FROM POLICY TO IMPLEMENTATION | The Do's and Don'ts to Achieve Affordable TOD

LOCUS NATIONAL LEADERSHIP SUMMIT | APRIL 25, 2017 | WASHINGTON, D.C.

HOLLAND PARTNER GROUP

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OREGON LOCUS

Responsible Real Estate Developers and Investors

an affiliate of Smart Growth America's national developer coalition

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OVERVIEW OF OREGON LOCUS

Oregon LOCUS is the first **Statewide** Chapter of LOCUS, Smart Growth America's Coalition of Responsible Developers and Investors. Oregon LOCUS is an advocacy organization that supports state and local policy that enables and promotes the development of dense, walkable neighborhoods that are economically, socially and environmentally sustainable.

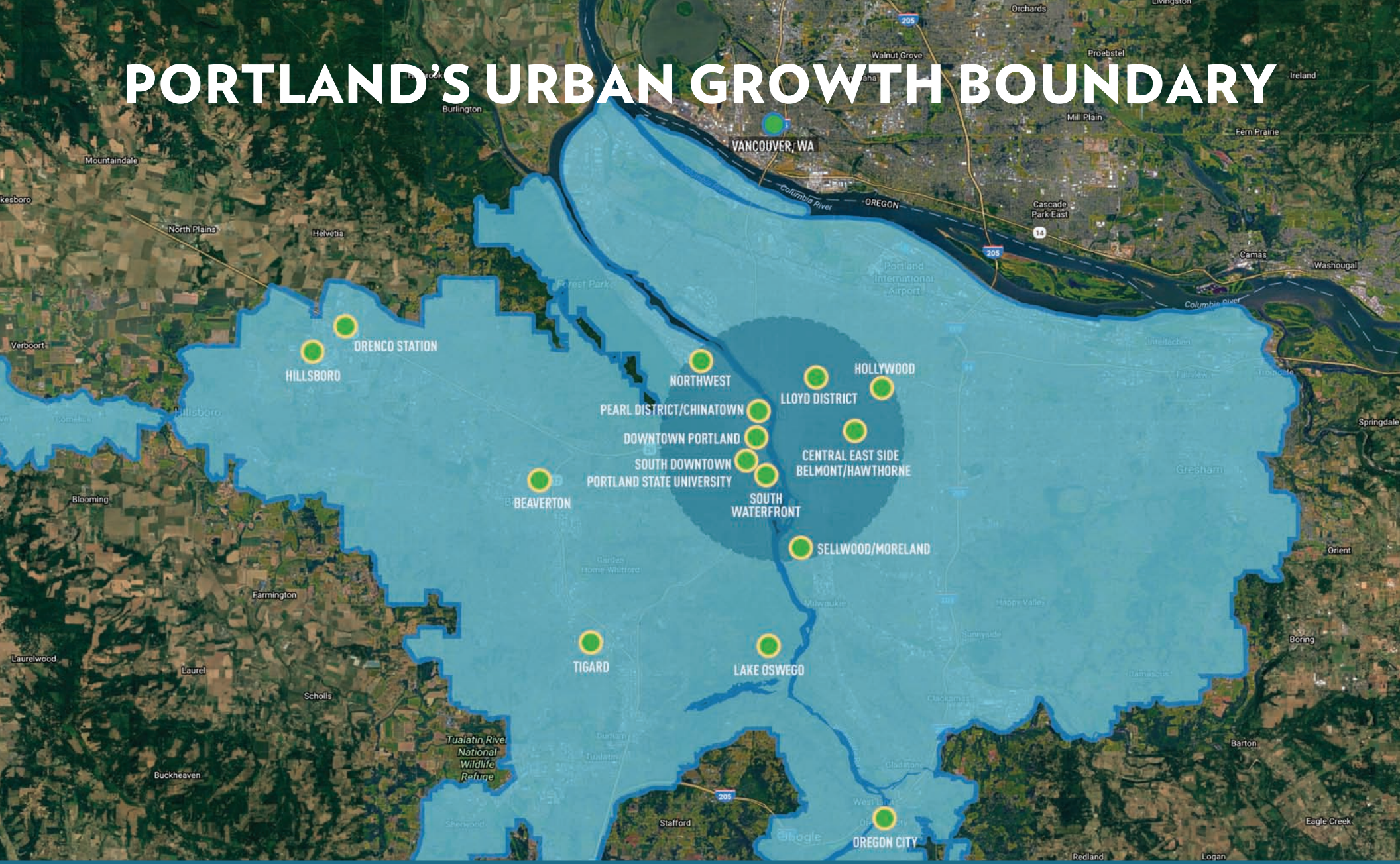
In 2016, Oregon LOCUS worked with the City of Portland and other key stakeholders to provide important analysis and policy discussion around Inclusionary Housing ("IH") within days of its forming as an organization, and is now continuing with accountability and measures of success for the IH program as well as crafting additional industry-led policy solutions to urban housing, land use and transportation issues statewide.

METROPOLITAN LAND USE IN THE U.S.

	REGIONALLY SIGNIFICANT	LOCAL SERVING
WALKABLE URBAN	**WALKUP** Tri-State Land Area: 0.5%	**NEIGHBORHOOD** Tri-State Land Area: 2.0%
DRIVEABLE SUBURBAN	**DRIVE-IN** Tri-State Land Area: 2.3%	**SUBDIVISION/EDGELESS CITY** Tri-State Land Area: 95.0%

[1]Source: The WalkUP Wake-Up Call: New York, Leinberger, C., Rodriguez, M., Loh, T., The George Washington University School of Business (2017)

