POLICY TOOLS FOR AFFORDABLE HOUSING
DEVELOPMENT IN OREGON: ANALYSIS AND
RECOMMENDATIONS

by

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Policy Tools for Affordable Housing Development in Oregon: Analysis and Recommendations

Approved: _______________________________________

Burke Hendrix

The original goal of this paper’s research was to analyze and explore the intersection of affordable housing policy and nonprofit developers. Throughout the course of my research, it became increasingly clear that such an intersection may not exist in a meaningful way, and perhaps more importantly, does not possess unique characteristics that differentiate it from other areas of the affordable housing discussion. Thus, the focus of research moved from nonprofit developers and relevant policies, to policies relevant to all developers of affordable housing—in many ways a widening of the research question rather than the intended narrowing.

Months later, a clearer picture has presented itself about the relationship between government regulations and affordable housing developers, and the various characteristics that define segments of the discussion. By the end of my research, it is clear that I focused in particular on organizations that target families that make between 50% and 80% of Area Median Income. It is the intention of this final paper to first explain the methodology and process through which these findings and conclusions were reached, summarize the current policy landscape of affordable housing
development in Oregon, and finally submit my personal recommendations for improving that regulatory environment.

The overall finding of this paper is that there exist a number of outcomes that can reasonably be considered a social benefit and that different sets of policies reasonably pursue each. However, certain priorities have been addressed in ways that are notably unsuccessful, and the final proposals of this paper specifically seek to combat this. In particular, it is my belief and conclusion that if as a society we value mixed-income developments and communities that are socio-economically diverse, then the current policy climate is fundamentally failing to aid that pursuit. This paper works under the assumption that mixed-income communities are communities in which there are both market-rate units as well as subsidized units for families below 80% of Area Median Income. My hope is that the following pages add to the existing literature by focusing on Oregon and holding current policies to a standard set both by academic research and the lived experiences of those in the arena.
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Introduction and background:

Within the last decade, affordable housing has rapidly emerged as a national and regional issue. All across the country, cities are grappling with basic questions of housing their residents. Most commonly, these debates are framed by the population explosion that many popular cities are witnessing. When urban populations grow, the housing markets often fail to keep up with increased demand, causing rents and home prices to skyrocket. As this phenomenon occurs across the country, it has ignited a national discussion on how organizations, people, and governments ought to intervene to keep housing affordable—especially for longtime and lower income residents who are often hit hardest by the shrinking affordable options.

Before delving into the specifics of the current housing climate and policy environment, it is worth exploring what is meant by “affordable housing.” It is often used to refer specifically to government-subsidized housing options for low-income families, but broader definitions are more accurate and relevant to this paper. Meyer Memorial Trust defines affordable housing as: “Housing intentionally developed such that specified incomes pay no more than 30% of their income for rent and utilities” (Andrews).

For many families in the United States, housing is the largest expenditure they face. In 2002, the average household in America spent one-fourth of their income on housing costs. Meanwhile, low-income families spent nearly half of their income on housing, proving that changes in housing costs disproportionately affect those most vulnerable (Quigley).

The state of Oregon, the city of Portland, and the greater Portland metropolitan
area have been especially impacted by rising housing costs. Much has been written and
discussed about the dramatic increase in rents in Portland. The facts support these
claims: between 2011 and 2015, downtown Portland and the inner eastside saw rents
increase by 40%. Southwest Portland saw a similar increase of 34% during the same
period. Such increases have occurred at a dramatically quicker pace than changes in
income. From 2006 to 2015, rents in the Portland metropolitan area increased by 63% on
average, while renter’s incomes in the same area increased by only 39% (Davis).
That last statistic is especially notable as it relates to this research. The city of Portland
and a number of advocacy groups are heavily focused on the important work of fighting
for affordable housing within Portland. However, the data show that the problem is not
confined by city limits. From 2011 to 2015, the suburbs of Hillsboro and Forest Grove
saw their rents rise at a rate of 34%—exactly the same as Southwest Portland (Davis).

Together, this makes a compelling case that the discussion around affordable
housing must not be constrained merely by recent concerns within popular urban areas.
Affordable housing intersects important issues separate from rising rents in downtown
Portland. Indeed, at the center of many larger questions of policy and social justice is
the need for people to have a safe and dependable place to call home. Much of the
basics in United States education policy, for instance, assume students have a place to
do homework and access the internet. For some, such an assumption is not only a reach,
it is incorrect (Lubell).

In addition, the United States’ well-recorded history of housing discrimination
sets the current housing conversation squarely within questions of race and
discrimination. Even the most basic means for social mobility—access to safe and well-
paying jobs—often require that a person live near job opportunities and consistently show up looking clean and professional. If affordable housing is not available near jobs, society suffers from longer commutes, increased traffic and congestion, and parents away from their families for longer.

