



SW Corridor Equitable Housing Strategy

BRINGING MORE HOUSING CHOICES AND OPPORTUNITY TO SOUTHWEST PORTLAND AND TIGARD



"Rents are rising in Tigard and many residents are in danger of being priced out of their neighborhoods. We need to find an equitable way to bring much-needed transit to the SW Corridor without increasing housing costs even more."

—Tigard Mayor John Cook

"To ensure the SW Corridor is a place of opportunity for all, we need to bring public and private partners together to achieve our common goals around housing affordability and choice."

—Portland Mayor Ted Wheeler



www.portlandoregon.gov/bps/equitablehousing

June 7, 2018

Dear members of the Portland City Council and Tigard City Council,

We, the members of the Southwest Corridor Equity and Housing Advisory Group, endorse the SW Corridor Equitable Housing Strategy. We believe this is the right strategy but know it will only be successful if the political will exists to fully capitalize a suite of funding tools and enact new regulations for land uses and tenant protections. The Portland and Tigard city councils must act to leverage this once-in-a-lifetime investment in much needed transit improvements along the corridor to provide a new model of equitable growth that works for all people but especially low-income households and communities of color.

As leaders from the nonprofit, finance, philanthropic, government, and housing development sectors we bring a diversity of perspectives on housing and transit policy. We worked together over the last year to define success for housing as new transit service is planned. We have vetted the strategy's recommendations to ensure they are grounded in best practice and reflect the needs of low-income households living in the corridor.

This strategy deserves your support. As you move forward, many of us will be actively working with you to secure the early budgetary commitments and regulatory changes necessary to give all households the opportunity to thrive as the corridor grows.

Thank you for your leadership on affordable housing and quality transit.

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All supporting materials and maps developed for this project are available at:

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All photographs courtesy of City of Portland, Community Partners for Affordable Housing, and HomeForward.

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Preface

In 2016 the Portland City Council directed the Bureau of Planning and Sustainability (BPS) to develop a housing strategy in anticipation of potential investment in a new light rail line from Downtown Portland to Bridgeport Village. The City of Tigard joined the partnership to help secure a planning grant from Metro to partially fund this work. The Portland Housing Bureau (PHB) then joined to co-lead this work with BPS and Tigard.

This housing strategy is nested within the SW Corridor Equitable Development Strategy, a broader planning effort led by Metro that addresses workforce and economic development needs in addition to housing. Tigard and Portland city councils will consider adopting the final SW Corridor Equitable Housing Strategy in 2018, prior to the adoption of the Locally Preferred Alternative for the light rail project.

Project Summary

The SW Corridor Equitable Housing Strategy is a unified, strategic approach to housing for the entire corridor. It sets goals and provides a roadmap to align policies and housing investments to:

- Prevent displacement of vulnerable households.
- Increase housing choices for all people over the next 10 years.

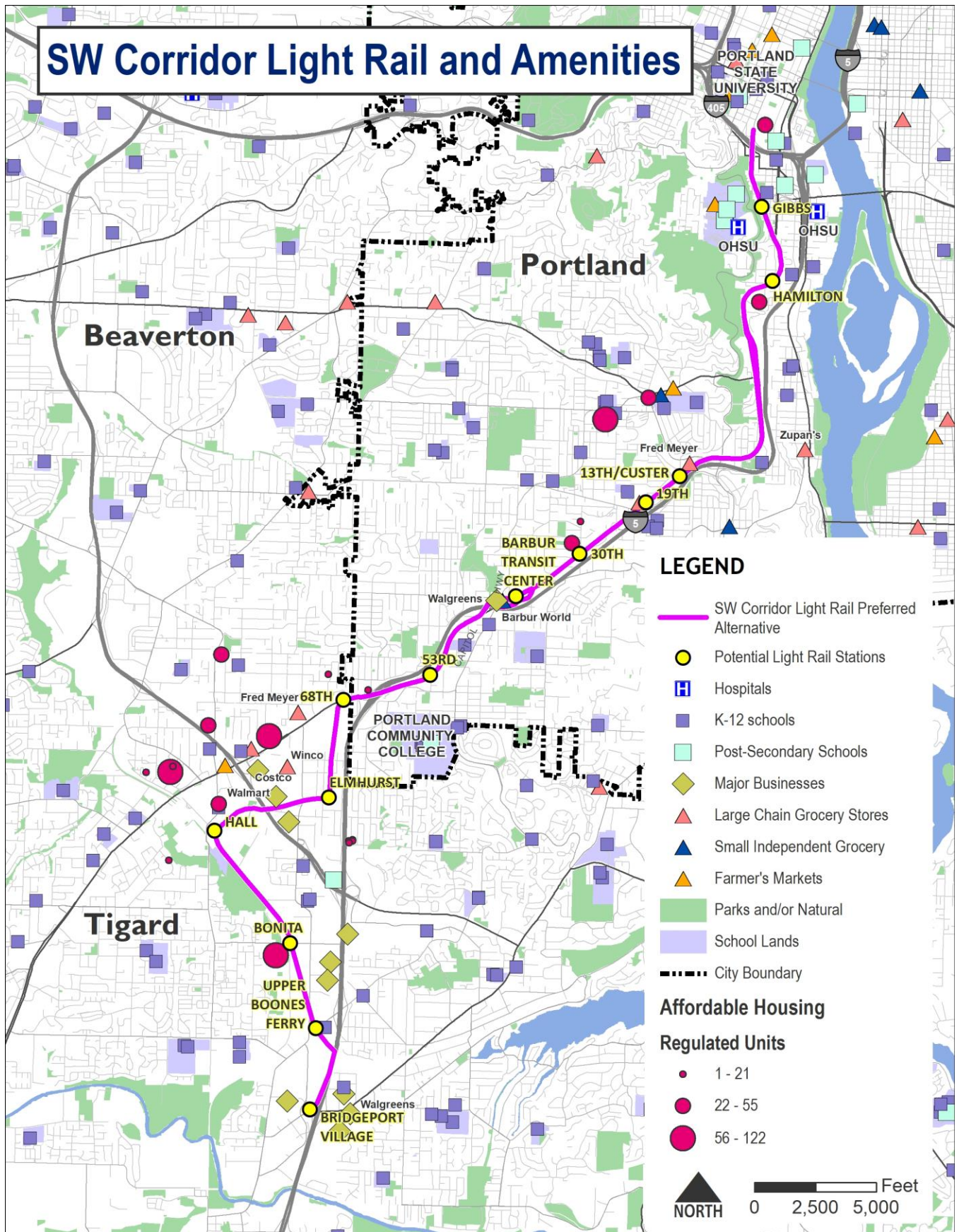
A separate report, "SW Corridor Equity and Housing Needs Assessment," accompanies this SW Corridor Equitable Housing Strategy document.

What's in this report?

This report consists of six sections:

- **Section 1** introduces the project's vision and goals, partners, and big ideas.
- **Section 2** describes the total affordable housing need in the corridor and proposes preservation and construction targets for both affordable and market rate rental housing.
- **Section 3** details the implementation strategies and recommended actions.
- **Section 4** describes the work to date on key opportunity sites for new affordable and mixed-income transit-oriented development.
- **Section 5** describes the opportunity to form an organizational structure to oversee the housing strategy.

SW Corridor Light Rail and Amenities



1: Introducing a New Model of Equitable Growth

Fulfilling the promise of complete communities with housing choices and opportunity

The Portland Metro area's transit system is expanding to better connect the SW Corridor with the rest of the region - during a housing crisis. The current crisis and lack of transportation options in the corridor are hindering people's quality of life in the area and ability to access jobs and educational opportunities. These conditions also create obstacles to achieving the region's long-range growth plans.

The investment in light rail will attract additional investments in housing, providing an opportunity to address this housing crisis and the long-standing racial disparities and underlying income inequality that exacerbate it.

A vision of equitable growth must reflect the realities of the current housing crisis while also planting the seeds for a future where everyone can reach their true potential. Where people have the capacity to strengthen their communities and determine their own future and that of their neighborhoods.

To achieve this vision, we must acknowledge some of the unique barriers facing low-income households and communities of color:

- inadequate public and private investment to meet their needs,
- involuntary economic and cultural displacement pressures and
- lack of housing choices in neighborhoods with access to quality jobs, education, and other key determinants of social, physical, and economic well-being.

To address these barriers, this housing strategy has three primary goals:

- 1. Commit early financial resources to address the near-term housing crisis and long-term needs.** The region is experiencing a significant increase in population, unprecedented prosperity and a corresponding housing crisis. This is our opportunity to align existing resources and raise new revenue to invest in affordable housing infrastructure.
- 2. Prevent residential and cultural displacement.** People and communities that are stable and resilient in the face of displacement pressures fare better and have more opportunities to strengthen and give back to their communities. Immediate action is needed to preserve existing affordable housing and stabilize current households with anti-displacement services.
- 3. Increase choices for new homes for all household types and incomes.** Diversity benefits us all. Research has shown that diverse regions have economies that are more robust – for everyone. Culturally and economically diverse people must be drawn to the area by the quality of life and housing options. We also know where you live has a big impact on how your life unfolds, and that varies tremendously by neighborhood. A pipeline of opportunity sites and supportive land use tools helps ensure that all new residents have a range of choices about where to live.

"I moved to Portland in 2005 and then moved to Woodburn in 2015 when my family needed more space. We moved back to SW Portland this year. When I left Portland, things were much cheaper. Finding a place was easier. Now, landlords ask if you make three times the money for rent and now is up in the sky. The apartment I rented in 2007 was \$650, and today a friend of mine rents the same apartment for \$1,250."

-Amina Omar, SW Portland renter

Defining Key Terms

Equitable transit-oriented development

Transit-oriented development (TOD) is a pattern of growth typified by higher density development with a mix of uses within walking distance of high frequency transit. Equitable TOD is dense growth around transit that promotes economically and culturally diverse residential and employment opportunities.

Housing cost burden

Housing cost burden occurs when households spend more than 30 percent of their income on housing. Severely cost burden occurs when households spend more than 50 percent of their income on housing.

Median family income

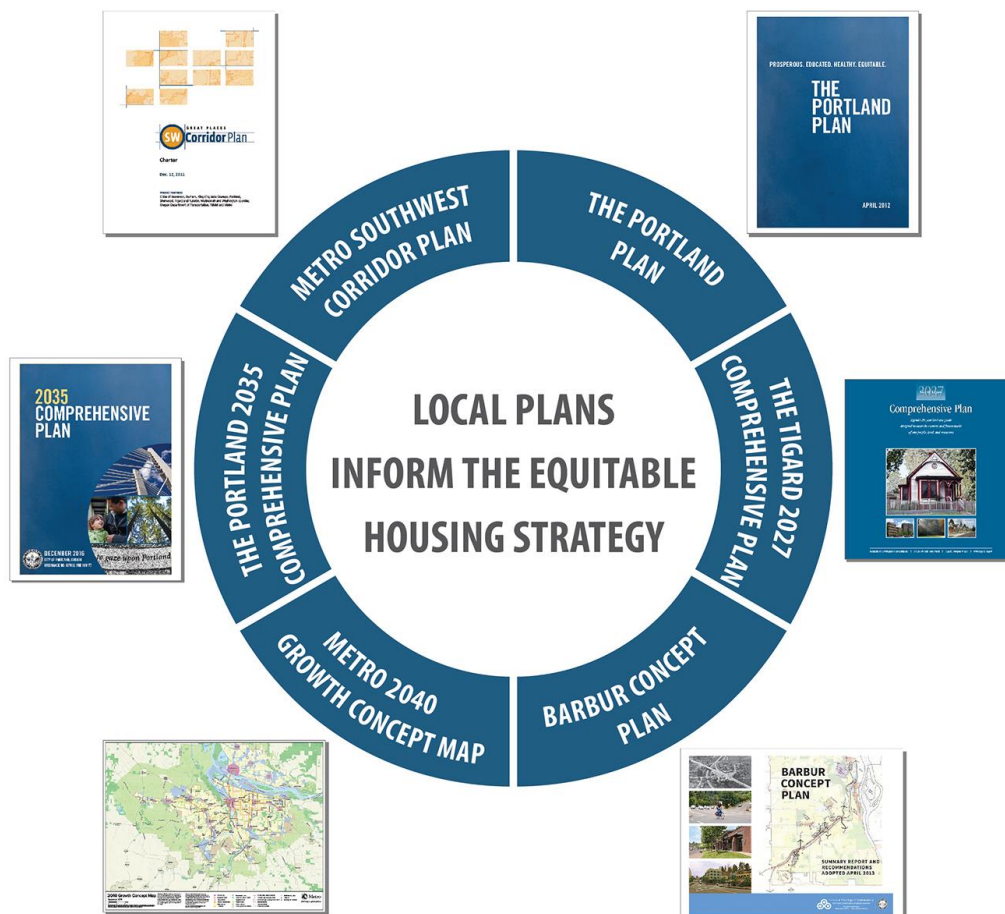
The point where income distribution is divided into two equal parts: half of the incomes fall below the median income and half fall above the median income. The MFI is calculated at a regional level for different household sizes.