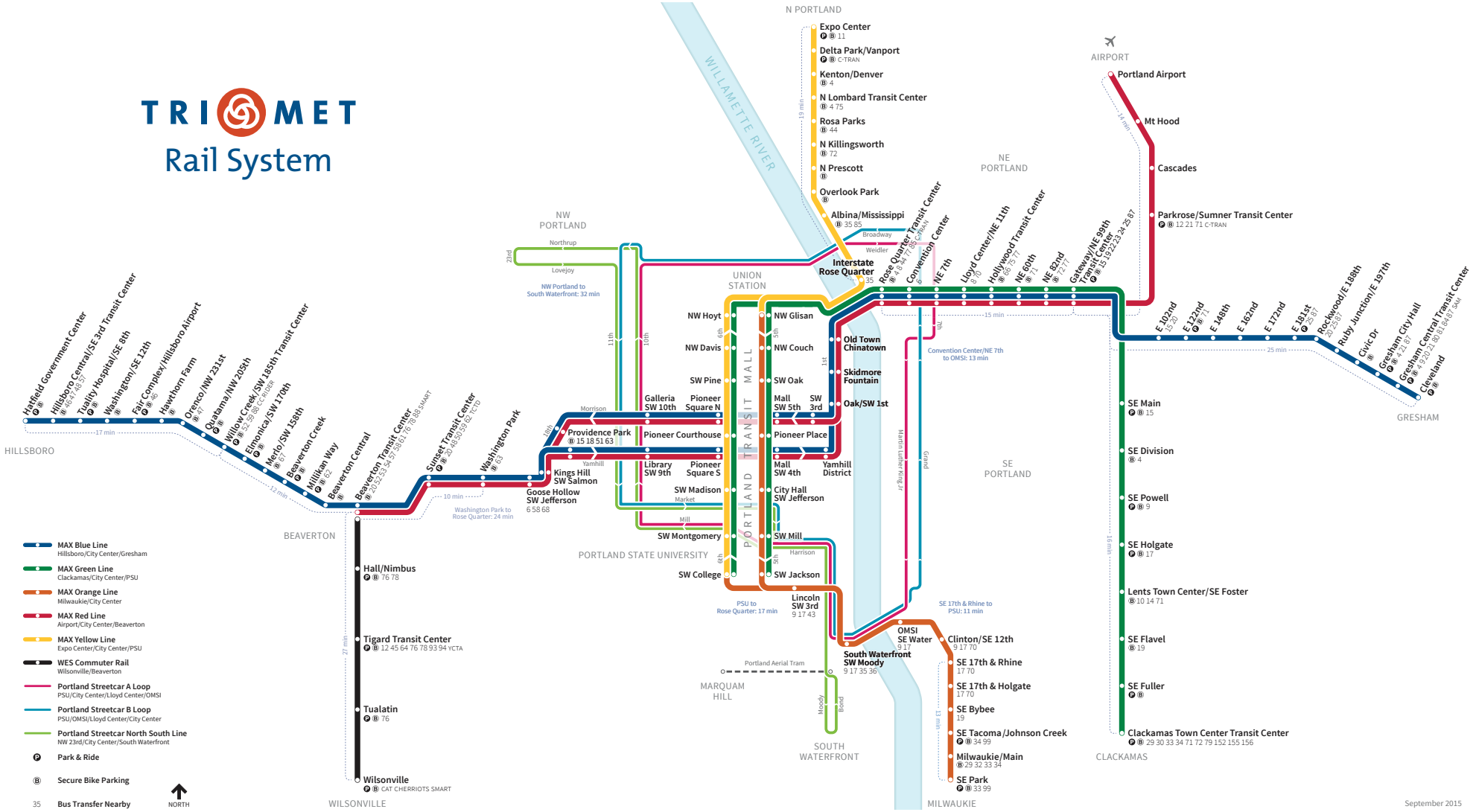
PORTLAND'S URBAN GROWTH BOUNDARY



Though widely known for its walkable urbanism, rail transit and bikeability, 87% of metro Portland's walkable urbanism is in its center city. Though Orenco Station is a national model of greenfield transit-oriented development, Portland has experienced little urbanization in its suburbs. The metro area continues to build drivable sub-urban patterns, in spite of an urban growth boundary meant to discourage sprawl.

[1]Source: Foot Traffic Ahead: Ranking Walkable Urbanism in America's Largest Metros, Leinberger, C., Rodriguez, M., The George Washington University School of Business (2016)
[2]Source: Metro (2016)

PORTLAND'S PUBLIC TRANSPORTATION



[1]Source: Trimet (2015)

YOU CAN'T STOP THE WATER

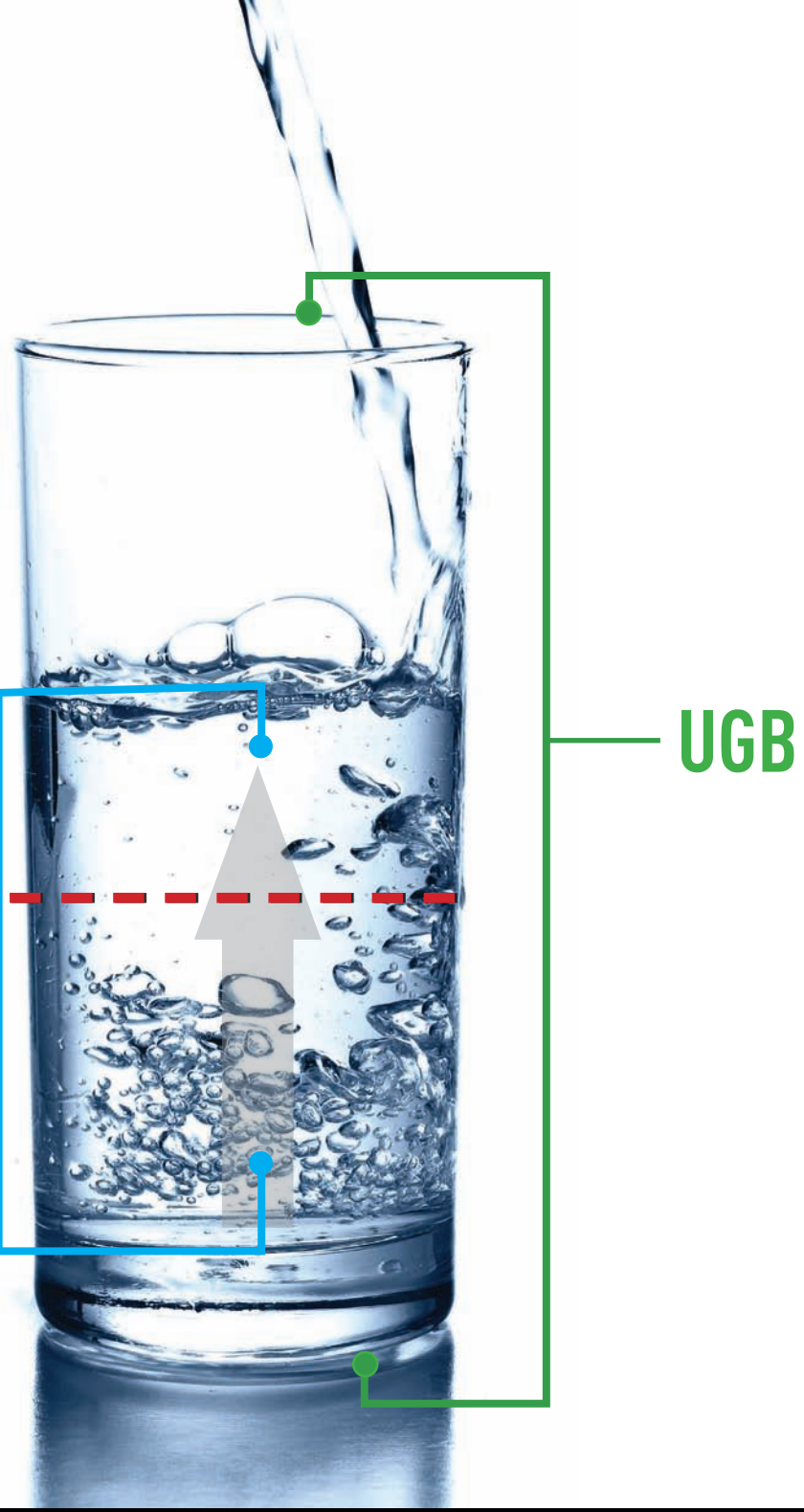
(POPULATION GROWTH)