Clearly, housing matters. It matters to the state of Oregon, and it matters to anyone trying to make Oregon a better, more livable place. The pursuit of greater affordable housing within the state of Oregon is complex, complicated by statewide and national policies, city codes, and difficult funding circumstances. On an even more basic level, there remain major questions about what the actual priorities ought to be when it comes to the development of affordable housing. Should it be simply to increase the total number of affordable units? Should it be to use the development of affordable housing as a tool to encourage and benefit other aspects of society? Should it be one tool of many that aids the work towards a more equitable, diverse society?

In the following pages, I begin to answer these questions. More importantly, I manage to give greater context to them and attempt to boil down the larger discussion to a purely normative decision. Within these pages, I investigate and reflect on the policy tools and environment surrounding the development of affordable housing. This paper begins to address the ways policymakers can think about affordable housing, as well as the impacts of existing policies and ways that policies may be altered or replaced to better meet stated priorities.

My research was aided by academics and economists who have done far more complex research before me. It is also the result of a number of professionals, fighting for these very issues every day, who spent some of their time educating me on the
issues. In this paper, their insight and experiences complement existing trends and findings, painting a textured, imperfect, but ultimately revealing portrait of housing in Oregon, including its challenges and opportunities.
Discussion of Priorities

One complicating factor in the affordable housing policy debate is the current lack of consensus regarding the ultimate priority of developing affordable housing. This paper argues that there are essentially three common priorities that may occasionally clash but are not necessarily mutually exclusive. Understanding the successes or failures of existing affordable housing policies requires an understanding of what the measure of success may be in relation to the ultimate goal. Below are three possible priorities in the context of affordable housing:

- Increase the total supply of affordable housing at a low cost
- Increase the supply of affordable housing at a higher cost in exchange for a greater social benefit
- Increase the supply of affordable housing in a way that creates more socio-economically diverse communities

The last goal is key and remains the most elusive. Developing a greater number of affordable units can be difficult and expensive. However, as this paper explains, there are methods that can meet these challenges directly, as well as various models that manage to effectively combat these challenges. The United States federal government clearly does not prioritize simply increasing the total number of affordable units above all. Instead, a number of other social benefits—including paying workers higher wages, investing in women- and minority-owned businesses, and building sustainably—are put above simply expanding the number of units that exist. A compelling case can be made for this particular set of goals. The last priority—economically diverse communities—seems to be both the most shared and most difficult to achieve.
Three of the five organizations that I interviewed expressed interest and saw potential value in the search for not only expanding the number of affordable housing units, but doing so in a way that creates communities, neighborhoods, and developments that are economically diverse. The reasons for this are varied and can draw both on qualitative and quantitative information, as well as different sets of values.

On one hand, for many low-income families, transportation—especially to and from work—is the second largest cost a family incurs, behind housing (Tremoulet). The fact that many affordable housing developments are constructed in less populated and centralized areas, away from various public resources, reinforces the unequal burden placed on low-income families. There is also a broader values-based argument for this. If one believes that the United States’ history of slavery and decades of racial injustice are a major policy concern, then segregated communities and housing options remain squarely in the crosshairs for those interested in pursuing racial justice. My interview subjects also expressed the anecdotal belief that economically diverse communities allow for resources and opportunities for low-income families that may not be available to those in more economically segregated neighborhoods (Griffin interview, Phillips interview)

So if data, history and the values of those fighting for housing seem to be in favor of developing economically diverse communities, why does it remain so difficult? The answer is multi-faceted and remains unresolved. Some of it is societal. Many middle-class and wealthy people are simply personally opposed to living in communities with poorer families. This rarely takes the form of blatant disdain for those of less means, and is often cloaked in the desire for safer neighborhoods, better schools, and local
building codes that require single family homes of a certain size (Griffin interview, Phillips interview).

This paper argues that in addition to these factors, the current policy climate—at both the state and national level—makes developing economically diverse communities nearly impossible. The following pages outline the relevant policy tools—including funding sources and requirements—that often stymy attempts to build mixed-income developments. Even policies that exist explicitly to help with this—in particular, inclusionary zoning laws—often fail to do so, for reasons explored below. Various other state-wide policies are also given some attention. It is my eventual conclusion that many policy tools make changes only in marginal terms, making it nearly impossible to credit them with dramatic changes in the affordable housing environment.
Methodology: The Quest for “Functional Differences”

The original research question was, admittedly, the result of personal interests more than a nuanced understanding of the current policy environment surrounding affordable housing. My major interest was in finding an area of research that touched, in some way, both my Political Science and Economics majors, as well as my Nonprofit Administration minor. Having worked with various affordable housing organizations, pursuing the relationship between these three academic fields as they related to affordable housing seemed the best path forward.

One of the first steps in my research was meeting with University of Oregon President and legal scholar Michael Schill. President Schill challenged the basic assumption at the core of my research question: that nonprofit developers exist in a unique policy environment and that said policy environment had characteristics distinct enough to be both enjoyable and worthwhile studying. President Schill challenged me to find and define this environment. In his words, he wanted to learn whether or not there are “functional differences” between nonprofit and for-profit developers of affordable housing. Beyond their tax status, are there really major differences in the ways in which these two segments of the industry conduct their business and go about daily operations?