Regulated affordable housing

Housing with a regulatory agreement tied to the deed that requires affordability for an established income level for a defined period of time.

Unregulated affordable housing

Lower-cost market-rate rental housing.



Lessons from Research: Past and Present

We have an opportunity to learn from mistakes of the past and write a new story for how new light rail lines can benefit all communities.

The North Interstate Housing Strategy taught us that having good housing policies and intentions are not enough. Early action and bold housing investments were needed. Instead displacement occurred as the area continued to become more desirable and housing cost rose. While some people benefited from the change, many more were forced to move. While this outcome had many causes, it is clear that a fully funded anti-displacement strategy could have stemmed the tide of displacement.

Recent research out of Northeastern University shows the experience along North Interstate is not the exception. They analyzed neighborhood change in 42 neighborhoods in 12 metropolitan areas that received new transit investment between 1990 and 2000. They found when new transit is introduced “the most predominate pattern is one in which housing becomes more expensive, neighborhood residents become wealthier and vehicle ownership becomes more common.”¹

In North Portland, neighborhood change also had the unintended long-term consequence of reducing transit ridership as new higher-income households opted out of the transit system.² TriMet’s experience in North Portland exemplifies the major finding of the Northeastern University research: “There is a symbiotic relationship between diverse neighborhoods and successful transit: transit systems benefit from and depend on racial and economic diversity in the neighborhoods they serve, just as low-income households and people of color depend on and benefit from living in neighborhoods served by transit.”³

This new knowledge coupled with the current crisis led the Portland City Council to direct the Bureau of Planning and Sustainability to develop a housing strategy to be adopted alongside the plan for the light rail project. The City of Tigard and the Portland Housing Bureau joined BPS to co-lead the process.

A solid equitable growth policy framework exists and several current plans have laid a foundation for this strategy - most recently the Barbur Concept Plan, the Portland Plan, and Tigard and Portland Comprehensive Plans.

¹ Pollack, Stephanie, Barry Bluestone, and Chase Billingham. 2010. *Maintaining Diversity in America’s Transit-Rich Neighborhoods: Tools for Equitable Neighborhood Change*. Boston, MA. Dukakis Center for Urban and Regional Policy at Northeastern University.

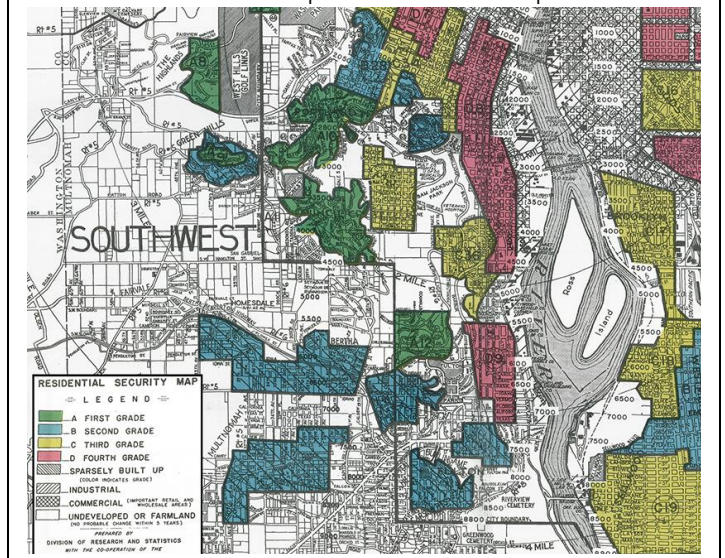
² Transit Center, “In Portland, Economic Displacement May Be A Driver of Transit Ridership Loss”, November 2017

³ *ibid*

SW Corridor Historical Context

Past freight and auto infrastructure projects, land use regulations, and real estate practices shaped the growth in SW Portland for generations and thus are helpful context for this housing strategy (See Appendix 1 for more history). Investments like freight rail, I-5, and the Ross Island Bridge split low-income neighborhoods, depressed their home values and exposed residents to pollution. Redlining along sections of Barbur and racially restrictive covenants in the surrounding neighborhoods contributed to fewer people of color living in SW and those who did move in were more likely to live along the corridor.

Home Owners Loan Corporation - 1938 Map



Shared responsibility – and opportunity

Fortunately, we aren't doing this work alone. Everyone has a role and responsibility: local governments, private funders, philanthropy, major employers and institutions, nonprofit service providers and housing developers, community and advocacy groups, and for-profit developers. We can all work together to support our neighbors and welcome new ones.

With the continued retreat of federal housing dollars, investing in our affordable housing infrastructure is now more of a local responsibility. This requires a rethinking of the role of all public agencies in meeting our housing needs. Local governments and agencies serving the corridor like the cities of Tigard and Portland, Metro, Multnomah County, Washington County, and TriMet are committed to being part of the solution.

Community-led planning and implementation of this strategy are essential for development that works for all people, especially those historically excluded from public planning projects. This starts with government repairing trust with communities of color and low-income households by listening and responding to their needs. Our community partners directly engaged these populations, elevating their needs for earlier investments in the preservation of affordable housing and new anti-displacement services and protections for the most vulnerable residents.

The light rail project sends a clear signal the SW Corridor is a priority for other public-sector investments. The housing strategy provides opportunities for private actors to meet their individual needs and achieve the equitable outcomes we all seek.

- **Funders** will see evidence of emerging markets and feel more secure in their investments.
- **Private developers** will gain confidence by our early actions and perceive less risk due to the clear development goals.
- **Foundations** can more easily align their strategic housing investments in specific areas of interest.

In short, a road map to success will attract more success so no one sector is carrying the load.

Strong partners with shared values

We have a proud tradition of helping neighbors in need and of welcoming newcomers as they get settled in SW Portland and Tigard. Part of an inclusive community is having safe and affordable housing choices – especially for low-income communities and communities of color. This is a critical component of an equitable and prosperous region. The SW Corridor Equitable Housing Strategy aims to continue this tradition by exemplifying these values of inclusivity through the strategy development process.

SW Corridor Equity and Housing Advisory Group comprising leaders from community, finance, government, philanthropy and real estate development sectors helped define a successful housing strategy and vet recommendations. The group's balance of real estate expertise and accountable relationships to low-income communities in the corridor helped develop a strategy that is both inspirational and visionary, while still achievable and grounded in the best practices of implementation.

Federal Policy Encourages Housing and Transit Planning

TriMet's application to the Federal Transit Administration for funding toward the light rail project takes into account the corridor's regional share of legally binding affordability restricted housing, and plans adopted to maintain or increase such housing¹.

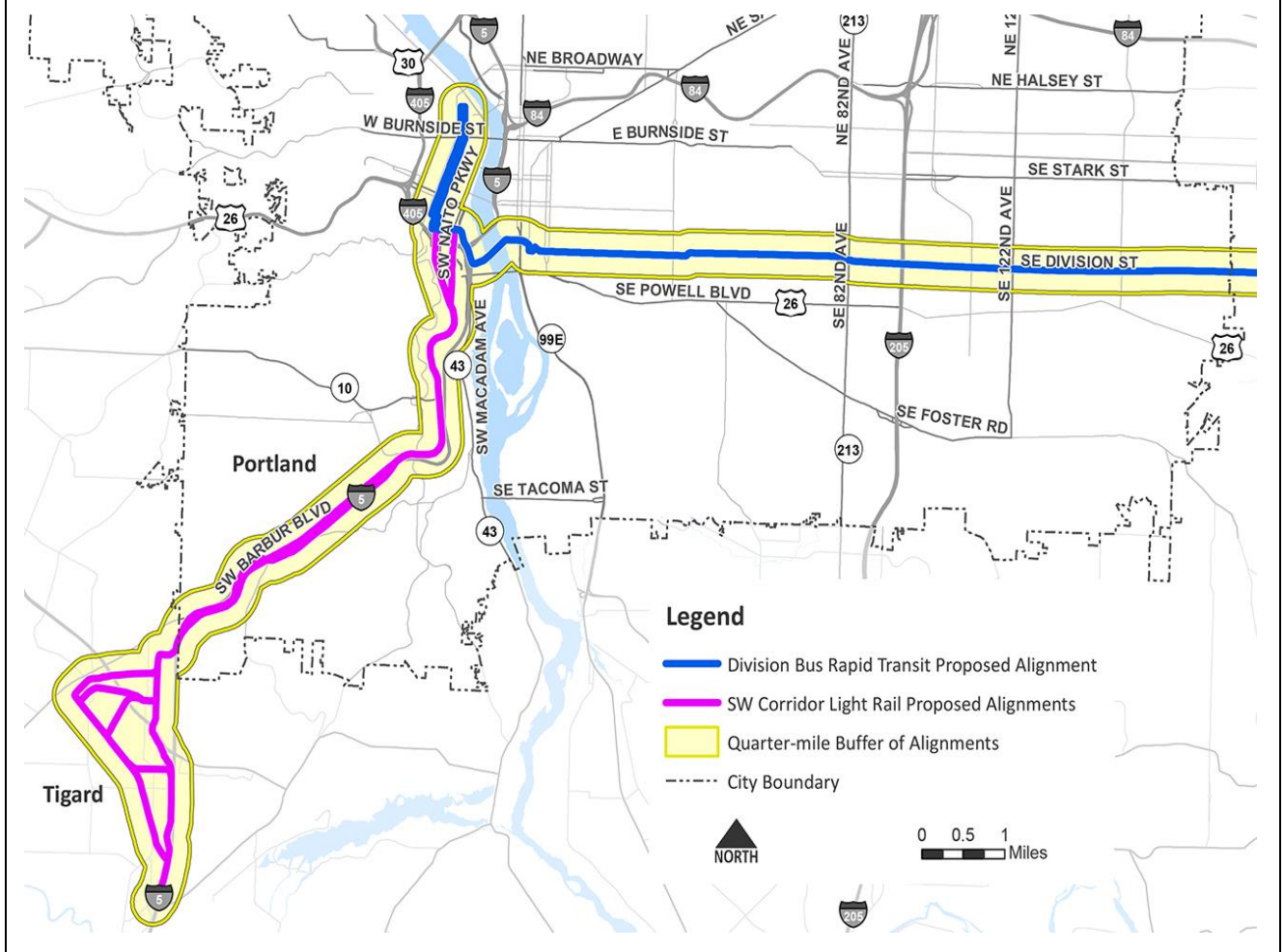
The City of Portland is required to submit a Fair Housing Assessment to HUD in 2020 that looks at the City's plans for investing in affordable housing in areas with access to quality jobs and education like the corridor currently has and good transit like the future light rail.

Through a [Community Grants Program](#), community-based organizations (CBOs) were funded to work with low-income households and communities of color. A large grant funded the Community Alliance of Tenants (CAT) to lead the engagement of low-income tenants, build public awareness of the project and develop policy recommendations informed by community-based research. Smaller grants to other CBOs allowed them to participate through the advisory group and coordinate with CAT to engage their constituents in the project.

These two initiatives helped advance our commitment to race and social equity in all aspects of the project - from decision-making and community engagement to addressing racial disparities in displacement and fair housing through the proposed investment strategies. They provide a model for the type of critical capacity building resources and inclusivity needed to successfully steward this strategy over the long-term.

Arc of Opportunity: SW Corridor and Division Street

Many of the advisory group members are also active in East Portland where displacement pressures are strong and a new bus rapid transit line is being planned along Division Street. They see an opportunity to connect the SW Corridor and East Portland by new transit while also leveraging new housing tools to create more housing choices and prevent displacement of low-income households and communities of color who live and work in both areas. Many of the proposed strategies in this report should be implemented to meet the housing needs along both of these future transit lines.



Defining success

The advisory group defined success upfront. The following definitions serve many functions: as a touchstone during the strategy development process; as a rubric for decision makers signing onto this strategy; and as a potential evaluative framework during implementation.