UGB
(Supply Constraint)

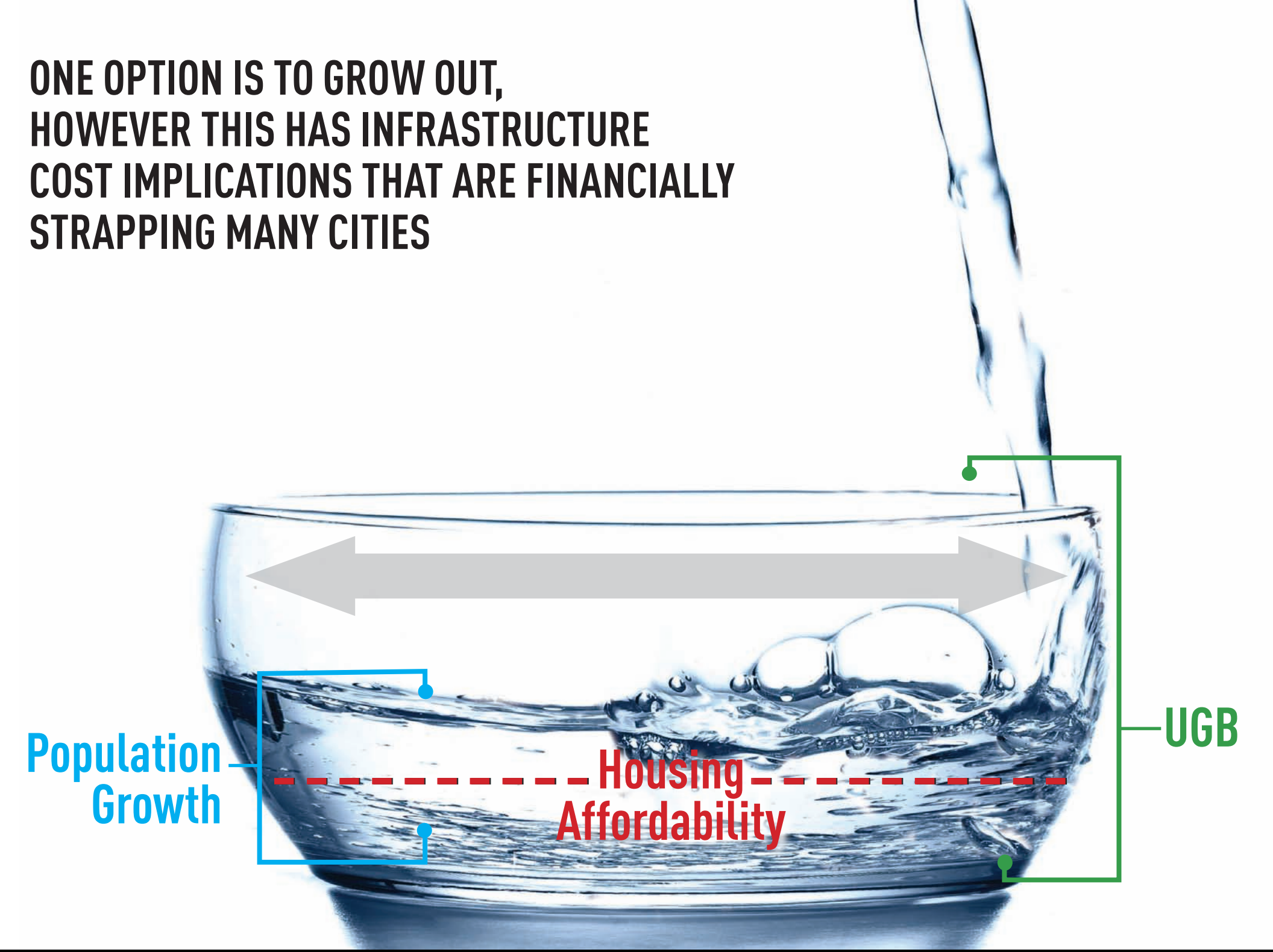
Housing Affordability

Population Growth

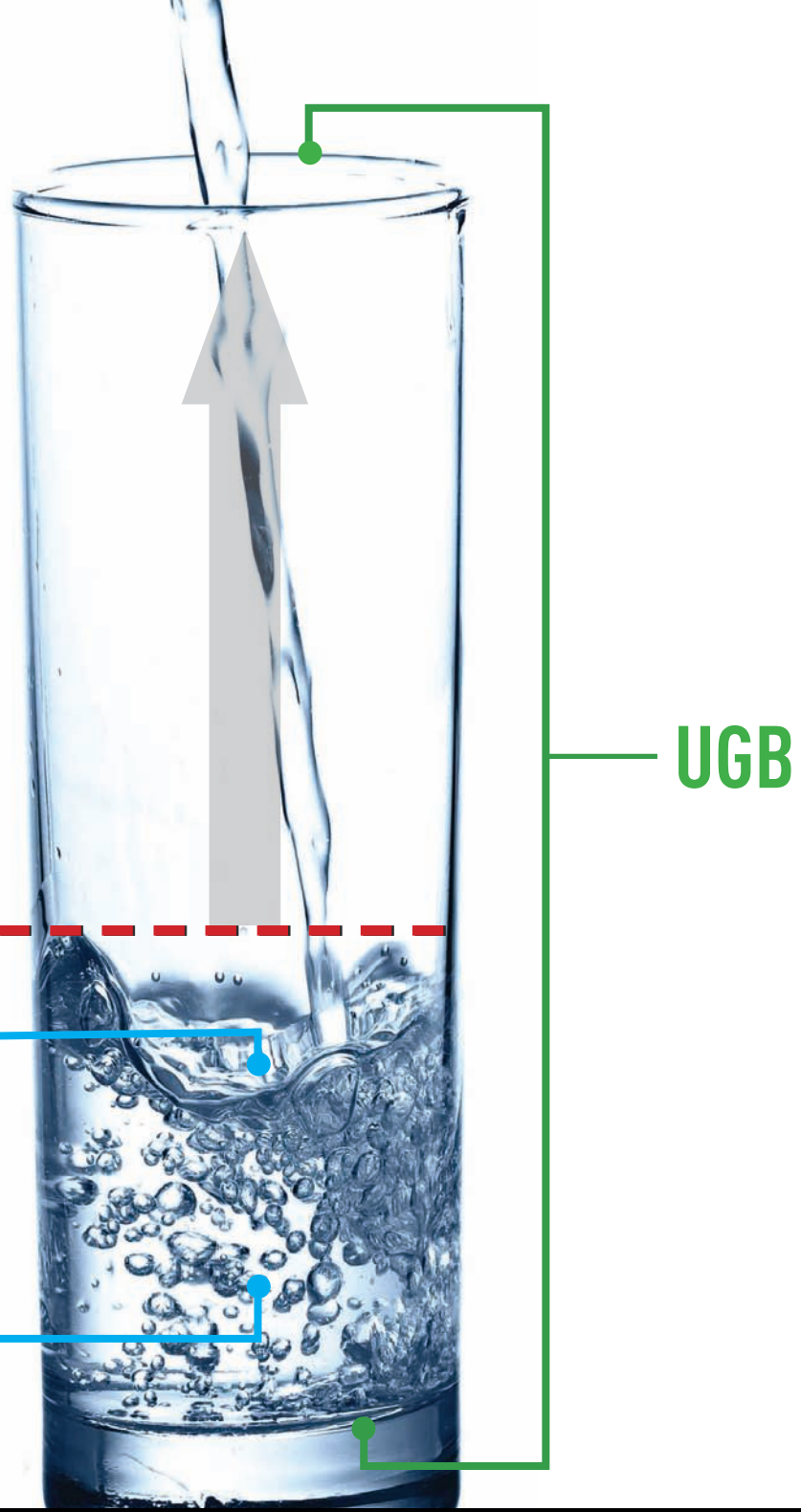
AS POPULATION INCREASES, AFFORDABILITY DECREASES, UNLESS YOU BUILD AN ADEQUATE SUPPLY OF HOUSING.