This very question is one that President Schill himself wrestled with during his own research. In a 1994 paper titled “The Role of the Nonprofit Sector in Low-Income Housing Production: A Comparative Perspective,” he compared the role of nonprofits in the development of affordable housing in the United States with the respective role played by nonprofits in the United Kingdom. The specifics of President Schill’s
comparative findings are not entirely relevant to the topic of this paper. However, his own experience attempting to understand the nonprofit sector’s role in affordable housing informed his advice to me, and therefore this paper.

That question has remained at the heart of my research—especially regarding my primary sources. I asked all of my interview subjects some version of that exact question and received varied responses. In general, it appears that there are certain motivations that change depending upon whether the developer is seeking a profit, and those motivations can indeed alter the basic functions of the organization. However, that attempt to segment the affordable housing community into a small enough category was a never-ending process. In the end, the impact was not necessarily that it allowed my research to become narrowed and focused on a small part of the affordable housing discussion, but rather that such a search led to a greater understanding of the world of affordable housing policies in general.

In the course of my research, I interviewed a total of five people: Don Griffin, the Executive Director of Springfield/Eugene Habitat for Humanity; Kristen Karle, the Housing Development Director for St. Vincent de Paul Society of Lane County; Darcy Phillips, the Executive Director of Cornerstone Community Housing; Rob Justus, the founder and owner of Home First Development; and Emily Schelling, Director of Asset Management and Initiatives at the Housing Development Center. In addition, I spoke informally with Dike Dame, President of Williams and Dame Development, a large for-profit developer based in Portland.

Although in total I conducted fewer interviews that I had originally hoped, the interview subjects proved to be a wide cross-section of the affordable housing sector.
Each of them conducted their individual functions differently and had different expressed goals. By speaking with each of them, I was able to better understand the affordable housing policy debate from different perspectives. What follows is a brief overview and explanation of each of these organizations and their perspectives on the policy landscape as it currently relates to the development of affordable housing.

In response to President Schill’s original question, I found a number of answers that I would place into three distinct but overlapping categories, each of which I will further expand upon in the following pages.

First, there are indeed “functional differences” between nonprofit and for-profit developers of affordable housing, though not in the concrete and individualized way that I originally imagined. Most nonprofits plan to manage the properties they develop for many years—far longer than for-profit developers—and are accordingly motivated both during construction and in their general financing. Additionally, many nonprofit developers provide a number of services to the residents of the properties they develop. Nonprofit groups are rarely interested in merely constructing a set of walls and a roof and instead see housing as a step out of poverty and therefore choose to invest in a number of other resources for their tenants.

Perhaps a clearer distinction among affordable housing developers is not between developers that seek a profit and those that do not, but between those that take federal funds and those that do not. This became at once one of the most important findings in the course of my research and also a basic fact of the policy environment for affordable housing developers. Building affordable housing can be difficult and expensive. One of the few clear ways to fund construction of affordable housing is through federal funds
in the form of tax credits. Section 42 of the Internal Revenue Code sets aside funds for the explicit purpose of funding the construction of affordable housing. These funds are known as Low Income Housing Tax Credits, or LIHTCs (Internal Revenue Code). This is the true “functional difference” found among developers. The Low Income Housing Tax Credits (LIHTCs) available from the government provide funds to actually build apartments. The credits, however, come with a number of additional, often burdensome, requirements. The government views the development of affordable housing not just as an opportunity to create safe, decent and affordable housing, but also as an opportunity to invest in other priorities (Andrews). The actual mechanics of LIHTCs and their impacts will be explored in greater detail in future sections. The basic fact is that organizations that use LIHTCs have operations motivated more by government regulations than organizational mission. This notably separates organizations that take government subsidies and those that choose not to. These two funding models, and the related administrative costs, essentially exist as functional differences.

Finally, tied to both of these distinctions is perhaps the one most important: the community which an organization is interested and committed to serving. In the world of affordable housing, the population is segmented into various percentages of the Area Median Income, often calculated based upon the median income of a county, metropolitan area, or non-metropolitan statistical area. They are established annually by the Department of Housing and Urban Development (McKenna). Subsidized affordable housing developments are funded through a number of sources, with a wide variety of funders, all of whom benefit from the LIHTCs. Therefore, it is not merely the for-profit or nonprofit status of the developer that is relevant but in fact the intentions of all
financiers of a project. Market-rate units may occasionally serve families making 80% of an Area’s median income, but subsidized construction is clearly the only option for families making significantly less. This distinction effectively lies at the heart of the other two. Therefore, while nonprofit and for-profit developers may not necessarily operate differently, nonprofits are the only ones who remain serving the lowest income families. This effectively creates yet another notable functional difference. In addition, communities at the lowest income brackets often require the very services offered almost exclusively by nonprofits.
Explanation of Sources and Interviews:

Springfield/Eugene Habitat for Humanity:

Habitat for Humanity affiliates have both a different mission and funding mechanism than almost any other affordable housing organization in the country, and certainly different from any of the other organizations with whom I spoke. Habitat is committed not just to making housing accessible and affordable, but specifically to the importance and role of homeownership. It achieves this goal by building single-family homes for specific families. It selects families prior to beginning construction, tailor the house to the family’s needs, and then work with the family, donors, and volunteers to build a house inexpensively. Habitat affiliates then offer families a low- or zero-interest mortgage for the house that charges the family no more than a third of their monthly income. This allows families to own their own home, and therefore build equity and invest in their community.