1. Racial and social equity is a central focus, specifically the reduction of direct or economic displacement and the increase in housing choices for households of color and other marginalized groups.
2. Existing and new affordable housing resources are prioritized for the corridor.
3. The housing strategy and light rail project support each other to achieve equitable outcomes.
4. All public-sector agencies active in the corridor planning process prioritize equitable transit oriented development in their missions and programming.
5. Developers and funders have a clear understanding about the development and place-making goals of the corridor and confidence in the public sectors' support of their efforts to help achieve those goals.
6. Quantifiable indicators, including housing targets, are established and tracked over time.
7. A community-centered organizational structure exists to oversee the strategy over the long term.

2: Defining the need and setting targets

Addressing Today's Housing Crisis and Planning for Long-term Need

We are in a housing crisis and the SW Corridor is not immune. Thousands of our neighbors are paying far too much in housing costs, leaving little left over for food, healthcare and other essential things.

There is significant and growing need for affordable housing and services to help people living in the SW Corridor and those moving in over the next 10 years. Land and housing costs in the corridor are rising as the area becomes more desirable even before light rail arrives in 2027. In addition, an estimated 80 to 100 residential units could be directly displaced by the construction of light rail according to analysis of early designs.

Currently, of the SW Corridor's 12,000 low-income households there are 2,200 low-income homeowners and 3,500 low-income rental households spending more than 50 percent of their income on housing costs. However, there are only 775 regulated affordable rental homes in the corridor and minimal homeownership assistance programs. In fact, only 3.5% of all the housing in the corridor is affordable regulated housing compared to 12% of multi-family housing in all of Portland. There are currently two development projects in Tigard that will bring 284 affordable homes online in the next two years.

Most people must find housing in the private market, which is experiencing rapidly escalating rents and home sale prices. As displacement pressures mount households are displaced further out to lower cost housing far away from their social networks, quality schools, living wage jobs, and rich civic amenities in the corridor. The corridor is estimated to grow by an additional 3,000 new households in the next 10 years with or without the introduction of light rail. They are expected to be racially and economically diverse households and most will be renters and frequent transit users.

Not all current and future housing need can or should be met with rent/income restricted homes or homeowner assistance. Some of the need can be met through lower cost services such as legal aid, rental assistance, weatherization grants or home repair loans. But even by conservative estimates, the cost to meet the combined current and future need for affordable rental housing and services in the entire corridor over the next 10 years is \$1.5 billion⁴ – a far cry from the \$150 million invested over the past five-years.⁵

The investment strategies and policies proposed in this document were informed by both the quantitative analysis found in Appendix 1 and the qualitative research conducted by community partners. Both concluded the quantity and depth of need for affordable housing is growing, but it varies by population and across the various sub-areas along the corridor. Some of the most vulnerable populations to displacement pressures are seniors, very-low income renters, immigrants and refugees, some communities of color, and people with disabilities.

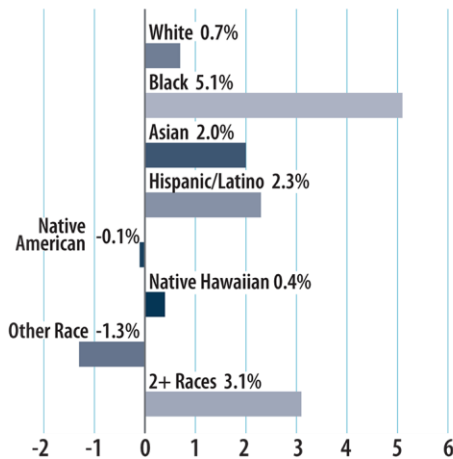
The housing crisis is especially acute for the 22,000 households of color in the corridor. The growth of communities of color is creating a more racially integrated and diverse community, increasing 2.5 percent per year between 2000 and 2015, which is three times faster than the increase in the White population. A sizeable Hispanic/Latino community is now established around Downtown Tigard and a predominately East African community has established roots in the West Portland Town Center. However, these households are more likely to be renters and housing cost burdened, spending more than 30 percent of their income on housing costs. This combination makes these households especially vulnerable to displacement pressures.

⁴ See Appendix 1 "SW Corridor Housing and Equity Needs Assessment" for full explanation of all estimates

⁵ ECONorthwest, "White Paper 1: Existing Investment Tools", 2018

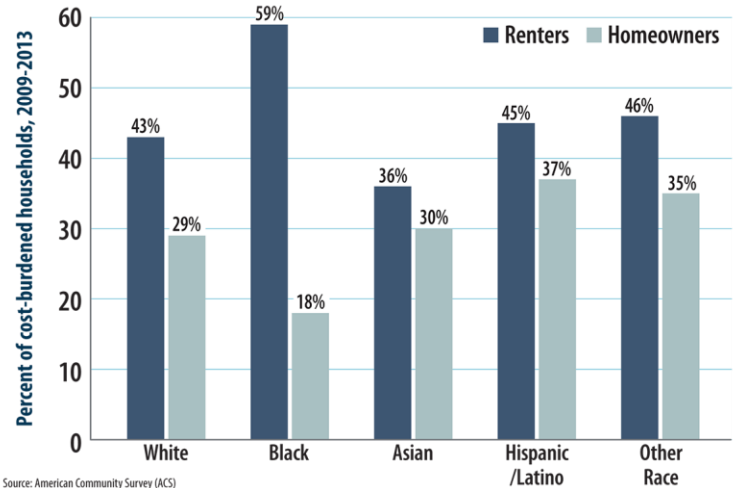
SW Corridor Population Growth and Diversity

2000, 2011-15 Population Growth by Race



SW Corridor Cost-burdened Households by Race and Ethnicity

Households spending more than 30 percent of income on housing, 5-year ACS estimate – 2011-15



Housing at the ends of the corridor in Downtown Tigard and closer to Portland’s city center are experiencing the greatest increases in housing costs. The middle of the corridor is still relatively affordable compared to the rest of the region. However, the older and undervalued stock of unregulated affordable multifamily housing is becoming attractive to investors, stoking fears of displacement⁶. Two-thirds of sales of these types of buildings are in lower-income areas and nearly 40 percent are in racially diverse areas. Rents are rising as building sell, having gone up 36 percent since 2010 for the most affordable of these apartments.

Targets for affordable rental housing acquisition and construction versus the need

The SW Corridor Equity and Housing Needs Analysis in the appendix provide the data and methodology used to establish the need for affordable rental housing described in this section.

Federal and state sources have provided much of funding for the corridor’s affordable housing. If historical trends continue, thousands of low-income renters will be left vulnerable to displacement and very few options will exist for households seeking to move into the corridor. Local sources must be invested.

Minimum rental targets with today’s resources: Several new housing tools are available in the corridor, including Tigard’s urban renewal areas, Tigard Triangle lean code adoption, the Portland Affordable Housing Bond, and Portland’s Inclusionary Housing Program. The Portland Housing Bond’s existing policy framework aims to distribute resources equally across the city, including some investment in areas with access to frequent service bus lines and new planned transit and displacement risks like the Division Transit Project and SW Corridor LRT lines.

In addition, two affordable housing projects in the development pipeline are in potential Tigard station areas:

- The Fields.** The Housing Authority of Washington County is a special limited partner with Pedcor, the developer of a 236 unit 10-building project near the Tigard Triangle station. 212 homes will be affordable to households making at or below 60 percent of the median family income and 24 will be affordable at or below 30 percent of median family income. There are three and four-story buildings and a one-story community building. The project is anticipated to open in 2020.

⁶ Portland State University, “Preserving Housing Choice and Opportunity”, Dr. Lisa Bates, 2017

- **Red Rock Creek Commons.** The City of Tigard is supporting the Community Partners for Affordable Housing to develop 48 affordable one-bedroom apartments in the Tigard Triangle. The project intends to serve the populations most at risk of displacement and homelessness with 24 project based vouchers. These homes will serve households with incomes at 60 percent median family income and below. CPAH has partnership with Luke-Dorf to house 8 of its clients. Luke-Dorf is a mental health care provider in Tigard, who will provide services or referrals for the residents of Red Rock Creek Commons.

Assuming existing resources and these two projects in the pipeline are prioritized, an estimated 1,000 affordable homes for households with incomes at or below 60 percent MFI could be acquired or newly built in the Portland and Tigard portions of the corridor over the next 10 years. These numbers serve as minimum targets for affordable rental housing near light rail stations.

However, by comparing these minimum targets to the actual need, it is clear how far short they fall. The actual need is estimated to be 4,140 acquired and newly constructed affordable homes in Tigard and Portland over the next 10 years. The minimum targets would meet 32 percent of the need in Tigard and 14 percent of the need in Portland.

Affordable rental housing minimum targets with existing resources versus the actual need

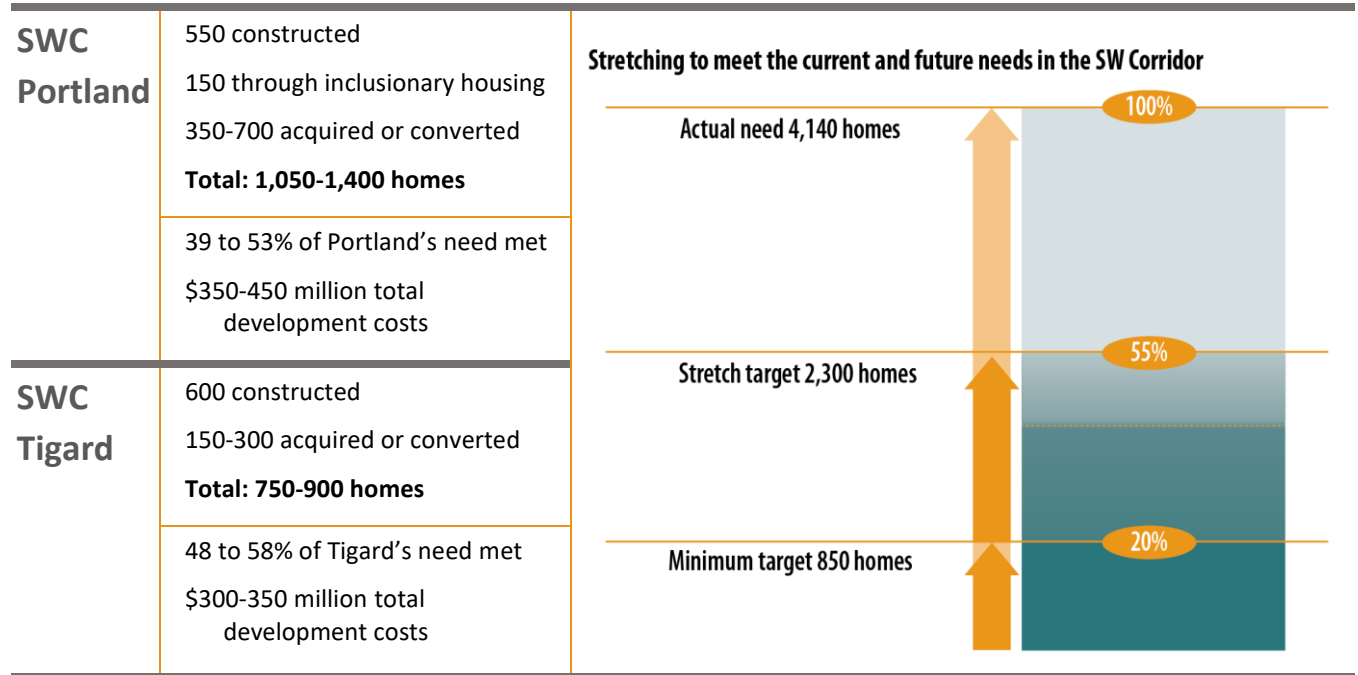
| | Minimum targets with existing resources | | Actual need |
|-----------------|--|--|---|
| SWC Portland | <ul style="list-style-type: none"> ▪ 150 constructed through inclusionary housing ▪ 150-200 acquired or converted ▪ Total: 300-350 homes | <p>Portland 100% of need 2,560 homes</p> | <ul style="list-style-type: none"> ▪ 910 constructed ▪ 1,650 acquired or converted ▪ Total: 2,560 homes |
| | <ul style="list-style-type: none"> ▪ Up to 13% of Portland's need met | | <ul style="list-style-type: none"> ▪ 100% of Portland's need met ▪ ~\$830 million total development costs |
| SWC Tigard | <ul style="list-style-type: none"> ▪ 450 constructed ▪ 50 acquired or converted ▪ Total: 500 homes | <p>Tigard 100% of need 1,580 homes</p> | <ul style="list-style-type: none"> ▪ 730 constructed ▪ 850 acquired or converted ▪ Total: 1,580 homes |
| | <ul style="list-style-type: none"> ▪ 32% of Tigard's need met | | <ul style="list-style-type: none"> ▪ 100% of Tigard's need met ▪ ~\$550 million total development costs |

There are several new funding sources and investment strategies proposed in this strategy. If there is action on these proposals, then new resources can stretch to meet more of the need.