ONE OPTION IS TO GROW OUT, HOWEVER THIS HAS INFRASTRUCTURE COST IMPLICATIONS THAT ARE FINANCIALLY STRAPPING MANY CITIES



THE SOLUTION IS TO GROW UP, IN PLACES WHERE INFRASTRUCTURE DOLLARS HAVE ALREADY BEEN SPENT



LACK OF ADEQUATE HOUSING SUPPLY POLITICALLY UNSUSTAINABLE

Margot Black Wants to Take on the Landlords and Portland City Hall

With Portland Tenants United, she's harnessing the power of renters to change this city with a new tenants union.

Politics | Family | News | Local

Hundreds March In Northeast Portland Rally To Protest Rent Hikes

by **Molly Solomon** Follow and **Phoebe Flanigan**

Tenants and housing advocacy supporters marched to protest a proposed 100% rent increase at the Normandy Apartments in northeast Portland.

Molly Solomon/OPB

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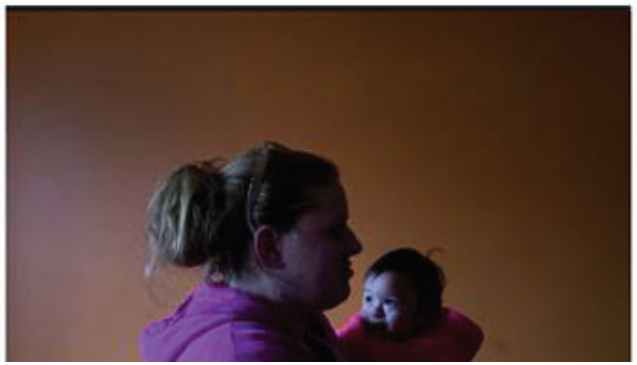
Report: Portland rent increases highest in country

Portland apartment rents increased 14 percent between February and March

Jim Redden, The Portland Tribune

Published: March 10, 2016, 8:46 am | Updated: March 10, 2016, 5:20 pm

Northeast Portland families face tough choice after new owner more than doubles their rent



WHAT DO PORTLAND CITY EMPLOYEES MAKE?

OREGONLIVE The Oregonian

Housing crisis took center stage in 2016, will keep it in 2017

Protesters from Portland Tenants United joined other groups representing a variety of causes in a march through downtown Portland on January 15, 2016. (Kristyne Hirsch-Graff/Staff)