Because of this, Habitat affiliates do not operate using federal funds and are therefore removed from much of the discussion around the requirements that accompany LIHTCs. Various soft costs in the administrative process prior to actual construction may be similar for Habitat, but they are largely able to run construction as they please. While LIHTCs come with requirements to pay certain wages, use certain materials, and comply with certain expectations when hiring contractors, Habitat is free to make all of those decisions themselves.

For my interview with the Springfield/Eugene Habitat for Humanity, I spoke with Executive Director Don Griffin. Don has worked in a number of nonprofit organizations
across the country for decades, and has spent over ten years with this Habitat affiliate in Eugene. Over the last few years, I have volunteered with the Habitat for Humanity affiliate in a number of roles and built relationships with many members of the staff. Because of this, my interview with Don was easy to set up and resulted in a casual, easy-flowing conversation. It was also—with the exception of my conversation with President Schill—the first interview I did chronologically, and therefore the interview in which I had the least knowledge about the topic. Don managed to paint a broad picture of the affordable housing policy environment, as well as the particular policies that specifically effect Habitat for Humanity affiliates and his in particular.

In addition to serving as the Executive Director of the Springfield/Eugene Habitat for Humanity, Don has been involved for many years with Habitat for Humanity of Oregon (HFHO). HFHO is an alliance of all the Habitat affiliates across the state that works to support and represent each affiliate and their interests. This includes a legislative agenda that is updated every two years in preparation for the Oregon State Legislatures’ next session. Because of this, Don was able to authoritatively speak not only to the kinds of policies that are immediately impacting his affiliate, but the kinds of policies that Habitat affiliates are pursuing or have pursued on a statewide level.

*St. Vincent de Paul:*

St. Vincent de Paul Society of Lane County, among other things, builds and manages multi-family developments across Lane County. They typically serve below 60% Area Median Income and have developments of over thirty units that vary in their unit types and number of bedrooms. Certain units and developments specifically target
additional programs to serve their tenants and various underserved groups. St. Vincent de Paul primarily funds construction through the Federal Government’s Low Income Housing Tax Credit (LIHTC), which is explored in greater detail in later sections of this paper. As is explored later, LIHTCs can often add significant administrative costs to a project, and St. Vincent de Paul has certainly experienced this.

For my interview with St. Vincent de Paul, I spoke with Kristen Karle, the Housing Development Director. Kristen was the second nonprofit employee with whom I spoke during my research, and she played a critical role in my understanding of the various funding models present in the affordable housing sector. In particular, she walked me through the LIHTCs. From Kristen, I learned the ways in which LIHTCs determine who a development serves and how resources are allocated, as well as the particular difficulties that come with funding through LIHTCs. She also made clear that from a practical standpoint, no large affordable housing development can be funded without significant aid from the government.

Because it was still early in my research during my conversation with Kristen, the conversation was broader than it was deep. As I did with every interview subject, I pressed Kristen on the distinction—perhaps imagined—that defined my early research: that nonprofit developers are impacted by policies differently than for-profit developers. She did not disagree entirely, although she did push the idea that whether an organization use LIHTCs is the real regulatory distinction.

The set-up for my interview with Kristen Karle was more formal than the interview with Don. I emailed her after finding her name and title online. She was kind enough to agree to speak with me, and arranged a time to meet at her office promptly.
Cornerstone Community Housing:

My next conversation was with Cornerstone Community Housing. Cornerstone is also based out of Eugene, and serves all of Lane County. Similar to St. Vincent de Paul, they fund their projects through a variety of funders, with LIHTCs at the heart of their projects. Each of their developments targets a certain special-needs group that is then given preference for living within that development. They manage the properties themselves and oversee the extra services provided to the tenants. Their properties target families or individuals at or below 60% AMI, and their developments have approximately 50 units on average.

At the Cornerstone offices, I met with Darcy Phillips, the Executive Director, Jill Chadbourne, the Chief Financial Officer, and Amy Cubbage, an Asset Manager. Darcy, despite decades of experience in the nonprofit world, is largely new to the world of affordable housing, unlike Jill and Amy. By the time I met with them, my research had developed to the point that I had a far greater understanding of the policy landscape surrounding the development of affordable housing. The staff at Cornerstone was able to explain to me with greater detail exactly how LIHTCs impact their work, how it makes the development of economically diverse communities difficult, and how the potential for corporate tax cuts puts their current funding model in jeopardy.

Once again, I inquired about the “functional differences” point that President Schill suggested. Because my basic knowledge had expanded, I was able to understand and pinpoint a more nuanced answer. Yes, there are functional differences. Yes, the distinction between organizations that use LIHTCs for funding versus those who do not is a stronger distinction, but within the world of LIHTC funding, nonprofits are, in fact,
impacted differently. For instance, nonprofits may be granted prevailing wage waivers, and nonprofits are often better suited to provide the additional services required by the state.