Recommended stretch targets with new resources: A bold goal is to build one new affordable transit-oriented development (TOD) near 10 light rail stations beyond the two projects already in the development pipeline and acquire an equal number of unregulated affordable apartment buildings (10) where risk of displacement is highest for vulnerable populations. This could provide 1,800-2,300 regulated affordable homes and meet 48-58 percent of the need in Tigard and 41-55 percent of the need in Portland. See the table below for more details.

A comparison table is provided below including estimated total development costs (TDC). The emphasis on new construction in Tigard will result in a higher TDC than in Portland where targets include a balance of new construction and acquisition or conversion of existing apartments. **The estimated TDC is not the amount each city would invest individually.** Other sources are traditionally used to develop regulated affordable housing such Low-Income Housing Tax Credits. The portion of funding provided by the City of Portland’s traditional gap financing sources is usually between 30-40 percent of the TDC.

Recommended affordable rental housing stretch targets with new resources



Policy goals for affordable housing

Additional parameters will direct affordable housing funding to achieve the above targets. Implementing partners should incorporate the following policy goals into their programing for the corridor:

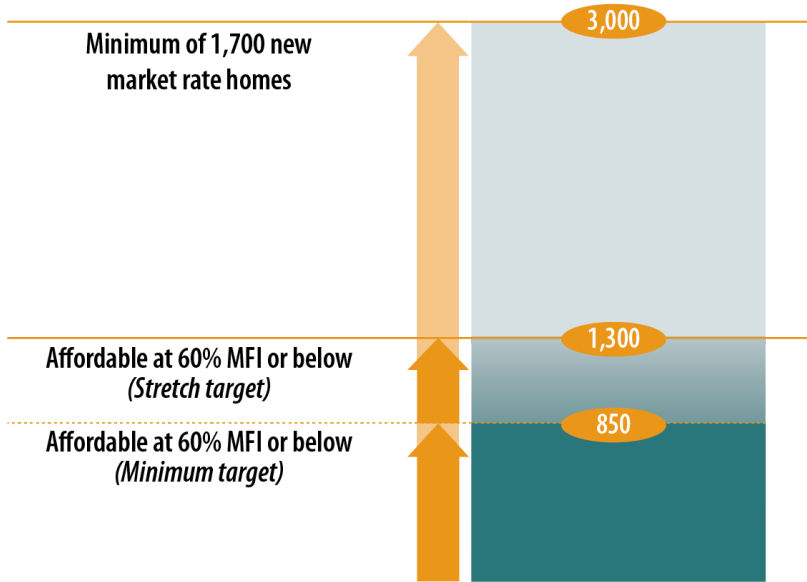
- **Invest in family sized homes.** The proportion of new homes with two or three bedrooms should be greater than the proportion within the current stock of affordable housing in the corridor.
- **Invest in housing for those in greatest need.** The proportion of new homes affordable to households with incomes between 0-30% MFI should be greater than the proportion within the current stock of affordable housing in the cities of Tigard and Portland.
- **Prioritize housing for those displaced by the light rail project.** Households directly displaced by the light rail project are given preference for new affordable homes if they meet all other program requirements.
- **Invest in more homes accessible to people with disabilities.** A greater percentage of accessible newly constructed homes than is required by the Americans with Disabilities Act should be created for those with disabilities.
- **Create homeownership opportunities.** At least one newly constructed affordable TOD project should be dedicated for first time low-income homeowners and prioritize reducing the racial homeownership gap.
- **Prevent displacement of people of color.** Acquisitions prioritize buildings in areas where the proportion of households of color is greater than the proportion of households of color in the corridor population.

- **Acquire larger apartment buildings.** Acquisitions prioritize buildings with more than 50 homes.
- **Build larger new affordable apartment buildings.** Land acquisitions prioritize parcels that can support 100 or more homes.

Targets for market rate housing

Most of the 3,000 additional new households projected to move into the corridor in the next 10 years will find housing in market rate homes without rent restrictions. Achieving the most aggressive affordable housing targets will result in construction of approximately 1,300 regulated affordable homes. That means at least 1,700 new market rate homes need to be built to provide enough housing for new residents, recognizing these new homes will unlikely meet lower-income households' immediate affordability needs.

Housing for new households



Need for affordable homeownership

Some level of legal support, housing counseling, and financial services are needed to support the existing 2,200 low-income homeowners (0-80% MFI) spending over 50 percent of their income on housing costs. For the Portland portion of the corridor, there are an estimated 700 low-income homeowners (0-50% MFI) that are severely cost-burdened. Serving these households with home repair grants and home retention case management is estimated to cost \$3.9 million over a five-year period. Predatory lending education is needed to help the 35 percent of all low-income homeowners who have paid off their mortgages and are thus more likely to be targeted by predatory lending practices.

In addition, first-time homeownership assistance is needed to help low-income renters transition into owning a home and begin accumulating wealth. Of the total number of homeowners in the corridor, 8% are households of color and 92% are non-Hispanic White households. The rate of homeownership among households of color in SW Corridor (38%) is significantly lower than the overall rate of homeownership in the city of Portland of 53% (regardless of race or ethnicity). Funds put toward creation of new homeownership opportunities in should focus on decreasing the homeownership disparity among communities of color. Culturally specific community organizations should be resourced to provide homebuyer education and counseling services and down payment assistance loans.

Targets for these investments were not developed because there are currently so few homeownership resources available in the corridor. If new funding is created, then associated targets will be developed with the above need and policy goals in mind.

3: Implementation strategies

The opportunities and recommendations described below aim to achieve the overall strategy's three big goals. A proposed framework outlines a sequence of supportive public policy and investments early on. These will set the stage for the market to be catalyzed by light rail investment. These early public actions can meet community needs when the market will not and help communities to benefit directly from future growth.

Coordination of transit and housing implementation

The housing strategy is designed to support a successful transit project and leverage elements of the project to enhance the strategy:

- The housing strategy could support the light rail project by encouraging dense development and prioritizing affordable housing investments near station areas, which in turn, will support ridership.
- The transit project could support the housing strategy by prioritizing affordable housing on appropriate sites during the disposition process for excess property that is acquired for the project's construction. It also provides an opportunity to raise local revenue for affordable housing in parallel with the light rail investment.

Some benefits of this coordination include better outcomes for people such as decreased housing and transportation costs, increased financial sustainability of the transit system, efficient land uses, increased feasibility and predictability for affordable housing development, and enhanced political and community support for new transit and development along the corridor. Some healthy tensions addressed are the potential for increased upfront costs, "mission drift" of partner agencies, and the goal to meet the needs of both current residents and those moving in.

SW Corridor Housing Goals and Implementation Strategies

- ◆ Primary strategies are those required to achieve our goals
- ❖ Secondary strategies should continue to be explored as this strategy evolves throughout the implementation
- (P) Strategies are corridor-wide unless indicated to be Portland-specific



Goal 1

Commit early financial resources to address near-term housing crisis and long-term needs

Strategy 1-1: Grow new resources for the long-term

Form a SW Portland Urban Renewal Area (P)

Capitalize an affordable housing acquisition fund

Recommend an appropriate portion of a Metro regional housing bond toward the SW Corridor

Support region-wide workforce housing real estate investment trust (P)

Explore an employer-assisted housing and corridor employer fund

Strategy 1-2: Prioritize existing resources early on

Prioritize competitive resources for the SW Corridor

Promote existing incentives available to all multi-family development

Strategy 1-3: Strengthen partners to steward the strategy

Form a community-centered organizational structure to champion and implement the strategy



Goal 2

Prevent residential and cultural displacement

Strategy 2-1: Preserve existing unregulated affordable rental housing

Acquire and convert up to ten unregulated affordable multi-family apartment buildings into income/rent restricted buildings

Provide tax exemptions for existing unregulated affordable housing

Strategy 2-2: Strengthen tenant protections and provide anti-displacement services

Fund an anti-displacement and fair housing services package

Strengthen tenant protections



Goal 3

Increase choices for new homes for all household types and incomes

Strategy 3-1: Secure and develop opportunity sites for new construction of equitable transit-oriented development (TOD)

Develop TOD-scale (100+ homes) affordable multi-family buildings in each of the ten station areas in Portland and Tigard

Execute an interagency affordable housing Memorandum of Understanding

Inclusionary zoning receiving a site(s) agreement (P)

Recruit community land trusts to the corridor

Identify opportunities for community benefits agreements

Strategy 3-2: Regulate land use and zoning to create affordable and market rate housing

Incentivize equitable TOD through zoning

Incentivize equitable TOD through development agreements

Adopt middle housing tools and policies that work for low-income households

Sequencing primary implementation strategies

The following graphic illustrates the recommended sequencing of strategies necessary to achieve the corridor’s major housing goals. Early investments prioritize anti-displacement services and acquisitions of unregulated affordable multifamily housing. Other early actions include land use planning for station areas and securing public properties for future redevelopment as affordable housing. Increasing levels of investment are needed later when building acquisition bridge loans require refinancing and construction capital is needed to develop the public properties.

| | AVAILABLE IN YEARS 1 – 3 | AVAILABLE IN YEARS 4 – 6 | AVAILABLE IN YEARS 7 – 10 |
|---------------------------------|---|---|---|
| FUNDING | <ul style="list-style-type: none"> Existing resources (e.g. Tigard Urban Renewal Area, Portland bond, etc.) General funds for anti-displacement service package Affordable housing acquisition fund Metro housing bond with transit focus | <ul style="list-style-type: none"> SW Portland Urban Renewal Area | |
| ACQUIRE BUILDINGS | <ul style="list-style-type: none"> Affordable housing acquisition fund Regional Real Estate Investment Trust | | <ul style="list-style-type: none"> Refinance acquisition fund loans |
| ACQUIRE LAND AND DEVELOP | <ul style="list-style-type: none"> Affordable Housing Memorandum of Understanding | <ul style="list-style-type: none"> Portland Community College parking lot | <ul style="list-style-type: none"> Construct on TriMet, ODOT and city-owned properties |
| REGULATORY | <ul style="list-style-type: none"> Station area planning New tenant protections Inclusionary zoning (Portland) Housing code update (Tigard) | <ul style="list-style-type: none"> Development Agreements | |
| PARTNERS | <ul style="list-style-type: none"> Start-up phase | <ul style="list-style-type: none"> Support lasting community-centered, collaborative structure | |

SW Corridor Housing Goals and Implementation Strategies

Strategies are **corridor-wide** unless indicated to Portland-specific. Corridor-wide strategies should be pursued collaboratively.

Strategies are grouped as **primary** or **secondary**. Primary strategies are those required to achieve our goals. Secondary strategies should continue to be explored as this strategy evolves throughout the implementation.

Goal 1: Commit early financial resources to address the near-term housing crisis and long-term needs

Strategy 1-1: Grow new resources for the long-term

◆ A. Form a SW Portland Urban Renewal Area (Portland-specific)

A URA district encompassing the potential SW Portland light rail stations can use tax increment financing (TIF) to capture the increase in land and property value partially created by the light rail project. Preliminary modeling estimates \$181-300 million in maximum indebtedness could be supported, depending on the size of the district.

The TIF resources could be deployed as low-interest loans, grants, or direct investments for a variety of capital investments, including funding affordable or mixed-income housing. The resources modeled could produce units starting in 2026 in an estimated range of 94-240 acquired or newly constructed affordable homes using \$21-5 million resulting from a 45 percent housing set-aside. This production would achieve 7-17 percent of the corridor’s housing stretch targets.

Recommended Actions

- First explore expansions of URAs in East Portland. If capacity is left over and/or new capacity is freed up from expiring URAs then conduct additional research, planning, and community engagement to form a URA in SW.
- Establish a housing set-aside greater than the 45 percent minimum policy.
- If any TIF funds are allocated for the light rail project then firm guardrails against repurposing any housing funds for the light rail project should be put in place.
- Front load funding by providing general fund backing to finance early investments in housing before speculation intensifies.
- Housing investments in the corridor should help achieve the stretch targets aimed at rental housing for households with incomes at or below 60% MFI or homeownership opportunities for households with income at or below 80% MFI.

Considerations

- URAs divert revenue from overlapping taxing districts (i.e., city, county, school district portions).
- City Council adopted a policy that sets aside 45 percent of revenue in eligible URAs to create housing affordable to households at or below 60 percent of MFI. A higher set aside of 55 percent could create 115-293 affordable homes.
- A cap of 15 percent of the city’s total acreage can be included in all URAs.