By Elliot Njus | The Oregonian/OregonLive

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INSIDE FRONT PORCH

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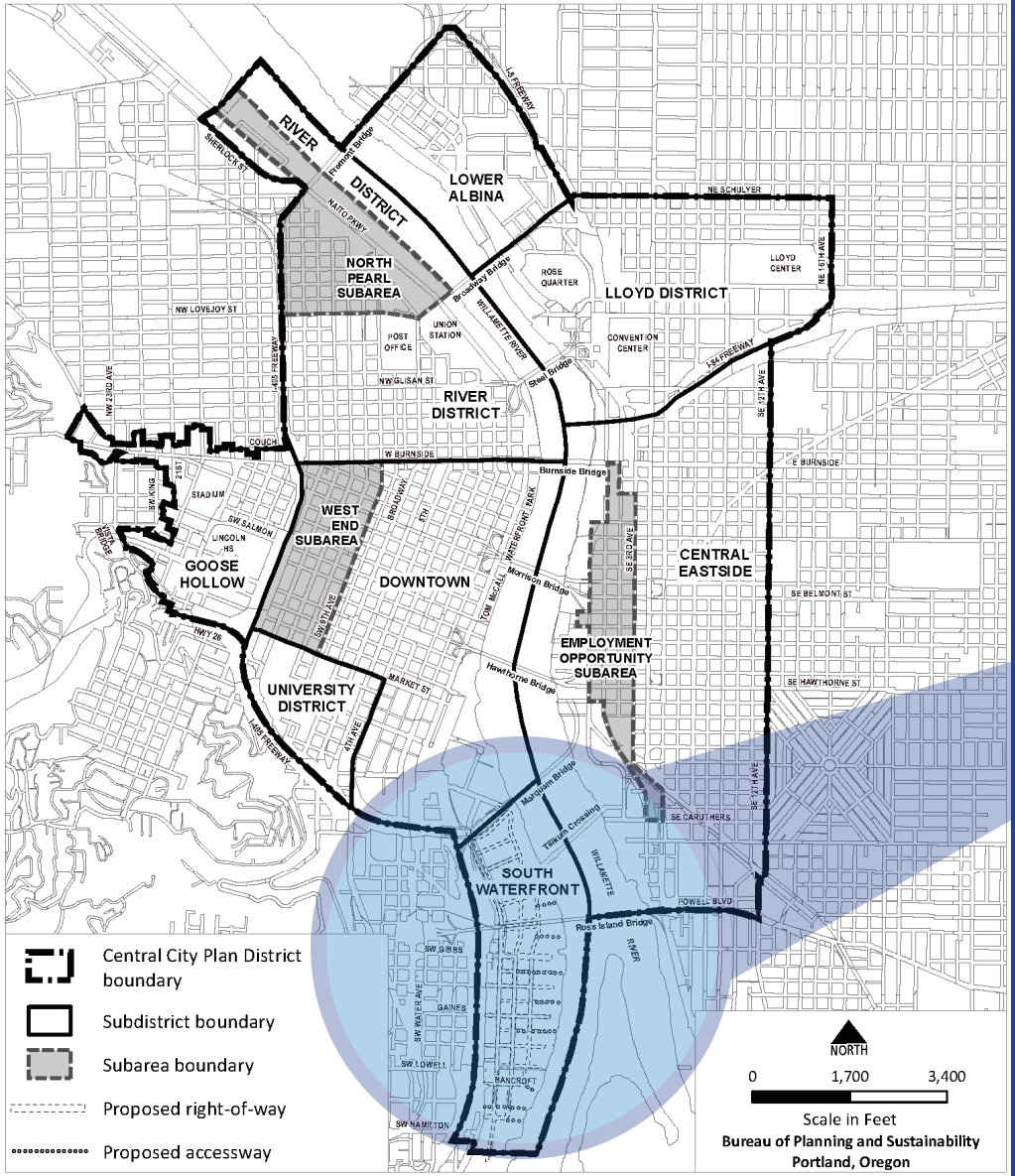
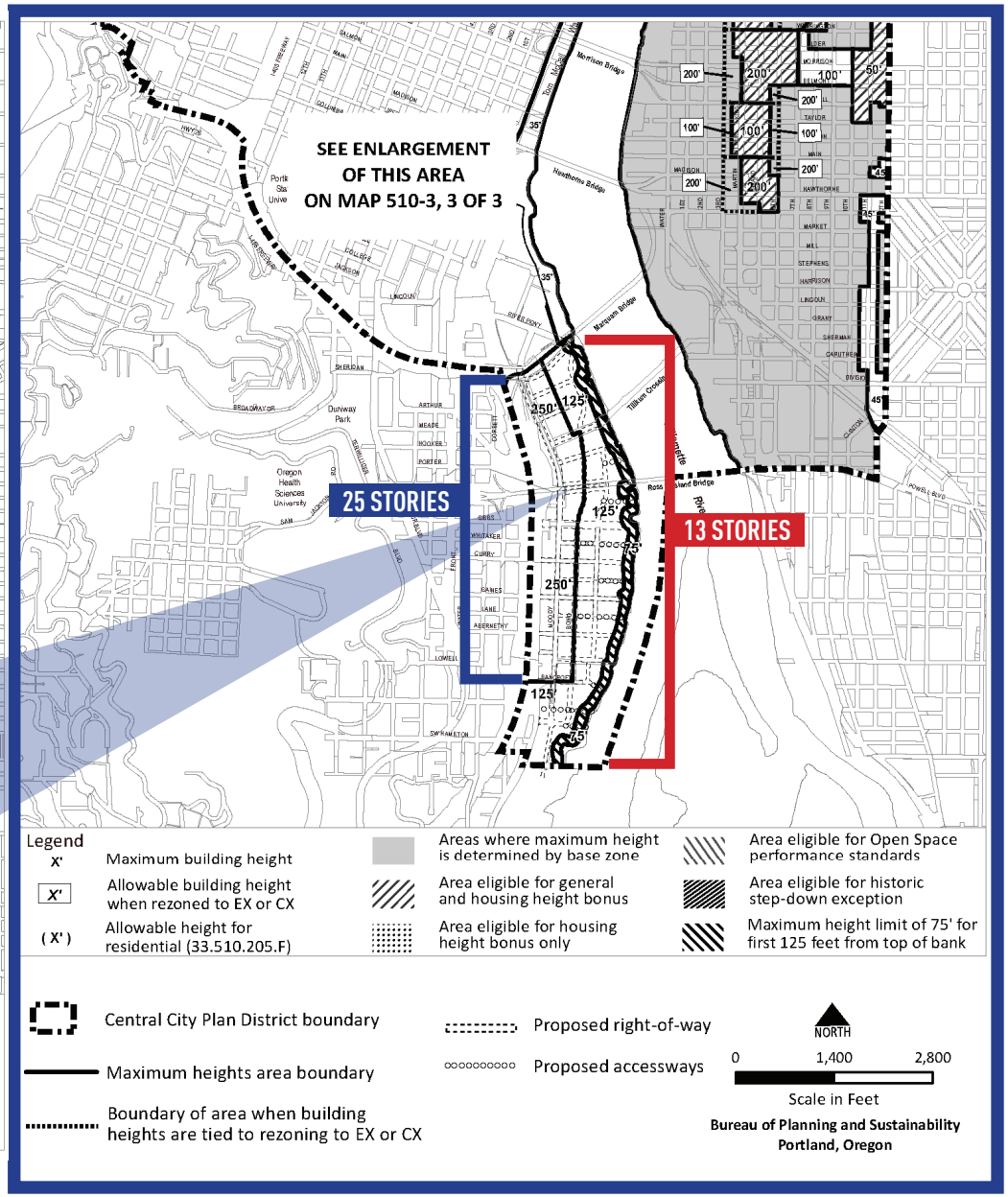
PORTLAND'S CENTRAL CITY PLAN





[1]Source: City of Portland Bureau of Planning and Sustainability (2017)

PORTLAND'S SOUTH WATERFRONT

WHAT WAS PLANNED

PORTLAND'S SOUTH WATERFRONT

WHAT'S WRONG WITH THIS PICTURE?

