

December 1, 2017

TO: Portland Bureau of Planning and Sustainability

FROM: Anti-Displacement PDX coalition (contact: Cameron Herrington, cameronh@livingcully.org)

RE: Residential Infill Project Discussion Draft

The Anti-Displacement PDX (ADPDX) coalition is pleased to share this feedback on the Discussion Draft of the Residential Infill Project. While we appreciate that this draft takes steps toward implementing some of the new Comprehensive Plan's anti-displacement policies, we believe that the RIP can and must do much more to prevent displacement, expand access to affordable housing, and create equitable outcomes for people of color and lower-income households. We are concerned that the current draft attempts to reduce displacement pressures in the short-term -- and only in select neighborhoods -- at the cost of limiting housing choice and reinforcing spatial disparities in the long-term. We call on BPS to employ a more robust, proactive set of tools to achieve equitable outcomes from this project.

ADPDX was formed in 2015 as a voice for communities that have experienced and continue to be vulnerable to gentrification and displacement, in order to shape Portland's 2035 Comprehensive Plan. Our coalition is comprised of community-based organizations representing people of color, low-income Portlanders, renters, housing providers, and advocates for affordable housing and equitable development. We are proud that we contributed to the inclusion of over 30 policies in the final Comprehensive Plan that advance our goals of preventing displacement, ensuring equitable benefits from development, redressing the harms of gentrification, and expanding Portland's affordable housing infrastructure.

We appreciate that BPS has sought to implement ADPDX-backed Comprehensive Plan policies through the RIP and through the public engagement process surrounding this project:

- The RIP directly implements Comprehensive Plan policy 5.6 - Middle housing;
- As required by Chapter 2 policies, BPS has engaged with ADPDX and its member organizations to facilitate the informed participation of under-represented communities in planning and decision-making;
- BPS has analyzed the RIP's potential impacts on housing costs and displacement pressures, as required by Comprehensive Plan policies such as 5.15 - Gentrification/displacement risk (though we are not fully satisfied with this analysis, as discussed below).

While these steps are important, the current draft of the RIP does not meet ADPDX's expectations for how a major planning initiative must address questions of equity, inclusion, displacement prevention, and housing opportunity. As one of the first citywide planning projects to be carried out under the auspices of the new Comprehensive Plan, RIP should set a strong precedent for how City bureaus will implement the required gentrification/displacement risk analysis -- which must include the identification of measures to both mitigate any displacement pressures associated with the project *and* advance affordable housing and equitable development goals as part of the project.

The displacement risk analysis carried out for the RIP is overly (perhaps entirely) dependent on a spatial analysis that seeks to identify discrete geographies where renters are at elevated risk of displacement. This analysis is insufficient, and has led to the selection of a flawed, spatially-constrained mitigation measure. BPS should take advantage of the opportunity presented by the RIP to develop a much more robust impact analysis tool that can be used not only for this project, but for subsequent projects across all City bureaus. At a minimum, this impact analysis protocol should: 1) identify any increased displacement risk posed by the project; 2) identify populations that may be particularly impacted (across all neighborhoods/geographies affected by the project scope); and 3) specify appropriate measures to both mitigate potential displacement risks *and* proactively expand affordable housing opportunities for people of color and lower-income households. Anti-Displacement PDX is eager to work closely with BPS to develop this impact analysis protocol, and to apply it to the Residential Infill Project.

In line with developing a better impact analysis and mitigation protocol, we call on BPS to make the following revisions to the Discussion Draft of the RIP:

1. Allow the “Housing Opportunity” development options citywide.

To our knowledge, BPS’ analysis of the displacement risk posed by the RIP consists of a map showing where low-income renters of single-family homes are concentrated, and the sole proposed mitigation measure is to exclude those geographies from the “housing opportunity” zone altogether. While we agree that renters of single-family homes may be at increased risk of displacement in the short-term (due to increased incentive for their landlords to redevelop or sell their properties), we do not agree that only those living in certain neighborhoods are deserving of protection from displacement. Nor do we agree that excluding these neighborhoods from the housing opportunity zone is an appropriate response to the potential displacement risk (see below for our proposed anti-displacement measures).

Increased housing opportunity is needed in all neighborhoods in order to reduce upward pressure on housing costs and rents, and to provide access to walkable, amenity-rich neighborhoods. Attempting to reduce displacement pressure in the short-term using a tool that limits housing opportunity and exacerbates spatial disparities in the long-term is counterproductive.

Furthermore, excluding certain geographic areas from the housing opportunity zone creates unnecessary complexity in the zoning map, and threatens to distort the market in unpredictable ways. Allowing additional housing supply citywide will more evenly distribute any increased redevelopment and displacement pressure, rather than placing low-income renters in some neighborhoods at greater risk -- which is particularly dangerous given Oregon’s lack of tenant protections, and exacerbates the risk for households of color and low-income renters.

Applying the new rules to all areas of the city meets the spirit of several Comprehensive Plan policies, including Policy 3.3 (“Guide development, growth and public facility investment to reduce disparities...”); Policy 5.10 (“Overcome disparities in access to community assets, and enhance housing choice for people in protected classes throughout the city...”); and Policy

5.11 (“Remove potential regulatory barriers to housing choice for people in protected classes to ensure freedom of choice in housing type, tenure, and location.”).