◆ **B. Capitalize an affordable housing acquisition fund**

Local Community Development Financial Institutions (CDFI) have established acquisition funds that draws on many capital sources to provide short-term financing to for- and nonprofit entities to acquire land or market rate buildings, unrestricted by regulatory agreements, with the intent for new affordable housing development and/or transitioning buildings into rent/income restricted affordable housing.

Analysis of hypothetical acquisitions of buildings in the SW Corridor shows an early \$10 million infusion of public subsidy into an existing fund may reduce the amount of additional sources needed by acquiring properties prior to anticipated price increases.

Recommended Actions

- Determine feasibility and source for one-time addition of public subsidy into the capital composition of an existing acquisition fund beginning with contributions from both cities and counties.
- Explore opportunities to use the new public investment to entice better terms from other existing lenders or attract new lenders with better rates.
- A newly capitalized fund should help achieve the stretch targets by acquiring properties prior to price increases associated with the light rail.

Considerations

- Permanent financing is needed to sustain affordability over time.
- There is precedent for an infusion of public subsidy into a local acquisition fund. In 2016 PHB invested \$1 million in the Network for Oregon Affordable Housing’s acquisition fund.

◆ **C. Recommend an appropriate portion of a Metro regional housing bond toward the SW Corridor**

Metro has referred a \$652.8 million general obligation bond on the November 2018 ballot to fund regional affordable housing investments.

10% of funds would be used by the Metro to acquire affordable housing sites in high capacity transit corridors and other high opportunity locations. Most of the funding would be distributed to local housing authorities to construct new affordable housing or purchase existing unregulated affordable housing.

Recommended Actions

- If voters approve the measure Portland and Washington County should continue dialogue with Metro and the community about investing a portion of the funding alongside regional priorities, such as SW Corridor light rail and Division Transit Project.
- Housing investments in the corridor should help achieve the stretch targets aimed at rental housing for households with incomes at or below 60 percent MFI.

Considerations

- Current constitutional limitations require all housing funded through local general obligation bond proceeds to be publicly owned and limits the ability of bond funds to be layered with traditional affordable housing financing tools such as tax credits and debt.
- A statewide constitutional amendment also on the November 2018 ballot would allow for non-governmental ownership of bond funded affordable housing as well as layering of general obligation bond proceeds with other affordable housing finance tools.

◆ **D. Support region-wide workforce housing Real Estate Investment Trust (P)**

Meyer Memorial Trust and Gerding Edlen have partnered to bring mission-based investors into a long-term investment fund that purchases unregulated workforce housing, operates them with rents tied to CPI, and provides a competitive but less-than-market-rate return to investors in the form of quarterly cash flow. Partners hope an initial \$100 million in capital can be raised in 2018. The fund would not use public policy-driven funds so it can have the agility of private capital to move with the market.

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| <p>Recommended Actions</p> <ul style="list-style-type: none"> ▪ Conduct due diligence to determine if the City of Portland can be an investor or otherwise support it through grants or by funding operations. ▪ Seek to align REIT activities with the corridor’s housing preservation goals. | <p>Considerations</p> <ul style="list-style-type: none"> ▪ It is one of the only tools being developed to preserve workforce housing in the 60- 120 percent MFI range. ▪ Investment return is around 4 percent. |
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❖ **E. Explore employer-assisted housing or corridor employer fund**

Anchor institutions or large employers could directly participate in the development of affordable and/or market rate housing for rent or homeownership to eligible employees by providing property and/or low-cost financing. Employers could also pay into a fund dedicated to alleviating the housing burden for corridor employees.

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| <p>Recommended Actions</p> <ul style="list-style-type: none"> ▪ Hold discussions with corridor employers to discuss their interests, employee needs, and structures for a possible public-private or public-public partnership. | <p>Considerations</p> <ul style="list-style-type: none"> ▪ PCC Sylvania’s vision for campus development includes affordable housing. ▪ 21% of OHSU’s 16,530 employees live in the corridor. |
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Strategy 1-2: Prioritize existing resources early on

Commitment to racial equity: Existing funding will not be diverted from commitments to other equity and anti-displacement agendas in other parts of the region, such as North and NE Portland and East Portland.

◆ **A. Prioritize locally controlled competitive resources for the SW Corridor**

Housing resources have varying policy priorities. Alignment of priorities provides clarity, predictability, and efficiencies. Aligning a portion of the following resources along the corridor has the greatest potential to meet the corridor’s housing goals:

- Tigard Triangle URA (\$188 million)
- Portland Housing Bureau existing resources:
 - General Obligation (GO) Bond (\$258 million)
 - North Macadam URA
 - Portland Construction Excise Tax (CET)
 - Federal funds including HOME or CDBG
- Metro TOD Program
- Other (State, County, philanthropy)

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| <p>Recommended Actions</p> <ul style="list-style-type: none"> ▪ Develop options for a Tigard Triangle URA set aside for market rate and affordable housing. ▪ PHB contracts with brokers to solicit land and building acquisition opportunities using existing resources such as CET, federal funds, or GO bond funding. | <p>Considerations</p> <ul style="list-style-type: none"> ▪ Tigard will undertake Tigard Triangle Equitable Urban Renewal Implementation project to prioritize urban renewal plan projects in 2018-19. |
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| <ul style="list-style-type: none"> ▪ PHB targets opportunity sites in the portion of the North Macadam URA that overlap with the Gibbs station walkshed area. ▪ Metro participates in a SW Corridor Affordable Housing MOU with other partners (see details under Goal 3). ▪ Engage the Oregon Housing and Community Services Department to explore prioritizing 9% LIHTC applications for projects within light rail station areas. | |
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◆ B. Promote existing incentives available to all multi-family development

Programs exist using incentives and requirements to increase feasibility and affordability of affordable and market rate housing without direct public investment. Helping developers become aware of and experienced with using the following programs could increase their use in the corridor:

- System Development Charge exemptions (Portland and Tigard)
- Vertical Housing Development Program (Tigard)
- Inclusionary Housing (Portland)
- Affordable Housing Property Tax Exemption (Portland and Tigard)

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| <p>Recommended Actions</p> <ul style="list-style-type: none"> ▪ Promote the corridor’s housing vision for to developers with marketing materials tailored to different development models and business plans (eg. market rate, mixed-income and completely regulated affordable housing). ▪ Provide technical expertise to developers to help them use the existing resources. | <p>Considerations</p> <p>Tigard City Council adopted SDC exemptions for affordable housing in March 2018.</p> |
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Strategy 1-3: Strengthen partners to steward and champion the strategy
Commitment to racial equity: Any organizational structure will include meaningful decision-making authority for and accountability to low-income people and communities of color and equitable funding for community based organizations to participate.

◆ A. Form a community-centered organizational structure to champion and implement the strategy

An implementation best practice is forming a collaborative around a common vision to connect equitable TOD strategies with the right public, private, philanthropic, and nonprofit leaders who have the ability and heft to implement them. Members of the Equity and Housing Advisory Group are supportive of forming a broader collaborative like those in other regions but there is not a clear convener to begin the formation process. However, they do desire an interim structure to provide accountability and ongoing community participation in the first phase of implementation.

Community Based Organizations (CBOs) on the advisory group working together to engage low-income households and communities of color in the planning process propose continuing their work by forming a **Community Preservation Workgroup (CPW)** to steward the anti-displacement elements of the strategy. A CPW could be the next step toward creating a sustainable multi-sector collaborative. More details on this proposal can be found in Section 5 below.

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| <p>Recommended Actions</p> <ul style="list-style-type: none"> • Provide public and philanthropic seed funding for the first two years of the CPW. • Government partners work with the CPW to expand efforts to engage low-income households and communities of color in the implementation of anti-displacement services, tenant protections, and conversion of market rate apartment buildings into regulated affordable housing. • Work with the CPW to co-develop and present an annual report on progress made on the housing strategy to decision making bodies. | <p>Considerations</p> <ul style="list-style-type: none"> ▪ Additional work by Metro on workforce and economic development in the corridor through the SW Equitable Development Strategy will provide the forum to advance this idea of community-driven collaborative dedicated to implementation at a corridor and/or regional scale. |
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Goal 2: Prevent residential and cultural displacement

A cohort of 20 resident tenant leaders organized over an eight-month period by the Community Alliance of Tenants developed and presented a set of [“Community Solutions”](#) to the government partners in May 2018. The following strategies were redesigned to reflect these requests from members of the community being most impacted by the current housing crisis.

Strategy 2-1: Preserve existing unregulated affordable rental housing

Commitment to racial equity: Prioritize funding for culturally specific housing development organizations to acquire and preserve affordable housing where communities of color are established such as the area around the Islamic Center of Portland and in parts of Tigard where Hispanic/Latino households reside.

◆ A. Acquire and convert up to 10 unregulated affordable multifamily apartment buildings into income/rent restricted buildings

A capitalized strategy to convert some of the corridor’s 372 unregulated apartment buildings into rent/income-restricted buildings is the most effective way to prevent displacement of current residents. The corridor’s older stock of apartment buildings is selling for around \$200,000/unit (up from \$152,000/unit in PSU’s 2017 analysis of the corridor in the third quarter of 2017). Acquisition costs are still much lower than the industry standard of around \$300,000/unit to construct a new two bedroom affordable home.

New and existing sources identified under Goal 1 could be aligned. Partners’ acquisition activities could be coordinated to have greater impact. A foundation for establishing funding criteria is provided in Section 2.

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| <p>Recommended Actions</p> <ul style="list-style-type: none"> ▪ Capitalize a CDFI’s existing acquisition fund. ▪ Work with funding partners to incorporate the policy goals for acquisition found in Section 2 into their funding criteria and explore joint NOFA’s and underwriting processes. ▪ Continue to fund community-based organizations to engage tenants and participate in the selection of buildings for acquisition. ▪ Contract with brokers to solicit acquisition opportunities. | <p>Considerations</p> <ul style="list-style-type: none"> ▪ 10 buildings is a stretch goal dependent upon newly created resources under Goal 1 (See Section 2 for minimum targets) ▪ Buildings may need to be brought up to health, safety, and ADA standards required in the building codes. Rehabilitation and ongoing maintenance costs of buildings in the corridor are not known. ▪ Management retaliation against tenants for requesting health and safety improvements is an ongoing concern in the corridor. |
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❖ B. Provide tax exemptions for existing unregulated affordable housing

The State’s authorization for local jurisdictions to provide partial property tax exemption in exchange for the provision of regulated affordable housing can be extended to owners of unregulated affordable apartment buildings. Tigard’s Affordable Housing Property Tax Exemption is currently an incentive for affordable housing.

Recommended Actions

- Pass state-authorized local legislation to expand tax exemption programs with the goal of converting existing unregulated affordable housing into rent/income restricted housing.
- Structure the incentives to produce deeper affordability (60% MFI and below) and longer terms (99 years)

Considerations

- Portland’s property tax exemption authority is exclusively available as an incentive to participate in the Inclusionary Housing Program.
- Tax incentives do not have a strong record of eliciting interest from landlords due to the added cost of compliance and loss of rental revenue.
- Questionable benefit to owners due to reassessment of property upon expiration of tax exemption.
- Cap on Portland’s tax exemptions at \$3 million.

Strategy 2-2: Strengthen tenant protections and provide anti-displacement services

Commitments to racial equity: Prioritize funding for culturally specific organizations to provide culturally targeted anti-displacement services in areas where communities of color are established such as the area around the Islamic Center of Portland and in parts of Tigard where Hispanic/Latino households reside.

◆ A. Fund an anti-displacement and fair housing enforcement services package

Tenants from various protected classes in the SW Corridor experience fair housing violations regularly. These violations coupled with no-cause evictions and rent increases result in involuntary displacement. Fair housing enforcement and other anti-displacement services provide long-term cost effectiveness by preventing homelessness and stabilizing renters and homeowners. They can be quicker to deploy and cheaper than creating rent/income-restricted units. Local cost per household estimates for legal aid and emergency rental assistance are \$3,000 and \$2,300 respectively.

Community partners’ engagement of low-income renters and homeowners identified the service types in greatest need:

1. **Legal support.** Help answering legal questions, completing forms and providing representation in court, protect tenants’ rights to file complaints of discrimination or harassment without retaliation, protect tenants’ rights to organize their buildings and help negotiate with landlords.
2. **Tenant counseling.** Education, outreach, and assistance accessing services such as financial literacy, credit counseling, renters’ rights, and home loans and predatory lending education.
3. **Landlord training.** Mandate landlords are trained on their responsibilities under fair housing laws, and the consequences of discrimination and harassment.
4. **Financial services.** Direct monetary support to renters and homeowners such as emergency rental, utility, and mortgage assistance or home repair and weatherization funding.