$1.1B LOST

PROPERTY TAX REVENUE OVER USEFUL LIFE OF PROJECT

$11.3M
ANNUAL PROPERTY TAX REVENUE LOST

1,800
UNITS LOST

3,300
RESIDENTS LOST

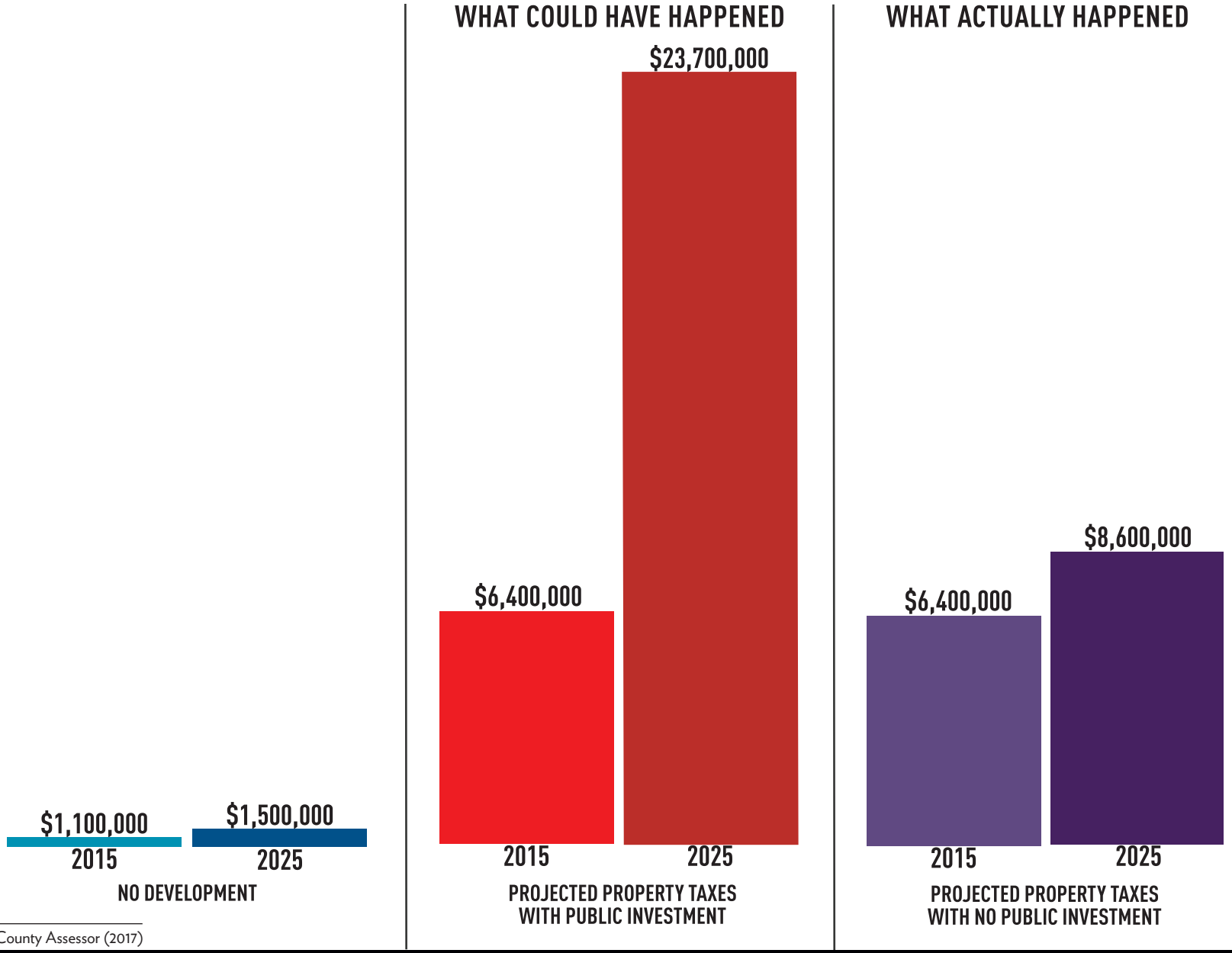
466
CARS ADDED TO ROADS

2,274
METRIC TONS OF CO_2 NOT REDUCED ANNUALLY

[1]Source: Multnomah County Assessor (2017)
[2]Source: Holland Estimates Developed Using IMPLAN and Proprietary Modeling

BUILT VS. ZONED HIGH DENSITY

SOUTH WATERFRONT | PORTLAND, OR



[1]Source: Multnomah County Assessor (2017)

ANNUAL PROPERTY TAX REVENUE BY PRODUCT TYPE

	SUBURBAN SUBDIVISION	GARDEN	4-STORY SLAB ON GRADE	WRAP	PODIUM	HIGH-RISE
HOUSING UNITS PER ACRE	6	25	45	75	125	500
SQUARE FEET PER HOUSING UNIT	1,500	1,000	900	850	750	650
TAXABLE VALUE PER ACRE	$0.74M	$2.46M	$5.53M	$10.14M	$21.51M	$98.32M
ANNUAL TAX REVENUE PER ACRE	$0.02M	$.06M	$.13M	$.24M	$.51M	$2.32M
IMPACT FEE PER ACRE	$0.21M	$.23M	$.41M	$.69M	$1.15M	$4.60M
COST PER SQUARE FOOT	$130	$175	$225	$250	$315	$400
INCREMENTAL COST PREMIUM			29%	11%	26%	27%

CITY BREAK EVEN — 60 HOUSING UNITS PER ACRE

VALUE

[1]Source: Multnomah County Assessor (2017)
[2]Source: Holland Experience

1,800 HOMES | 300 ACRES | 6 UNITS/ACRE

$90,000,000 INFRASTRUCTURE INSTALLATION | **$50,000/UNIT**

LONG-TERM MAINTENANCE COSTS ARE ESTIMATED AT $395 MILLION OR $220,000/UNIT

MARKET RATE HOUSING DEVELOPMENT PUBLIC INVESTMENT RETURN ANALYSIS

	UNITS	ACRES	DUA	PUBLIC INVESTMENT[1, 2]	ANNUAL TAX REVENUE GENERATED[3]	PAYBACK PERIOD[4]
Homes Built at Edge of UGB in Driveable Suburban Form	1,800	300	6	$395,000,000 $220,000 per dwelling unit	$5,225,703	76 years
Homes Built Near Transit in Dense, Walkable Urban Form	1,800	8	225	$161,668,564 $90,000 per dwelling unit	$17,628,038	9 years

[1]Public investment in driveable suburban development represents the long-term infrastructure maintenance with curbs, gutters, streets, roads, wet utilities, dry utilities installed and put into service by developer.
[2]Public investment in dense, walkable urban development represents a 10 year abatement of 80% of property taxes. This is the key ingredient in financing the incremental cost premium of high-rise versus podium product.
[3]Source: Multnomah County Assessor (2016)
[4]Based on Payback Period Concept as discussed in the essay the "Growth Ponzi Scheme, Part 2." Thoughts on Building Strong Towns, Volume 1, Marohn, C. (2012)