2. RIP must both prevent displacement *and* increase opportunity for people of color and lower-income households.

Rather than simply hoping to avoid harm in the short-term by excluding neighborhoods from the housing opportunity zone, ADPDX calls for an approach that 1) Reduces displacement risk citywide long-term, and 2) Takes advantage of this major zoning project to proactively, preferentially *increase* housing opportunity for people of color and lower-income households (i.e. “affirmatively further fair housing” opportunities, as required by Comp Plan Policy 5.10). This means using a broader set of tools -- all called for by the Comprehensive Plan -- to both mitigate displacement pressures for private-market renters and ensure that significant numbers of new affordable homes result from implementation of the RIP. As the Comp Plan’s impact analysis policies require (e.g. Policy 5.12), these tools should be implemented concurrent to the implementation of the RIP:

- **TOOL 1: Capture value created by increased development allowances in order to expand affordable housing infrastructure and protect renters**
 - Rather than granting the Housing Opportunity Zone’s increased development capacity by right, require property owners to demonstrate that they will make some contribution to affordable housing in order to receive the increased development allowances (and, therefore, increased property value). Options that applicants can choose from should include:
 - Inclusion of an affordable unit on the property (this option could also grant the property owner the right to build one additional unit, as described below in Tool 3);
 - In lieu payment to the Housing Bureau, with funds earmarked for land acquisition and affordable housing development in single-dwelling zones;
 - Retain existing tenants at affordable rents (this option could be further incentivized, as described below in Tool 4).
 - **Supported by Comp Plan policies:**
 - Policy 3.3.d - Equitable development: Incorporate requirements into the Zoning Code to provide public and community benefits as a condition for development projects to receive increased development allowances.
 - Policy 3.3.e - Equitable development: When private property value is increased by public plans and investments, require development to address or mitigate displacement impacts and impacts on housing affordability, in ways that are related and roughly proportional to these impacts.
 - Policy 5.54 - Renter protections: Enhance renter health, safety, and stability through education, expansion of enhanced inspections, and support of regulations and incentives that protect tenants and prevent involuntary displacement.

- **TOOL 2: Acquire properties in single-dwelling zones for development of affordable infill housing, and to prevent displacement of renters**
 - Allocate funds that can be used citywide by nonprofit housing providers to acquire properties that benefit from the RIP's increased development allowances.
 - Prioritize acquisition of properties currently being rented to lower-income tenants, in order to prevent their displacement and provide them with long-term safe, healthy, and stable housing -- either in their current unit or as part of new development on the property.
 - Prioritize acquisition of properties in neighborhoods where property values are projected to increase in the near future.
 - Enact policy and programs to help low- and moderate-income tenants purchase their homes when landlords sell.
 - **Supported by Comp Plan policies:**
 - Policy 5.14 - Preserve communities: Encourage plans and investments to protect and/or restore the socioeconomic diversity and cultural stability of established communities.
 - Policy 5.17 - Land banking: Support and coordinate with community organizations to hold land in reserve for affordable housing, as an anti-displacement tool, and for other community development purposes.
 - Policy 5.18 - Rebuild communities: Coordinate plans and investments with programs that enable communities impacted by involuntary displacement to maintain social and cultural connections, and re-establish a stable presence and participation in the impacted neighborhoods.
 - Policy 5.19 - Permanently affordable housing: Increase the supply of permanently affordable housing, including both rental and homeownership opportunities.
 - Policy 5.54 - Renter protections: Enhance renter health, safety, and stability through education, expansion of enhanced inspections, and support of regulations and incentives that protect tenants and prevent involuntary displacement.
- **TOOL 3: Reconfigure the Affordable Housing density bonus so that it results in more affordable homes citywide**
 - Rather than require that *all* units be affordable to lower-income households in order for a property owner to receive the density bonus, require that *one or more* of the units be affordable. This will allow greater flexibility for developers of all kinds -- nonprofit, for-profit, and partnerships between the two -- to develop affordable infill homes, including in neighborhoods where land values are too high to allow for all of the units to be sold at below-market prices. This change would have no detrimental effect for subsidized projects developed by non-profits, in which all units will be affordable under either scenario. However,

- it will make it possible for other projects (e.g. those without sufficient subsidy, or in neighborhoods with high land costs) to include one or more affordable units, which would not be the case under the rules proposed in the discussion draft.
- Provide a FAR or lot-coverage-ratio incentive in exchange for family-sized units (3 bedrooms or more) on properties that utilize the affordability bonus.
 - As an alternative, explore the following:
 - For family-sized units, increase the income cap to no more than 100 percent of the median family income. Housing opportunities for families at or below the area's median income are extremely limited.
 - Provide the bonus in exchange for *either* one unit affordable at 80% MFI, *or* two units affordable at 100% MFI.
 - **Supported by Comp Plan policy:**
 - Policy 5.35: Inclusionary Housing. ...Effectively link the production of affordable housing to the production of market-rate housing.
- **TOOL 4: Create incentives for property owners to rent units in single-dwelling zones at affordable rates to lower-income tenants**
 - Provide incentives for landlords in single-dwelling zones to 1) retain existing lower-income tenants; and 2) rent to additional lower-income tenants.
 - Incentives could include: Granting transferable development rights that could be sold to other property owners; Property tax abatements; SDC waivers; Subsidized weatherization or other home repairs.
 - **Supported by Comp Plan policies:**
 - Policy 5.13 - Housing stability: Coordinate plans and investments with programs that prevent avoidable, involuntary evictions and foreclosures.
 - Policy 5.54 - Renter protections: Enhance renter health, safety, and stability through education, expansion of enhanced inspections, and support of regulations and incentives that protect tenants and prevent involuntary displacement.
 - **TOOL 5: Fund displacement prevention and mitigation tools through existing sources (such as the Housing Investment Fund) and/or create a fund specifically focused on anti-displacement programs and initiatives.**
 - Increase funding opportunities for organizations that provide education and services to tenants to help prevent displacement.
 - Continue to refine displacement impact analysis and prioritize highest-risk populations and/or neighborhoods for displacement prevention funding, initiatives and housing.