Recommended Actions

- Develop a package of early services: financial assistance, legal aid, counseling, and landlord training.
- Identify funding sources beginning with Washington County, the City of Tigard, and City of Portland.

Considerations

- There is precedent for a package of this type. In 2018, PHB submitted budget requests for \$1 million in renter services and \$500,000 in homeownership support services.

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| <ul style="list-style-type: none"> Form and resource a Community Preservation Workgroup to guide the deployment of services across jurisdictions. | <ul style="list-style-type: none"> Legal aid is critical because tenant complaints can result in fines, neglect of repairs, and no-cause termination. Some tenants may be afraid to report needed repairs for fear that a landlord will report them to immigration officials, regardless of their status. |
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◆ B. Strengthen tenant protections

Tenants along the corridor have different rights and protections depending on which city they live in. For example, Tigard does not have a requirement of 90-day notice for no-cause evictions. Neither city has a rental registration program. This is an obstacle to coordinated anti-displacement services and preservation of unregulated affordable housing.

Low-income renters organized in the corridor through the housing strategy development process identified protections that cities can adopt now:

- 1. Screening criteria reform.** Eliminate the practice of landlords requiring 3:1 income to rent ratios.
- 2. Security deposit reform.** Cap security deposits and protect them from being taken unfairly.
- 3. Application fee protections.** Enforce the requirement that landlords return application fees when applications are not processed.

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| <p>Recommended Actions</p> <ul style="list-style-type: none"> Convene policy workgroups to develop and advance legislation for protections: screening criteria reform, security deposit reform, and application fee protections. Form and resource a Community Preservation Workgroup to strengthen tenant protections in both Tigard and Portland. | <p>Considerations</p> <ul style="list-style-type: none"> A number of tenant protections are not included in this strategy because they were pre-empted by the State legislature. Lobbyists from several local governments are working to remove the State restrictions for some of these protections. Portland is in the process of developing a rental registration program. Portland has developed a tenant protections reform legislative package for consideration by City Council. |
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Goal 3: Increase choices for new homes for all household types and incomes

Strategy 3-1: Secure and develop opportunity sites for new construction of equitable TOD

Commitments to racial equity: Prioritize funding for culturally specific organizations to develop affordable rental housing and reduce the racial wealth gap through homeownership opportunities.

◆ A. Develop TOD-scale (100+ homes) affordable multi-family buildings near each of the 10 stations in Portland and Tigard with multi-family residential zoning

Ten potential station areas in Tigard and Portland have parcels zoned to allow multi-family housing at a density supportive of transit. Public sector-owned parcels can be prioritized for affordable housing. Regulated affordable TOD near each station would provide low-income households with new choices of where to live along the corridor.

New and existing sources identified under Goal 1 could be aligned. Partners’ funding and land activities could be coordinated to have greater impact. A foundation for establishing funding criteria is provided in Section 2.

Recommended Actions

- Secure funding under Goal 1.
- Aim for at least 100 regulated affordable homes in buildings with over 100 total homes.
- See details on opportunity sites in Section 4 below.

Considerations

- 10 buildings is a stretch goal dependent upon Inclusionary Housing in Portland and the newly created resources under Goal 1 (See Section 2 for minimum targets)
- There are seven stations zoned for residential development in Portland and three in Tigard.

◆ B. Execute an interagency Affordable Housing Memorandum of Understanding

The cities of Portland, Tigard, Washington County, TriMet and Metro are entering into an Affordable Housing Memorandum of Understanding to coordinate the development of public properties and conduct station area planning to achieve the corridor’s affordable housing targets.

Publicly owned parcels are an important opportunity to develop affordable housing. Coordinated land acquisition and development can leverage scarce resources and provide a predictable pipeline of sites for funders and developers.

A few sites with TOD potential are already owned by the public sector. See Section 4 for more details.

Recommended Actions

- Execute a mutually beneficial MOU in advance of adopting the light rail project’s Locally Preferred Alternative.
- The MOU should help achieve the stretch targets aimed at rental housing at or near each station for households with incomes at or below 60% MFI or homeownership opportunities for households with income at or below 80% MFI.
- Form a staff level Equitable TOD Workgroup to implement the agreements of the MOU and provide opportunities for regular input from community partners.

Considerations

- Most sites will not be available until 2027 or later.
- New FTA Joint Development rules are more favorable to developing affordable housing on transit agency owned land.
- Sites should be discounted to the greatest degree possible to improve development feasibility of deeply affordable housing.
- Portland asks TriMet to enable affordable housing development near each station and provide an appropriate excess property near each station on a discounted basis.

◆ C. Inclusionary Zoning receiving site(s) agreement (Portland-specific)

Housing production estimates from Portland’s Inclusionary Housing Program in SW are between 100-200 affordable homes over the 10-year housing strategy. The program allows market-rate developers to meet their affordable housing requirements on-site or by paying an in-lieu fee or creating the housing at a nearby site. Giving developers along the corridor an option to create off-site units on approved *receiving sites* in the corridor may lower the barrier to participation in the program. Receiving sites could contribute to one or two of the buildings in Strategy 1A above and serve as an incentive to participate in a master development agreement to incentivize deeper affordability levels.

Recommended Actions

- Analyze the feasibility of producing the housing development(s) that would include the off-site affordable homes.

Considerations

- Per City policy, a receiving site cannot be supported by any additional PHB subsidy.
- A number of publicly controlled parcels could serve as receiving sites.
- Inclusionary Housing does not create deeply affordable housing.
- Inclusionary Zoning is dependent on the construction of new market rate housing.

❖ D. Recruit community land trusts to the SW Corridor

Community Land Trusts (CLT) own land and provide long-term ground leases to providers of affordable rental housing or low-income households to purchase the homes on the land. Homeowners agree to purchase prices, resale prices, equity capture, and other terms to ensure long-term affordability.

Recommended Actions

Engage CLT operators and developers about the ability to partner in the SW Corridor.

Considerations

Low-income homeowners capture some limited equity.

❖ E. Identify opportunities for community benefits agreements

Project-specific agreements between developers and community coalitions on large-scale, redevelopment projects ensures community support for the projects in return for creating more affordable housing or other community benefit. This decreases a developer’s risk and maximizes the positive impact of development.

Recommended Actions

- A Community Preservation Workgroup can identify potential development parcels in the corridor to watch for opportunities to negotiate CBAs.

Considerations

- There are limited large redevelopment opportunities in the SW Corridor with exception of the Tigard Triangle.
- Portland’s CEIP applies to all publicly funded large-scale projects including those using affordable housing resources.
-

Strategy 3-2: Regulate land use and zoning to create affordable and market rate housing

Commitments to racial equity: Use best practices of inclusive and equitable engagement during planning processes. Operationalize Portland Comprehensive Plan anti-displacement and equitable housing policies through station area plans.

◆ A. Incentivizing equitable TOD through zoning

Currently 48% of all acres in the Portland’s potential station areas are zoned single family. The existing mixed-use zoning in station areas is often shallow with an immediate transition to low-density zoning. Mixed-use, low-rise TOD can be developed in this zoning but the imbalance of single-family zoning does not allow for the incremental increases in residential density necessary to create a transit-oriented community. Careful rezoning to allow for more 20+ unit multi-family buildings would result in more affordable homes through Portland’s Inclusionary Housing Program (under 20 units does not trigger affordability requirements).

The City of Tigard recently rezoned most of the land in the Tigard Triangle to accelerate pedestrian-friendly, mixed-use development by streamlining the development review process. Downtown Tigard already has mixed use zoning, but the city will explore additional changes to its development code to allow additional residential density in this area.

Recommended Actions

Coordinate a corridor-wide station area planning process, beginning in select station areas using a fair housing and health equity lens.

Considerations

Barbur Transit Center and the Burlingame stations are in designated Town Centers intended for more multi-family housing.

◆ B. Incentivizing equitable TOD through development agreements

Development agreements between a city and developers are binding contracts that increase project feasibility and production of community benefits beyond what underlying regulations provide. Potential development agreements in the corridor could address the following tools:

- Increased entitlements
- Participating in an inclusionary housing obligation receiving site (Portland only)
- Infrastructure subsidy: sidewalks and storm water management
- Participating in off-site shared parking (i.e. park and ride or parking district)
- System Development Charge exemptions
- Participate in a streamline review and permitting program

Recommended Actions

- After station area planning is complete, determine the additional affordability goals and incentives to target for development agreements in order to further incentivize projects that will not get built even with revised zoning.

Considerations

- Park & Rides at the Barbur Transit Center and 53rd street station are shared parking candidates.
- The corridor requires significant storm water infrastructure investments that could compete for properties also appropriate for affordable housing.

❖ C. Adopt middle housing tools and policies that work for low-income households

Portland’s Residential Infill Project may allow duplexes, triplexes, and additional ADUs in single-family zoned areas, including in SW light rail station areas. If barriers to participation are removed, low-income homeowners could use these new allowances to bring in more income. Affordable housing requirements could also accompany these new allowances.

The City of Tigard will consider updates to the development code to allow a wider variety of “missing middle” housing options that will provide for a wider variety of housing types to accommodate residents at all stages of life. These code updates will include zoning and design standards for a broader range of accessory dwelling units and duplexes, as well as cottage clusters, live/work units, courtyard apartments, and other small- and medium-sized units. The updates may also include changes that lower barriers to the development of affordable housing.

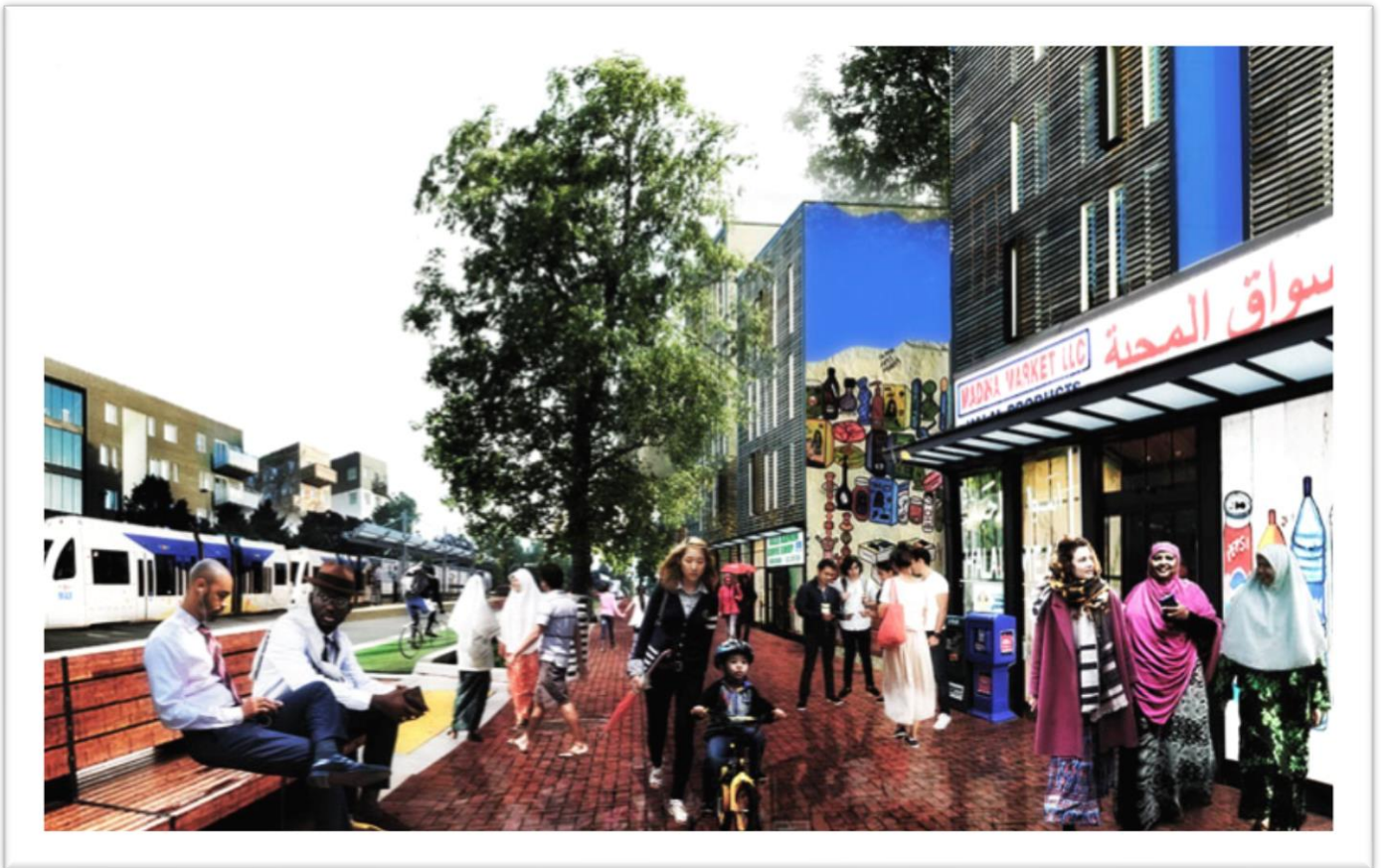
Recommended Actions

- Identify sources of public funding to provide low-cost financing to low-income homeowners.
- Adopt policies that create more affordable housing.