Cornerstone was also able to point me in the direction of other sources of information and a more diverse set of perspectives. The staff there provided me with a copy of Meyer Memorial Trust’s report on the state of affordable housing in Oregon that proved to be a major component of my own research. Additionally, they advocated for speaking with Rob Justus, the founder of Home First development, who provided a dramatically different model for funding and operating while developing affordable housing.

The conversation with Cornerstone employees took place in their offices. I scheduled it by emailing Darcy Phillips, outlining my interest and research, and asking for an interview. Jill Chadbourne and Amy Cubbage joined because Darcy felt they were better suited to answer my questions and were available during our meeting.

*Home First Development:*

Home First Development is a private company interested in building affordable housing using a method that is dramatically different from traditional models. Based in Portland, it is a for-profit company that builds on behalf of nonprofit organizations, such as churches. Home First model is to build apartments for as low of a price as possible, often on land owned by the organization for whom they are building. They do so without taking any federal funds, instead cutting costs on the administrative side—using their own architect, basic funding sources, and finding ways to simply build at a
Investors in Home First projects are often interested in serving a larger mission, and therefore accept a lower return on investment than a typical real-estate project. These investors, along with typical bank loans, fund the construction of Home First’s developments. Once the projects are completed, the development is turned over to whatever organization or nonprofit contracted the job in the first place. This group then manages the property moving forward.

Rob Justus founded Home First, and has strong opinions on the current regulatory environment surrounding affordable housing development. Rob asserted that the industry that now surrounds building with LIHTCs has a vested interested in keeping the current process as inefficient as it is. He therefore believes that “the tail may be wagging the dog.” Rob claims that Home First can build units for around $85,000 per unit, up to a third of the cost of a federally-funded project. This model seems to be working for Home First. In 2017, they are breaking ground on 257 new units, and Rob has enjoyed significant local media attention for his new approach to the development of affordable housing.

In addition to his views on LIHTCs and the industry that now surrounds it, Rob explained the kinds of local ordinances that impact his work. Small towns often have zoning regulations that make the construction of densely-populated developments on land owned by churches difficult. He also shared with me the importance of Systems Development Charge waivers, an idea explored in depth later.

Rob was referred to me by a family friend, though his name and organization came up repeatedly during my research. We spoke over the phone and he explained in
detail his work, the policy implications of it, as well as his broader views on the current state of affordable housing development in Oregon. Within the affordable housing community, Rob is a polarizing figure—as many are when so explicitly antagonizing the status quo. Nonetheless, his approach and his opinions allowed a deeper and fuller image of the affordable housing policy debate taking place.

**Housing Development Center:**

My final interview was with Emily Schelling, the Director of Asset Management and Initiatives at Housing Development Center (HDC). Housing Development Center has a unique mission and set of tools. It is a nonprofit, based in Portland, that serves other nonprofits within the larger discussion around affordable housing and services provided through housing. It works both with private nonprofits as well as with public organizations like the city of Portland to manage properties and support developers and tenants.

HDC’s unusual role and presence in so much of the debate around housing policy meant that Emily was uniquely qualified to discuss and challenge the information I had gained throughout my months of research. Emily made a number of arguments that amount to counter-points to critics of LIHTCs and the current funding model. Emily’s argument came down to essentially two points: first, a value call about what matters in the development of housing. In her words, “it’s hard to decide what to cut.” She was referring to the list of mandates that come with LIHTC funding. Prevailing wage, sustainable materials, investing in minority-owned businesses all seem important, and while driving the total cost down is a noble and important goal, it seems reasonable,
Emily argues, that few prioritize lower costs at the expense of these societal benefits. This is, admittedly, a claim that does depend on someone’s personal values. The second point is that affordable housing has a unique incentive to build sustainably. In the market-rate development sector, selling and upgrading properties is common. New companies come in, make capital improvements, and raise rents. Nonprofits, and developers of affordable housing in general, do not have that option, and are therefore on the hook for building units that will last with the lowest possible maintenance cost.

In general, Emily made a compelling case that while the current model is seriously flawed, claims of a “silver bullet” ought to be treated with great skepticism. They should be considered and constantly sought, but affordable housing is a complex mess by nature.

My conversation with Emily was an important addition to my research. She managed to describe yet another component within the affordable housing nonprofit community as well as share a new perspective with me on the environment as a whole. Emily was referred to me by Sharon Wade Ellis, a friend and former colleague who now works at Meyer Memorial Trust who knows Emily personally. My conversation with her was also over the phone.
Findings:

Affordable housing in Oregon:

My research centered almost entirely in Oregon. Although many secondary sources and academic articles studied the impacts of policies across the nation, all of my interviews were conducted with organizations based in Oregon whose missions are to work specifically in Oregon. It is therefore relevant to explore the circumstances surrounding this research in the state of Oregon itself. While I intend to broadly convey the regulatory environment in the state of Oregon—and its successes and failings—I also believe that understanding the housing environment itself has value. In particular, my research looked into the kinds of policies and organizations that serve families between 50% and 80% AMI. Families far below 50% AMI are often unable to afford even subsidized market units and are therefore served by entirely different funding models and policy tools.

