



November 16, 2015

**VIA EMAIL**

Portland Bureau of Planning and Sustainability  
c/o Barry Manning  
1900 SW 4<sup>th</sup> Avenue, Suite 7100  
Portland, Oregon 97201

Re: Mixed Use Zones affordable housing bonus

Dear Mr. Manning:

Housing Land Advocates is a non-profit organization dedicated to advancing the cause of fair and affordable housing through intelligent land use planning. We write to support the inclusion of an affordable housing incentive in the current Mixed Use Zones Project draft, and to encourage City staff and the Planning and Sustainability Commission to consider changes that would strengthen this policy as an affordable housing tool.

The Mixed Use Zones affordable housing density bonus has the potential to create both market-rate and affordable units in high-opportunity neighborhoods, addressing the critical problem of rising housing and transportation costs for low-income residents and communities of color. However, we believe the City can do more to make the provision of affordable units attractive to developers and better address the scale of Portland's pressing housing needs. Specifically, Housing Land Advocates asks the PSC and staff to consider the following changes:

- 1. Strengthen the affordability requirement for the affordable housing bonus incentive.** There is an urgent need to significantly increase the number of affordable units available to Portland residents. We must produce units at a scale that matches the pent-up demand for housing affordable to households earning less than 80% MFI, and particularly for residents from 0-60% MFI.

The Mixed Use Zones Project represents an opportunity to include low-income units in high-quality developments located in Portland's best neighborhoods. Requiring only 25% of the bonus area to be dedicated to affordable housing, as provided for in the discussion draft, fails Portlanders by failing to align the incentive policy with the considerable size of our housing problem. In addition, given the demand for new housing in mixed-use



areas, height and FAR bonuses will be extremely attractive to developers looking to maximize their investments. The City should therefore raise the public benefit requirement to better match the value of this increased development capacity.

Increasing the requirement to 50% of the bonus area would strengthen this tool's ability to produce affordable housing at the level currently needed, and strike greater balance between benefit to the developer and to the public.

2. **Prioritize housing affordability over other public benefits.** We are aware that you may be hearing from advocates who wish to preserve incentives for green infrastructure such as bike racks and eco-roofs. By incentivizing these options in the past, the City successfully spurred the market to offer these much needed amenities. Green features are now recognized as a win-win for developers and residents, and their inclusion is increasingly the norm among new developments.

The City must now focus on catalyzing the development of affordable units that will stand as valuable community assets in high-opportunity neighborhoods. In July 2015, City Council called for revisions to the Central City FAR bonus provisions, noting that “the current menu of [bonus options] may not produce adequate public benefits in exchange for the density bonus received, and the public benefit options do not reflect current City priorities.” The Mixed Use Zones Project offers the same opportunity to realign incentive offerings with current needs. Although the discussion draft makes the provision of affordable housing the only option for developers to receive the full amount of available bonus area, housing would be a clearer priority if the bonus options for public plazas and green features – amenities that are more likely to be provided by the market without incentives – were removed.

While housing should come first, we support the inclusion of affordable commercial space as a secondary incentive to support community economic development, job creation, and culturally specific neighborhood businesses.

3. **Allow developers to contribute to an affordable housing fund in lieu of providing units onsite.** Inclusion of affordable housing may be infeasible under certain circumstances. To increase the likelihood that new developments will benefit the community, the incentive policy should allow developers to make a cash contribution to an affordable housing fund in lieu of building units. However, given the importance of providing affordable housing in mixed-use areas with access to amenities and services, the policy should be structured to make onsite units the most financially attractive option.



Given City Council's interest in using inclusionary zoning tools, and the movement still pending at the state level to overturn the ban, we see these proposed changes as a strategic move toward creating affordability in all new developments throughout the city. In addition, as a member of the Anti-Displacement PDX coalition, Housing Land Advocates encourages the City to view the Mixed-Use Zones Project as an opportunity to immediately implement the anti-displacement measures identified in the draft Comprehensive Plan.

While no single policy or investment will fully solve this crisis by itself, we are confident that strengthening the Mixed Use Zones Project's affordable housing incentive policy is a significant step toward a more equitable Portland. Housing Land Advocates applauds the City's commitment to providing all Portland residents with decent, affordable housing. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Danell Norby".

Danell Norby  
HLA Board Member