$210M ADDED

PROPERTY TAX REVENUE OVER USEFUL LIFE OF PROJECT FROM A $16.8M INVESTMENT

ORENCO STATION

Additional tax revenue by enabling appropriate density

AS ZONED, LOW DENSITY, MARKET RATE DEVELOPMENT WITH NO CITY PARTICIPATION

$2.1M
ANNUAL PROPERTY TAX REVENUE ADDED

770
UNITS ADDED

1,425
RESIDENTS ADDED

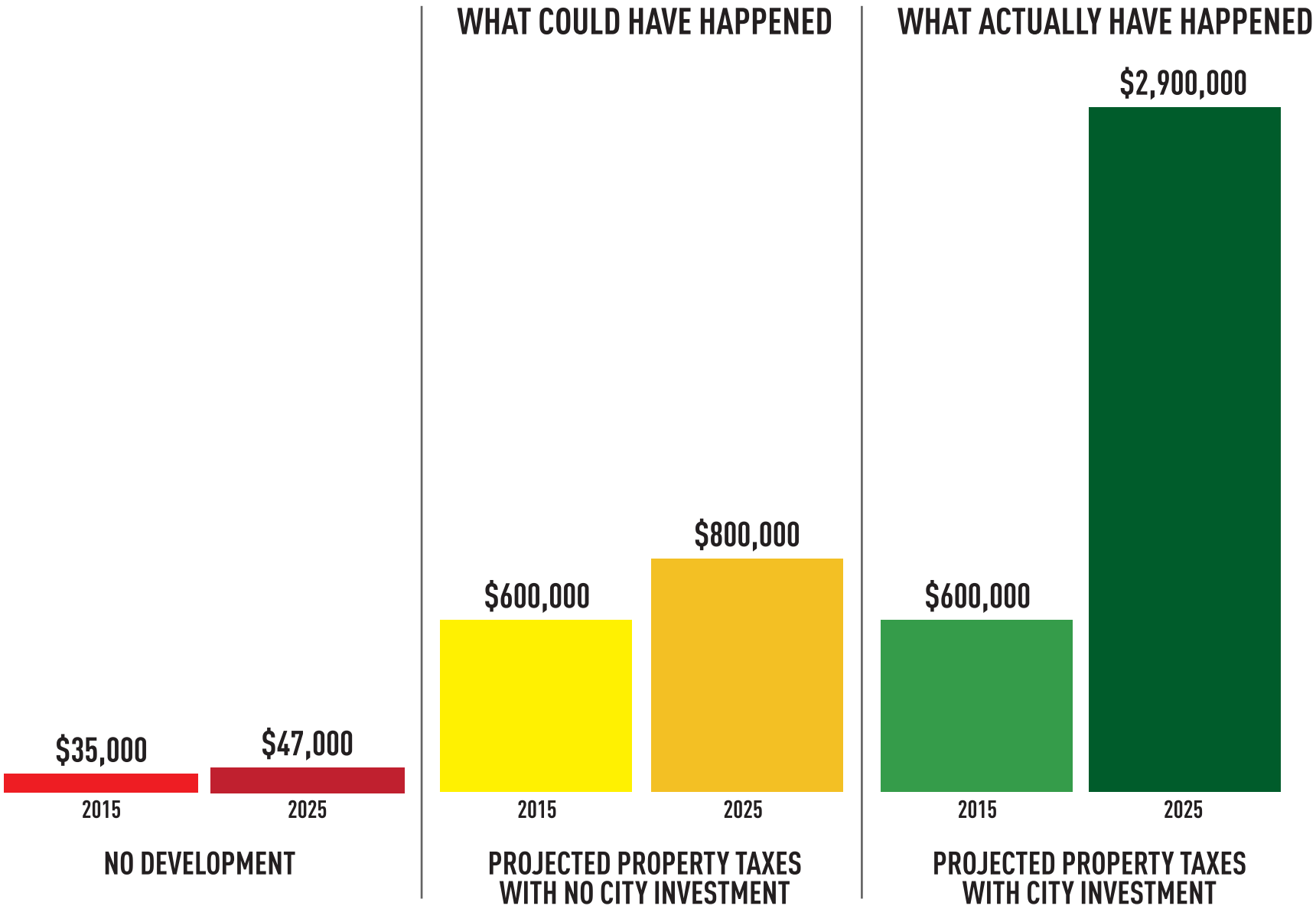
200
CARS TAKEN OFF THE ROAD

975 METRIC TONS
OF CO_2 REDUCED ANNUALLY

[1]Source: Washington County Assessor (2017)
[2]Source: Holland Estimates Developed Using IMPLAN and Proprietary Modeling

BUILT VS ZONED LOW DENSITY

PLATFORM DISTRICT, ORENCO STATION, HILLSBORO, OREGON



[1]Source: Washington County Assessor (2017)

POLICY CONCEPT
WALKUP REGENERATION DISTRICT

- Focus on strategic transit-oriented development locations.
- Prioritize locations where existing infrastructure can support increased density.
- Prioritize potential regionally significant and emerging regionally significant walkable urban places.
- Remove height and FAR restrictions in these districts.
- Capture increased tax revenue over and above potential tax-revenue based on existing zoning.
- Use such incremental revenue to fund affordable housing and other community assets.

