 24% of the city’s apartment inventory to these workers.

There is a strong nexus between the impact of the development and this regulation, and the mitigation proposed is roughly proportional to the impact. As an example of how this would affect development and occupancy, the ongoing cost to the operator of a hypothetical 350,000 square-foot building where 10 service workers would be employed would be an additional \$160,000 per year or roughly \$0.46 per square foot. Based on our review of current Class A office rents, which average nearly \$27 per square-foot, a per-square foot fee of this magnitude would increase overall rents by less than 2 percent.

We further propose that this mitigation be addressed through the development review process as a condition of approval, requiring the developer who uses a transfer of FAR to record a restrictive covenant that would obligate future owners and operators of the development to provide the required compensation level for their maintenance, cleaning and security workers. To lessen the burden on the city for enforcement, the covenant should specify that it may be enforced by any party to the land use action that approves the development. In this way, affordable housing advocates may participate in the review process to assure that the mitigation condition is imposed, and then may enforce the requirement in court if necessary.

Thank you for considering our proposal. If it would be helpful to staff or the Commission, we can provide specific code amendment language requiring “good jobs” as a public benefit for development that uses transfers of FAR. We look forward to responding your questions.

Very truly yours,

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form a cursive name.

David C. Noren



Testimony to Portland City Council
Provided by Maggie Long
Executive Director of SEIU Local 49
3536 SE 26th Ave
Portland, OR 97202

Re: Promoting livability and affordability via the Comprehensive Plan's updates to Floor-Area-Ratio bonus and transfer options

January 7, 2016

Good evening Mayor Hales and Commissioners,

My name is Maggie Long and I am the Executive Director of the Service Employees International Union, Local 49. SEIU Local 49 is a 12,000 healthcare and property service member union. Combined with our brothers and sisters at SEIU Local 503, SEIU is the largest union in the state representing over 65,000 public and private sector workers throughout Oregon and Southwest Washington. Our mission as a union is to improve the quality of life for our members, their families, and dependents by achieving a higher standard of living, by elevating their social conditions, and by striving to create a more just society.

On behalf of our members, I am here today to voice Local 49's support for the Comprehensive Plan update's process to revise the existing Floor-Area-Ratio bonus system to incentivize affordable housing, and to further propose the Floor-Area-Ration portion of the Western Quadrant Plan be amended to promote livability and good jobs.

SEIU Local 49 has long been a champion of livability and affordability for working families in the Metro area. We participated in a coalition urging the legislature to end the ban on inclusionary zoning, we opposed the ban on the real estate transfer tax, and we have worked with coalition partners to advocate for more affordable housing in the South Waterfront and appreciate the City's recent commitment towards that effort.

In accordance with those principles, SEIU applauds the on-going effort via the Comprehensive Plan update to revise existing Floor-Area-Ratio (FAR) bonus and transfer provisions of the Portland Zoning Code to incentivize affordable housing. But we also feel strongly that these efforts are not enough to combat the growing challenges facing working families and see the Comprehensive Plan update as an opportunity to make more significant improvements for working families.

Portland is gaining national recognition as a world-class city with a desirable quality of life, but working families are being left behind.

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We are seeing an ever-growing income disparity that is pushing working families farther and farther from the City core; for many of our members, affordable housing in proximity to where they work is simply unattainable. Our political program analyzes and maps voter registration data prior to every election and we have seen, year-after-year, striking evidence of our members being forced to move deeper into the City's outer zones and away from their jobs downtown. This reality, combined with stagnant wages and a steady erosion of important benefits such as affordable family healthcare and retirement security, give rise to a host of additional hardships disproportionately borne by working families.

This growing inequality is not who we want to be as a city and is inconsistent with the vision espoused by our Comprehensive Plan. The benefits of Portland's prosperity should be shared by *all* residents, and not just the wealthy few. Portland's development sector is booming again with dozens of new commercial and residential projects in the works, but the City could do more to ensure that working families get to share in this progress. Our built environment should reflect our City's commitment to livability, and we are presented with such an opportunity now via the update to the Comprehensive Plan and its proposed updates to the Floor Area Ratio bonus and transfer provisions.

The Western Quadrant component of the Comprehensive Plan contains important recommendations for substantially incentivizing the creation of additional affordable housing. Calibrating the density bonuses in favor of affordable housing could be a powerful way to reflect and achieve the City's affordable housing goals and values. Creating a mechanism for a cash contribution towards an affordable housing fund would likewise provide an important avenue for developers to reach their desired density while helping to ensure that Portland is a city that works for all of its residents.

There is, however, a crucial component missing from these current recommendations. Access to affordable housing is of critical importance to working families, but so is access to good jobs. Local 49 therefore proposes a Floor Area Ratio bonus and transfer option aimed at ensuring the jobs created by new developments are good, quality jobs. Developers enjoy numerous financial benefits resulting from increased building density; likewise, the people that work to build, clean, and secure our City's buildings deserve a fair shot at participating in Portland's growing prosperity. To that end, a Floor Area Ratio bonus and transfer provision should be created that incentivizes the creation of jobs in our community that provide a family wage, meaningful benefits, and important worker protections.

With the City's rising development momentum coinciding with the Comprehensive Plan update, the time is now to consider new ways for the City's code to incentivize community benefits. I urge the Council to accept these recommendations as we move forward with the process of updating the Floor Area Ratio bonus and transfer provisions.

Thank you for the opportunity to testify. I would be happy to answer any questions.

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