Considerations

- Homeowner with older mortgages at higher interest rates may need help refinancing to take advantage of development opportunities, such as adding an ADU.

4: Opportunity Sites for New Housing



Artistic rendering of Barbur Boulevard facing south with a new Barbur Transit Center light rail station in the background

The corridor's affordable housing stretch targets depend upon growing new resources to build one affordable TOD near 10 light rail stations and acquire an equal number of unregulated affordable apartment buildings. The following policy goals are included in this strategy to shape the development that achieve the targets for new construction of affordable housing (see Section 2 above for more details on policy goals):

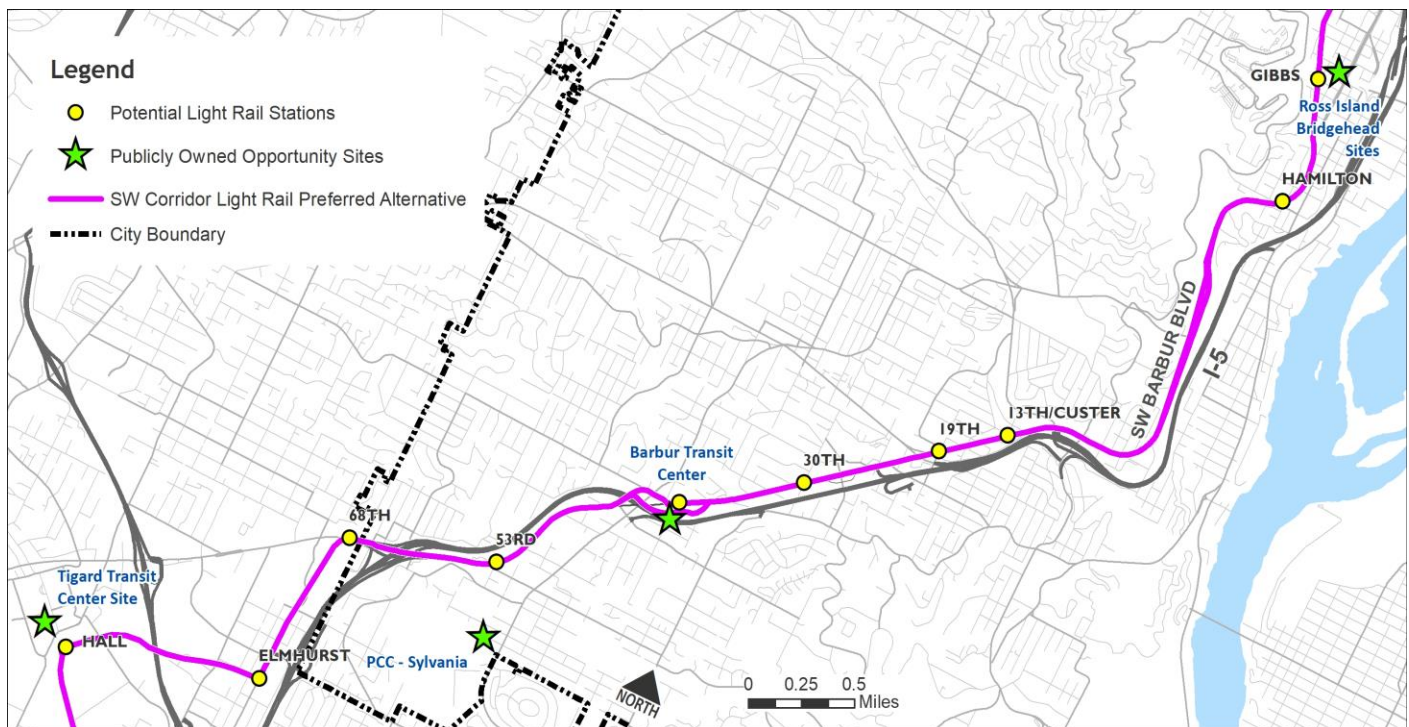
- Build larger new affordable apartment buildings
- Invest in family sized homes
- Invest in housing for those in greatest need
- Invest in more homes accessible to people with disabilities
- Create homeownership opportunities
- Prioritize housing for those displaced by the light rail project

Prioritizing publicly owned land is critical to achieving affordable housing targets

A few publicly owned properties have already been identified as having the potential for redevelopment. Creation of affordable housing can be prioritized through redevelopment. The City of Portland, City of Tigard, and their partners will further explore redevelopment scenarios through the next phase of station area planning in 2019.

- **Ross Island Bridgehead sites.** The Oregon Department of Transportation and the City of Portland owns the land under portions of the Ross Island Bridgehead. Should the bridgehead be reconfigured, an estimated 2-3 acres of land could be available for redevelopment. This land could support 300-450 units of housing under the current zoning regulations.
- **Barbur Transit Center.** The Oregon Department of Transportation owns the Barbur Transit Center. If the transit center is redeveloped to include a light rail station and mixed-use building(s) then an estimated 100-200 units of housing could be built on a portion of the over five-acre site under the current zoning regulations. Redevelopment scenarios will have to account for its current transportation functions.
- **Portland Community College Sylvania Campus.** The Portland Community College Board of Directors is interested in the development of affordable housing on the Sylvania Campus just a short walk to the light rail station on 53rd Avenue.
- **Tigard Transit Center.** The TriMet-owned Tigard Transit Center is a potential affordable housing redevelopment site when the bus transit center functions are relocated with a new light rail station in Downtown Tigard. A development study showed up to 67 units could be constructed on the 0.8-acre site.

Other properties currently in private ownership may be purchased for the transit project but be deemed surplus after light rail construction is complete, making them available for redevelopment. **A MOU between TriMet, City of Portland, City of Tigard, Housing Authority of Washington County, and Metro will be the primary vehicle for prioritizing these surplus properties for new affordable TOD.** It will define a process for disposing of remnant transit project property in a manner that supports affordable housing development goals.



Analysis is needed to advance equitable development along the corridor

The City of Portland is undertaking an analytical exercise to test the feasibility of achieving some of the policy goals and housing targets on sites at the potential stations in Portland. This analysis will inform the development of new funding sources recommended in this strategy and future station area planning. Testing development

prototypes with hypothetical housing and commercial programming will identify barriers and opportunities for development. Some potential development factors to explore include:

- **Current zoning.** Zoning could be reconsidered to allow more development capacity and height on sites.
- **Land prices and ownership.** We know land prices are a barrier to development. Publicly owned land or land purchased by public entities can be sold, transferred, or leased to a developer for a nominal price.
- **Construction type.** Some construction types have higher cost construction materials and labor costs. Developments using wood framed construction and lower density can keep costs down which may make sense in light rail stations with weaker markets. Stations with stronger markets may be able to support mid or high-rise buildings which have the highest construction costs.
- **Mixed-income.** It may make sense to include market rate units with regulated affordable units. However, ownership structures are needed that work for market rate investors.
- **Funding.** Any project with large amounts of affordable housing will likely have a funding gap. Additional public and private funding sources can be explored to balance the projects budgets.

Supporting other affordable housing development opportunities

It should be noted that other future development projects should also be supported in addition to opportunity sites more closely tied to this housing strategy:

- Neighborhood House is planning to build an affordable apartment building for low-income seniors on its property in Multnomah Village. The site is .6 mile from the nearest potential light rail station. While the potential project is not located in close walking distance to the potential light rail station, it should be supported to contribute to the broader corridor's stock of affordable housing.
- The North Macadam URA boundaries overlap with the potential Gibbs light rail station walkshed. Affordable housing constructed through the URA will contribute to the overall build out of the broader station area but not be counted toward achieving the targets in the SW Corridor Equitable Housing Strategy.

5: Stewardship Structure and Accountability

Goal 1, Strategy 3 is to “**Strengthen partners to steward and champion the strategy.**” The local governments participating in developing this housing strategy acknowledge that past transit-related housing strategies were not successful in large part because they failed to establish and enforce accountability measures or resource community organizations to play an active role in these measures during implementation. This time must be different. This section describes a framework for accountability including ongoing community partnerships and opportunities to make changes. It is designed to create shared responsibility, measure progress, and communicate effectively.

Accountability measures and reporting

Measuring the impact of and progress toward implementation of the SW Corridor Equitable Housing Strategy creates an opportunity for community and institutional leadership to focus attention and reiterate the importance of our race and social equity goals and make any necessary changes to the strategy.

Data will be important in determining whether the strategy is working for low-income households and communities of color. The table below includes a set of early warning signs, performance measures, and community level indicators that can help determine whether or not equitable outcomes are being achieved as the corridor develops.

As with any new endeavor, there will likely be missteps and new opportunities may arise that were not anticipated during the development of the strategy. These are opportunities for learning and improvement. Developing mechanisms for collecting this data and evaluating progress with community partners will help measure whether race and social equity is being advanced.

An annual report will be co-created by staff and community partners and presented to the decision-making bodies that adopt this strategy. It will highlight the lived experience of low-income households and communities of color and the implementation activities of the community partner organizations. It will also include an overall grade (A through F) based on the performance measures and a set of recommended near-term actions for decision makers including any proposed changes to the strategy.

| Warning Signs of Inequitable Growth | | |
|-------------------------------------|--|---------------------------------------|
| Negative Outcome | Warning Signs (collected bi-annually) | Data Source |
| Displacement | Decrease in racial and ethnic diversity of SW Corridor students | OR Department of Education |
| | Number of students moving out of SW Corridor schools by free and reduced priced lunch status | OR Department of Education |
| | Number of tenant requests for assistance from Community Alliance of Tenants | Community Alliance of Tenants hotline |
| | Food box requests | Neighborhood House |

| | | |
|---|--|----------------------------|
| | Homeless students in local schools | OR Department of Education |
| | Change in median rent in SW Corridor submarkets compared with other similar submarkets, by unit type and quality | Costar |
| Shrinking affordable housing supply | Number of units affordable at 80% MFI or below | Costar or Axiometrics |
| | Property repositioning: Building transactions and or substantial increase in rent in unregulated affordable housing | Costar |
| | Portland rental registration program data points (to be determined) | Rental Services Office |
| Positive Outcome | Community Level Indicators (collected annually) | Data Source |
| Increasing racial and economic diversity | Household income distribution compared to city of Portland and city of Tigard distribution and the change year-to-year | ACS |
| | Racial and ethnic diversity compared to overall population in the city of Portland and city of Tigard and the change year-to-year | ACS |
| | Share of students accessing free and reduced priced lunch in local schools in the SW Corridor compared to the schools in the Portland Public School District and Tigard-Tualatin School District and the change year-to-year | OR Dept. of Education |
| | Dissimilarity index by Census tracts in the SW Corridor compared to the city of Portland and city of Tigard and the change year-to-year | ACS |