$1.1B LOST

PROPERTY TAX REVENUE OVER USEFUL LIFE OF PROJECT

$11.3M
ANNUAL PROPERTY TAX REVENUE LOST

1,800
UNITS LOST

3,300
RESIDENTS LOST

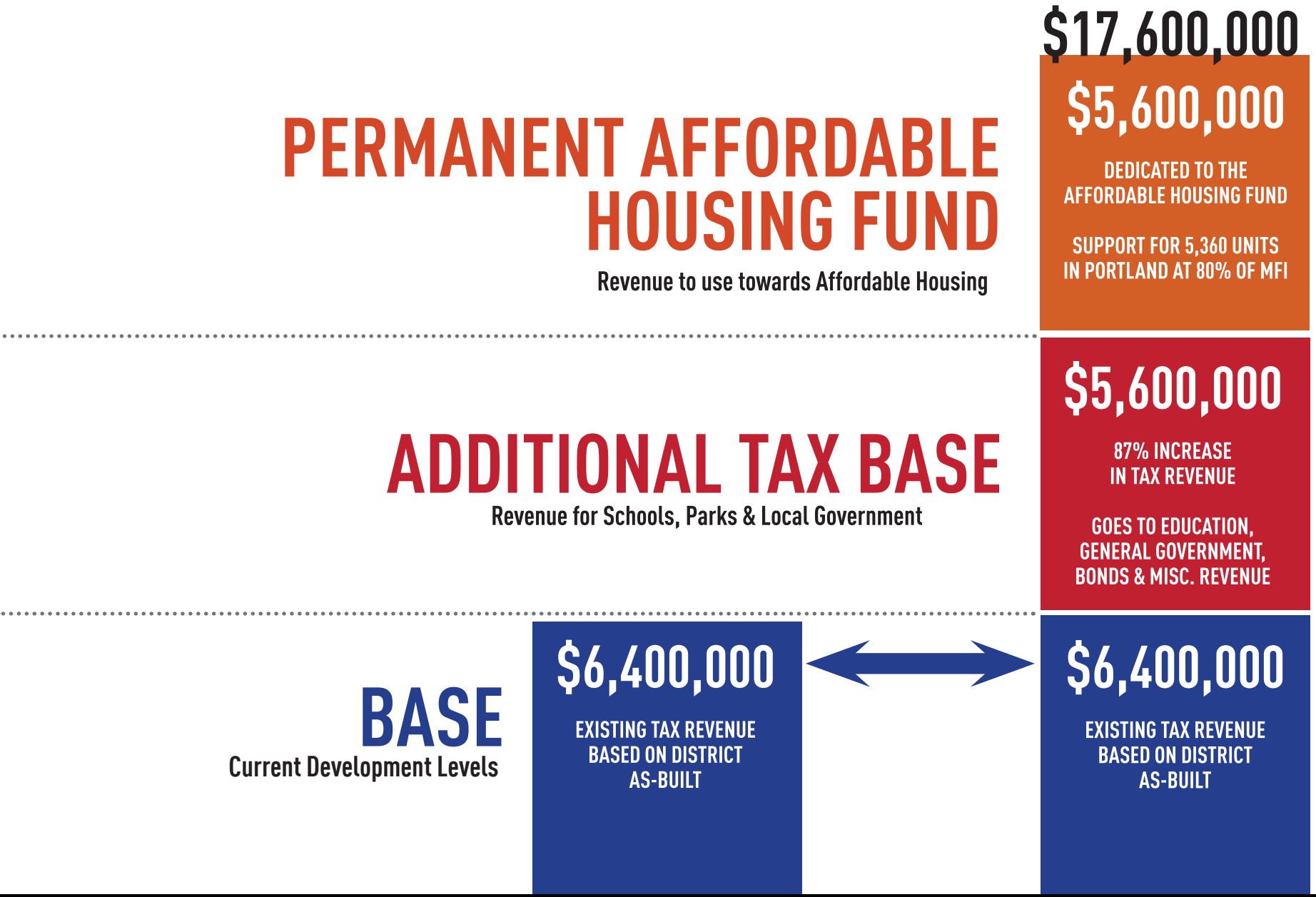
466
CARS ADDED TO ROADS

5,360
PERMANENTLY AFFORDABLE UNITS NOT FUNDED

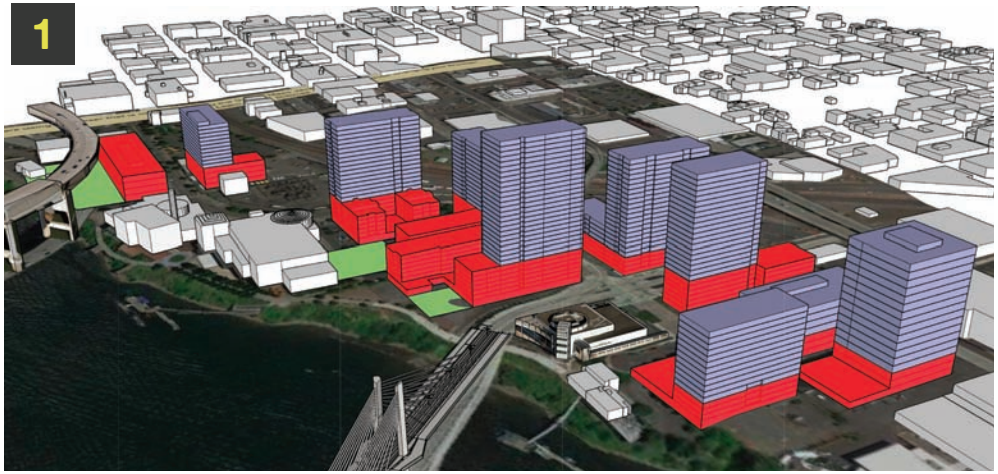
2,274
METRIC TONS OF CO_2 NOT REDUCED ANNUALLY

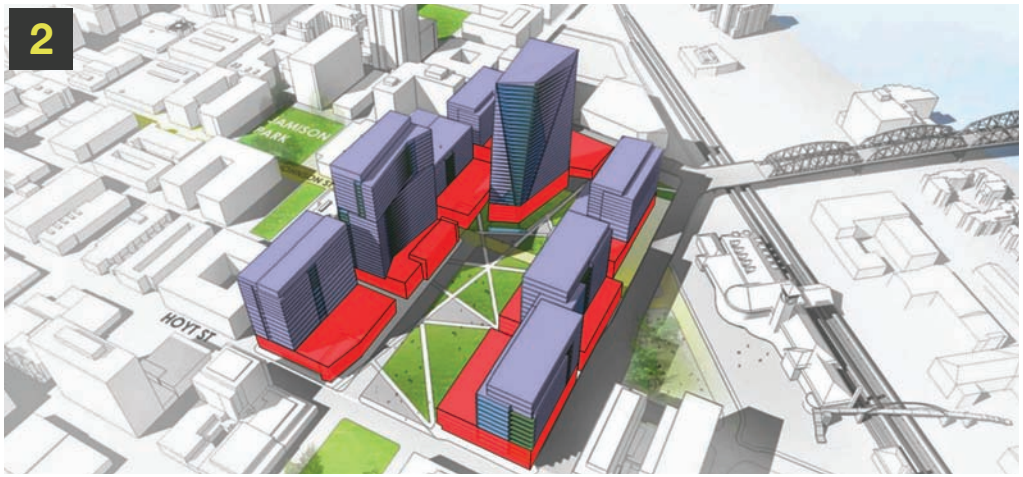
[1]Source: Multnomah County Assessor (2017)
[2]Source: Holland Experience

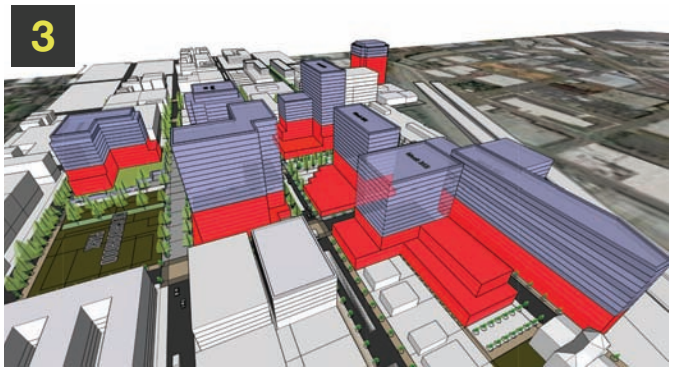
THE RESULT:
PERPETUAL AFFORDABLE HOUSING FUND

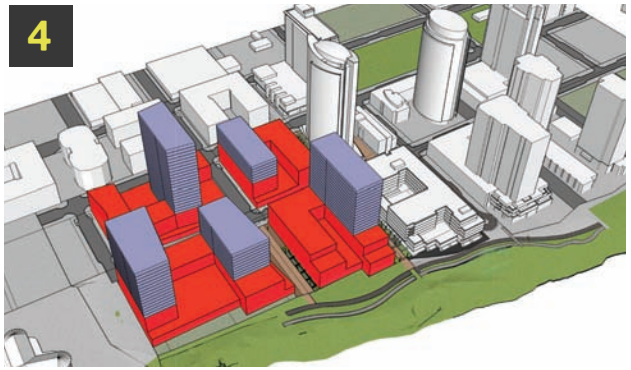


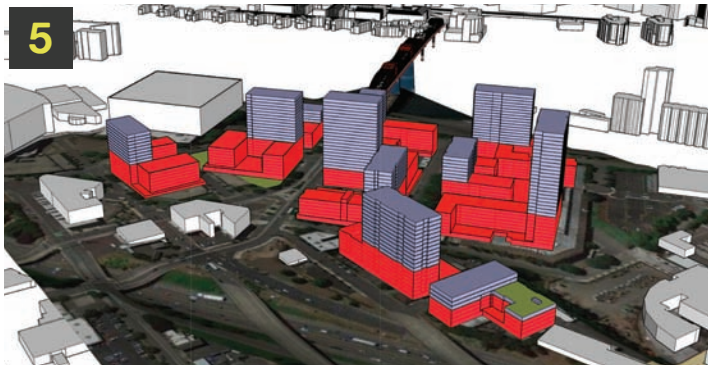
WALKUP REGENERATION DISTRICT IMPLEMENTATION SCENARIO











PORTLAND: 5 Potential Walkup Urban Locations

1. OMSI 2. Post Office 3. Conway 4. SOWA 5. Rose Quarter

As zoned, low density, financially feasible market rate development with no vertical public investment

What could be developed with vertical public investment

$33.3M
ANNUAL PROPERTY TAX REVENUE ADDED

7,370
UNITS ADDED

9,210
RESIDENTS ADDED

2,530
CARS OFF THE ROAD

31,860
PERMANENTLY AFFORDABLE UNITS FUNDED

[1]GBD Architects (2016)
[2]Multnomah County Assessor (2016)

THANK YOU!