The segments of the affordable housing discussion are often distinguished by Area Median Income (AMI). This takes a family’s total income as a percentage of the median income of a similar-sized family in the county or metro area. In Portland, according to Metro, the median income is around $66,000 (Equitable Housing Initiative). Broad consensus around questions of affordable housing state that families should not pay more than one-third of their monthly income on housing costs—and most policy and the actions of organizations therefore strive towards that goal (Andrews). Given this, the median income family can affordably pay up to $1,650 a month on housing costs. However, the Portland Housing Bureau finds that although Portland is dramatically growing in number of housing units available (over 23,000 per
year), the average monthly rent for new units was $1,954 in 2015 (Saltzman).

Clearly, many families are being left out of the housing market in Portland as the supply of affordable units continues to diminish. In fact, the Portland Housing Bureau found that in 2015 there was a deficit of 24,000 affordable units. These impacts, however, are not limited to the city limits of Portland. As previously mentioned, between 2011 and 2015, the suburbs of Hillsboro and Forest Grove experienced rent increases of 34%—the same as southwest Portland (Davis). The entire Portland-Metro area has felt the skyrocketing prices of rental units, and the relative stagnancy of wages. From 2006 to 2015, rents in the broader Portland-Metro area rose by 63%, while renter’s income increased by only 39% (Davis).

This is the context for the following research and for the affordable housing policy debate taking place across the Portland area and the state. The metro area seems to be facing a housing crisis—but the rest of the state is far from immune. Combatting it requires policies that work efficiently and effectively. Below are the major policies and government actions that I found relevant to the question of affordable housing development in Oregon.

LIHTCs:

In a report on the affordable housing situation in the state of Oregon, Meyer Memorial Trust found that Low Income Housing Tax Credits are often the most significant source of funds for affordable housing developments in Oregon. In fact, the Low Income Housing Tax Credit program “leverages more than $100 million…for Oregon affordable housing projects annually” (Andrews). Indeed, in my own research,
it was often clear that large projects were only possible if they were funded in some way by the federal government through the form of these tax credits.

Low Income Housing Tax Credits (LIHTCs) are a significant part of the affordable housing debate. What are they and how do they work? LIHTCs are at the heart of affordable housing development across the country. Their existence is written into the Federal Government’s Internal Revenue Code in Section 42. The Comptroller’s office explains their role as: “The Low-Income Housing Tax Credit (LIHTC) is the federal government’s primary program for encouraging the investment of private equity in the development of affordable rental housing for low-income households.” LIHTCs were written into the tax code in 1986, and have helped finance over 2.4 million affordable housing units since (Rhine).

LIHTCs are “indirect federal subsidies” that allow private funders and investors in projects to claim the tax credits on the company or financial institution’s own federal tax returns. Additionally:

Once a property is placed into service, the tax credits are claimed annually over a 10-year period; however, the project must satisfy specific low-income housing compliance rules for the full 15-year compliance period. If the project fails to comply with LIHTC program rules during the 15-year compliance period, the IRS may recapture previously claimed credits. The property must remain affordable for at least 30 years (Rhine)

By doing this, LIHTCs not only encourage the construction of affordable housing units, they guarantee that the units remain affordable for decades, while allowing the responsible companies to enjoy the tax credits for years as well. LIHTCs are transferable tax credits, which means there exists a quasi-marketplace for them where developers can “sell” them to financial organizations. LIHTCs are awarded through
Oregon Housing and Community Services (Phillips interview, Karle interview, Weiner).

LIHTCs, however, bring significant additional requirements. The government views the development of affordable housing not just as an opportunity to create safe, decent and affordable housing, but also as an opportunity to invest in other priorities (Andrews). LIHTCs trigger other requirements that can significantly raise the price of construction, usually in “soft costs”—administrative work rather than actual physical costs. For example, Meyer Memorial Trust found, in their report, that by using LIHTCs to fund a project, developers must comply with:

- Potentially more than a dozen rigorous federal review processes
- Prevailing wage requirements
- Contracting goals meant to assist MWESBs (minority, women and emerging small business)
- Trigger workforce training or local hiring requirements
- Sustainability/green features
- Urban renewal/neighborhood revitalization expectations

These requirements can make the construction of affordable housing expensive. Here lies the dilemma with LIHTCs. While they provide the clearest avenue to fund large affordable housing developments, they also consistently raise the price of that development (Quigley, Andrews).

This is one of many common concerns and criticisms of the LIHTC program. Because navigating the specific regulations of the LIHTC program can be such a grueling task, developers often spend significant funds on administrative costs like
lawyers and architects. This in turn, create an industry that exists only to navigate the world of LIHTCs. Critics of the program—such as Home First’s Rob Justus—point this out as a sign that the program is no longer about truly helping those in need of affordable housing and instead that its continued existence, particularly in its current form, survives to keep this industry alive and thriving.