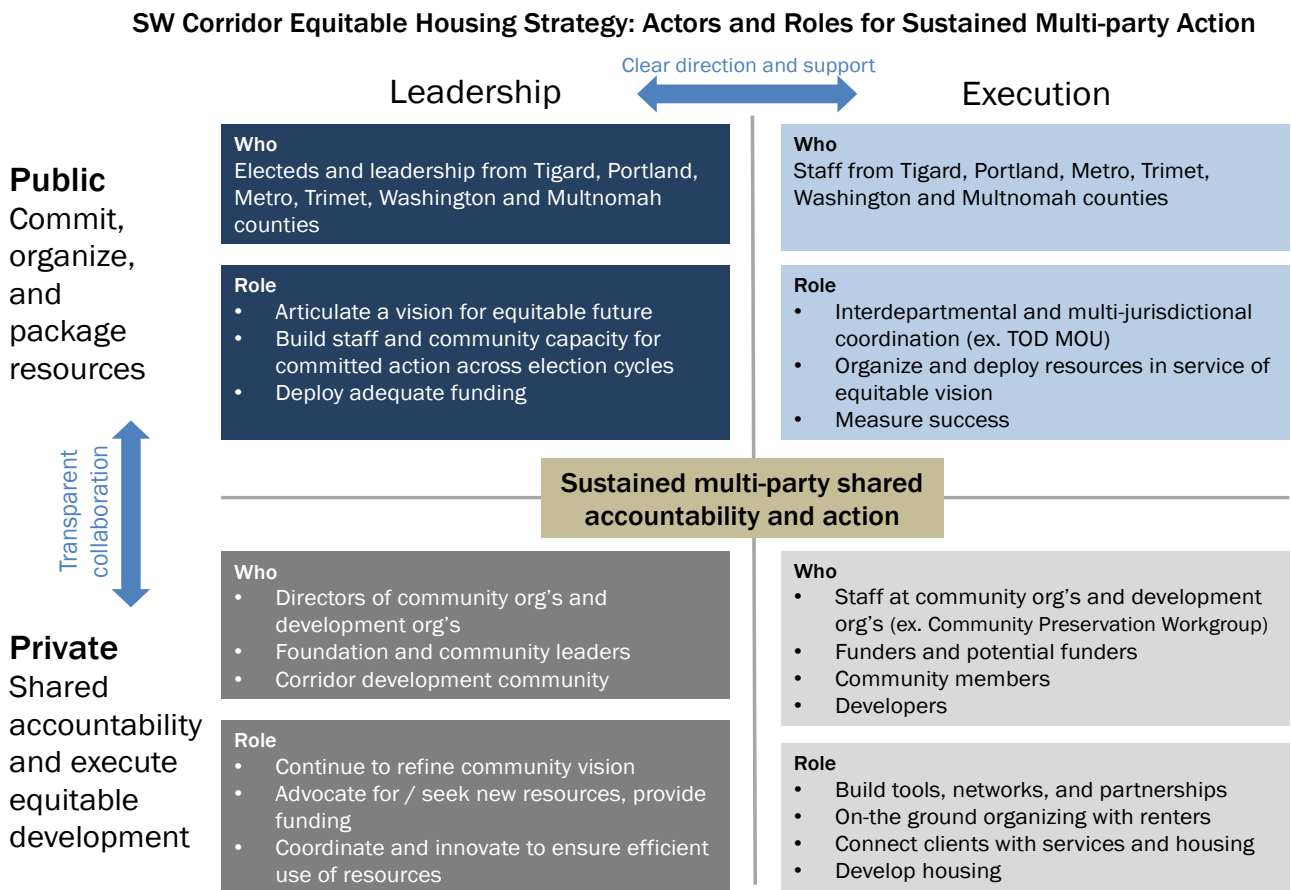
| Performance Measures | | |
|--|---|------------------------|
| Outcome | Performance measures (collected annually) | Data Source |
| Increased housing choices and community stability | Number of affordable homes preserved or in construction, by affordability level compared to the affordability levels found in the Portland Housing Bureau portfolio city-wide | PHB and City of Tigard |
| | Number of family-sized homes preserved or constructed, by rent restriction compared to the affordability levels found in the Portland Housing Bureau portfolio city-wide | PHB and City of Tigard |
| | Number of tenant protection ordinances adopted | PHB and City of Tigard |

| | | |
|--|---|------------------------|
| | At least one new TOD project dedicated to first time homeowners | PHB and City of Tigard |
| | Number of affordable homes accessible to people with disabilities | PHB and City of Tigard |
| Engaged community organizations | Satisfaction with progress on strategy by community based organizations actively engaging and/or serving low-income households and communities of color in the SW Corridor (Muslim Educational Trust, CPAH, Neighborhood House, etc.) | Community-led inquiry |
| | Public and philanthropic funding for continued collaboration and engagement amongst community based organizations actively engaging and/or serving low-income households and communities of color | PHB/BPS/City of Tigard |
| | Quantity of active community-based organizations and quality of relationships across organizations (ex. Coalitions, workgroups, etc.) | Community-led inquiry |
| Incremental progress toward goals | Pipeline of policy proposals and budget proposals to advance goals, broken out by the three overarching goals of the strategy | PHB/BPS/City of Tigard |
| | Properties targeted for land and building acquisition | PHB/BPS/City of Tigard |
| | Number of new funding sources and funding amounts for affordable rental housing development and preservation | PHB/BPS/City of Tigard |
| | Budget allocation for new resources available for anti-displacement services for low-income households | PHB and City of Tigard |
| | Permits issued for multi-family housing | BPS/City of Tigard |
| | Land use regulations adopted with affordability incentives and/or requirements | PHB/BPS/City of Tigard |

Stewardship structure

The collaborative strategy development process by a broad set of stakeholders all committed to achieving equitable outcomes resulted in new relationships and greater buy-in. A number of organizational structures were explored to continue this spirit of collaboration as we pivot from planning to implementation.

Below is a general framework that ties partners together for coordinated action during implementation. It articulates a shared goal for sustained multi-party accountability for action, clarifies the roles for players by sector, and identifies the kinds of actions that leadership and staff might each take.

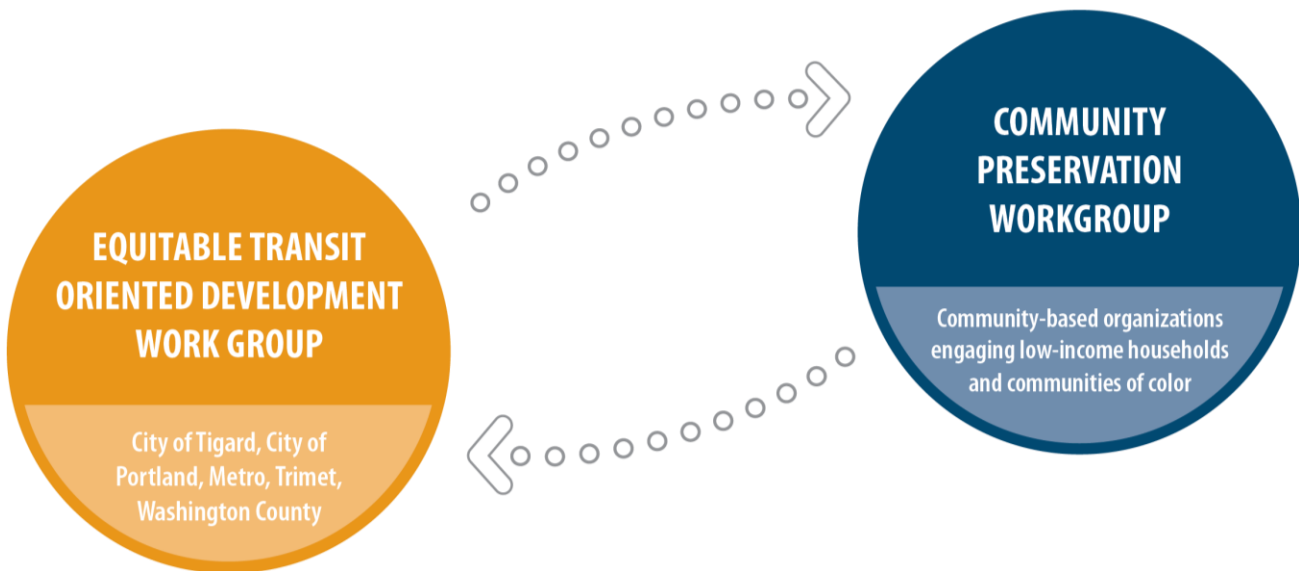


A number of structures were explored that could operationalize the above framework:

- The advisory group supported the idea of forming a **community-centered multi-sector collaborative** focused on housing and transit similar to those found in other regions across the nation. However, the idea did not mature enough to act on at this time. Metro's ongoing process to develop a SW Corridor Equitable Development Strategy is a good forum to advance this idea with the additional perspectives of workforce and economic development organizations to broaden the scope beyond housing.
- The advisory group was not enthusiastic about forming another volunteer **oversight committee** tasked with advising and overseeing the implementation activities made by public partners.

- Community Based Organizations (CBOs) on the advisory group working together to engage low-income households and communities of color in the planning process proposed forming an ongoing **Community Preservation Workgroup (CPW)** to steward the anti-displacement elements of the strategy. The CPW is the most promising community infrastructure to help build trust, accountability, and a shared commitment to the success of the SW Corridor Equitable Housing Strategy. A CPW could be the next step toward creating a sustainable multi-sector collaborative. A proposed scope and resource needs are outlined below.
- The cities of Portland, Tigard, Washington County, TriMet and Metro are entering into a Memorandum of Understanding to coordinate the development of public properties and conduct station area planning to achieve the corridor’s affordable housing targets. They have agreed to form a staff level **Equitable TOD Workgroup** that will provide opportunities for regular input from community partners. The scope of this workgroup and its relationship to the Community Preservation Workgroup is described below.

The Community Preservation Workgroup and Equitable TOD Workgroup are envisioned to regularly participate in facilitated work sessions on their respective bodies of work to seek input and advise on each other’s activities.



Scope of a Community Preservation Workgroup

| Elements | Description |
|----------------------|--|
| Purpose | <ol style="list-style-type: none"> 1. Work with government partners to implement and report on progress made on the SW Corridor Equitable Housing Strategy. 2. Expand efforts to engage low-income households and communities of color in the implementation of anti-displacement services, tenant protections, and conversion of market rate apartment buildings into regulated affordable housing. |
| Governance structure | Yet to be determined by participating CBOs |
| Authority | Self governed with autonomy of its resources and work plan. |
| Composition | CBOs led by or serving low-income households or communities of color and working on housing and transit justice. |
| Geographic reach | SW Corridor. Some CBOs are more geographically focused on activities in just the corridor while others have broader geographic purview. |
| Resources needed | <p>Seed funding from the public partners:</p> <ol style="list-style-type: none"> 1. One full time staff 2. Capacity building funds for training, strategic planning community engagement, research, and canvassing <p>Early engagement with philanthropic organizations could tee up ongoing private philanthropic funding.</p> |
| Staff | One full time staff to be housed in a yet to be determined CBO. |
| Government role | <p>Initial funder and technical assistance provider upon request.</p> <p>The Community Preservation Workgroup and Equitable TOD Workgroup will regularly participate in facilitated work sessions on their respective bodies of work to seek input and advise on each other's activities.</p> |

Scope of a local government Equitable TOD Workgroup

| Elements | Description |
|----------------------|--|
| Purpose | <ol style="list-style-type: none"> 1. Work with community partners to implement and report on progress made on the SW Corridor Equitable Housing Strategy. 2. Implement development plans for affordable housing on public properties and conduct station area planning. |
| Governance structure | Yet to be determined by participating jurisdictions. |
| Authority | Make staff level recommendations to the respective decision-making bodies. |
| Composition | Signatories of the SW Corridor Affordable Housing MOU. |
| Geographic reach | SW Corridor |
| Resources needed | Staff time |
| Community role | The Community Preservation Workgroup and Equitable TOD Workgroup will regularly participate in facilitated work sessions on their respective bodies of work to seek input and advise on each other's activities. |

Potential to expand the geographic scope of a Community Preservation Workgroup:

CBOs engaged low-income households and communities of color in planning for affordable housing alongside both the Southeast Division bus rapid transit (BRT) line and SW Corridor light rail projects. Many of the same CBOs were involved in both processes. These processes resulted in commitments to housing anti-displacement investments through a Division BRT Memorandum of Understanding and a SW Corridor Equitable Housing Strategy.

The Community Preservation Workgroups scope could expand to include work on the housing commitments made through the Division BRT MOU. This would leverage concurrent housing investment and enact new policies for both areas. It could also serve as an interim-step toward a regional collaborative focused on housing and transit.

Conclusion

Meaningful financial capitalization of this strategy and an effective community-centered stewardship structure to seek solutions with committed government partners will likely be the major determinants of whether the big ideas of this strategy come to fruition. The opportunity to get ahead of the predictable cycle of gentrification and displacement is now. Our region is well positioned to learn from the past and provide a new model of equitable growth.



Appendices

1. Appendix 1: Equity and Housing Needs Assessment

Demographics, market conditions, land uses, housing needs, housing programs and past investments, as well as existing organizational networks in the SW Corridor

2. Appendix 2: Preserving Housing Choice and Opportunity

Portland State University research on unregulated affordable housing in the region and SW Corridor

3. Appendix 3: Existing Funding Landscape on the Southwest Corridor

Consultant analysis of housing programs available in the corridor and accounting of those recently used

4. Appendix 4: Existing Organizational Presence

Consultant analysis of organizations providing affordable housing, advocacy and human services in the corridor

5. Appendix 5: Implementation Strategies

Consultant analysis of implementation strategies proposed in the SW Corridor Equitable Housing Strategy

6. Appendix 6: Organizational Structures for Equitable Transit Oriented Development (eTOD)

Consultant research on national examples of multi-sector collaborative structures