In addition to these concerns, LIHTCs only work if investors and financial organizations are interested in working with developers in order to secure the tax credit. Many developments bring together a number of funding sources—an average of six—and need to actively manage these sources (Andrews). Often, the funders are motivated almost solely by the profit that will be achieved through the tax credit (Weiner). Because of this, the value of the tax credit therefore depends upon corporate tax rates that impact organizations that may be interested in supporting affordable housing developments. One of the unintended consequences of cutting tax rates on financial organizations and businesses in general is that it potentially removes some of the incentives to work with organizations that develop affordable housing through the LIHTC program. This too is a valid criticism of the LIHTC program, because its societal benefit depends upon a topic in near-constant political flux (Phillips).

Finally, LIHTCs are focused almost exclusively on developing affordable housing units. The specific requirements of the regulation demand that the tax credit only applies for the units that serve low-income communities. Therefore, developers are often left with no viable choice than to build entire multi-family developments full of units available only to families at certain income levels. Here we return to the earlier discussion on priorities. Depending on one’s own definition of community and priorities
in community building, this can present a profound challenge. Many believe, including many people with whom I spoke, that economically diverse neighborhoods and developments are necessary to build thriving communities. Furthermore, even without this value, building entire properties exclusively for low-income families can indeed increase issues of segregation.

LIHTCs are generally the most effective tool for financing major affordable housing developments. They do, however, tend to bring with them a number of major drawbacks that can occasionally conflict with major societal priorities.

Of the groups with whom I spoke, there was a nearly unanimous belief that the current system around LIHTCs does not work. Habitat for Humanity remains completely removed from them, so Don Griffin did not express a strong opinion. The employees at Cornerstone and St. Vincent de Paul, however, both fund their developments through LIHTCs. The potentially changing corporate tax rate could seriously impact the work of each of these organizations, and the inefficiencies that surround the use of LIHTCs are felt regularly by both groups. Rob Justus does not use LIHTCs, though still believes strongly that the current industry surrounding their use is unnecessarily inefficient. Because he does not use them, a change in the corporate tax code, for instance, would have no impact on his work. Finally, Emily Schelling admitted that while she would like the cost of affordable housing development to decrease, she appears more tolerant of its current form.
System Development Charge Waivers:

SDC waivers were unique among the policies brought up during my discussions with the various nonprofit groups. Most of the policies discussed within these pages came to my attention first during the interviews. Following these conversations, I would spend significant time reviewing existing literature in order to corroborate the informal explanations I received during the interviews. SDC waivers were different because—while every single person I spoke with brought them up—finding further information about them in the form of studies or reports proved nearly impossible.

Here is how SDC waivers work: municipal governments may choose to charge a fee for all new developments. The amount of these fees is set by the individual local government and they are often not an unusually large sum of money. These fees support funds that the local governments use to maintain publicly available services—such as parks and utilities. These fees are known as System Development Charges. Developers often dislike System Development Charges for obvious reasons: they drive up the cost of development because they are an added cost that adds no discernible value to the property under construction. Local governments can, however, choose to offer waivers for the SDC to certain kinds of developments, such as affordable housing properties. Every interview I conducted addressed SDC waivers as an important policy tool to increase the supply of affordable housing in an area, and to make the development of affordable housing an easier process (Griffin interview, Karle interview, Phillips interview, Justus interview).

I found very little existing literature addressing the effectiveness of SDC waivers. SDC waivers, it seems, make the job of developers easier but may not incentivize
development. Additionally, because each municipality has its own SDC process and waivers, measuring their effects on a macro level could be difficult. It would appear that while their benefit may be significant to developers in the process of constructing affordable housing, the benefit may not actually be connected to larger trends. Indeed, if these trends do exist, any scholar on these issues has evidently not determined them important enough to deserve greater examination.

The lack of any notable trend or research on these trends has value itself, however, and says something about SDC waivers. I have drawn two conclusions from the paradoxical characteristics of SDCs. First, the variety among SDC waivers is likely significant. Because each local government can choose whether or not they have an SDC, how much it is, whether they have an SDC waiver option, and what the requirements are, studying them on a macro level may be misleading. Second, SDC waivers may simply have no larger effects on the supply of affordable housing. Making the process of developing affordable housing cheaper does not immediately guarantee more of it will be constructed, and SDC waivers may be little more than a small benefit for developers.

Among my interview subjects, the opinions held on SDC waivers were even more uniform. Every single developer brought them up as an important policy tool in aiding the development of affordable housing. This is not totally surprising. SDC waivers, if nothing else, lower the cost of development. Because my interviews were almost exclusively with developers, they viewed SDC waivers as key to their work.
Inclusionary Zoning:

In 2016, the Oregon state legislature passed Senate Bill 1533—considered by some a potential major step forward in the quest for greater affordable housing supply. SB 1533 allowed cities to enact policies known as inclusionary zoning. One of the major areas of focus of my research was both into inclusionary zoning generally, and how Oregon’s new law stacks up. My eventual findings on the potential success of the policy are mixed, but in order to understand them it is first important to understand the intent and mechanics of inclusionary zoning laws broadly.

In a 2006 article in support of inclusionary zoning, Brian Lerman explains that the basic idea of an inclusionary zoning policy is to mandate a certain percentage of units in a development be designated affordable. Individual laws dictate the specifics of a policy, but there tends to be a requirement that some units be affordable to a designated income level for a designated period of time. In theory, inclusionary zoning laws would, at best, lead to the construction of communities that are far more economically diverse, as developments of all kinds allot units for low-income families. At worst, inclusionary zoning laws still increase the supply of units in an area (Lerman).

Lerman claims that doing so allows cities and states to incentivize mixed-income communities and increases diversity without requiring any public funds. He goes on to assert that because of this, inclusionary zoning is not only an effective policy tool to pursue a larger supply of affordable housing, but that inclusionary zoning can actually be an effective tool for avoiding and ending segregation (Lerman).

There are two categories of inclusionary zoning policies: mandatory and voluntary. Mandatory policies require developers to include affordable units. Because
of this, mandatory policies necessitate the existence of some kind of enforcement mechanism, through fees or other methods. Voluntary policies simply incentivize rather than require, often by offering density bonuses or other ways to speed, ease, or cheapen the process of developing residential real estate (Ryan).

Not all existing literature on the topic is quite so glowing. In a study from San Diego, inclusionary zoning was found to be much less effective than intended. In fact, the researchers found that it mainly led to more developments in low-income neighborhoods or high-minority populations, therefore failing to increase the economic diversity pursued (Ryan).

In a study conducted in 2005 and 2006 in Southern California, Vinit Mukhija, Lara Regus, Sara Slovin and Ashok Das found “no statistically significant evidence of inclusionary zoning’s adverse effect on housing supply in cities with inclusionary mandates.” While not necessarily a glowing endorsement, the findings speak to the potential many see in inclusionary zoning laws. More valuable, perhaps, than the specifics of their findings, Mukhija and his colleagues are able to identify the specifics of what can make an inclusionary zoning policy effective or not. Viewing Oregon’s new policy through the lens of Mukhija’s findings allows for a careful examination of the potential impacts.

In particular, they found that policies vary dramatically across different governments, and identified three key areas in which there can be variety: thresholds, set-asides, and in-lieu fee requirements.

The development threshold defines the “minimum project size above which inclusionary requirements become applicable.” Cities decide what size of development
or project may in fact trigger an inclusionary requirement. Clearly, this is important. The threshold must be large enough to allow developers to still make a sufficient profit, but small enough to still make a sizable impact of the supply of affordable housing (Mukhija).

Set-asides are the actual number or percentage of units required to be designated affordable. This too can fluctuate, and the actual amount requires the same careful consideration as the development threshold. The amount needs to be both attainable and significant, increasing the number of units substantially, without negatively impacting the market such that developers decide against new construction.

Finally, in-lieu fees often see the largest variety across cities. Here, Mukhija and his colleagues found what is often the weakest link. They explain that developers are given a number of options when it comes to complying with mandatory or voluntary inclusionary zoning laws. Perhaps most intuitively, developers can simply build affordable units as part of the development they are working on, alongside the market-rate units. Additionally, they are often given the opportunity to construct the same number of units at the same time at a different location. Still another option is to donate land to the city, or pay a fee instead of building anything. In most cases, these fees are then deposited into a city’s Affordable Housing Trust Fund, which then finances affordable housing developments itself.

The size of the in-lieu fee matters a lot. If the number is too small, developers will likely pay it instead of developing the affordable units themselves, and the city’s trust fund may not develop new affordable units at a proportional rate. Additionally, even if the city does manage to build a similar number of affordable units, they will be at a
different location, thus failing to meet the expectation that inclusionary zoning laws lead to more economically diverse developments. In these cases, inclusionary zoning can often appear similar to a tax on development—a point its critics often make (Knaap). Therefore, in order to achieve the desired outcome of inclusionary zoning, the in-lieu fee must be large enough to make developing the units an equally viable option. Generally, the closer the fee is to the cost of developing the units by a developer, the more likely it is to be a successful program (Mukhija).

Mukhija and his colleagues come to the conclusion that: “If inclusionary zoning programs are designed as mandatory, flexible, and with appropriately designed in-lieu fees, it is likely that the policy can be as effective in producing the same number of affordable housing units as the federal program of LIHTC.”

Oregon’s new law allows cities to design and implement their own inclusionary zoning laws, rather than creating one for the entire state. Developer Dike Dame, in support of the legislation, wrote that his support was in large part the result of this fact. Mr. Dame believed that a one-size-fits-all approach was destined to fail because of the variety of housing markets present in the state of Oregon (Dame).

However, while the flexibility afforded by Oregon’s policy may generally be a good thing for the effectiveness of the program, it does make it somewhat difficult to hold it to the standards laid out by Mukhija’s study. There are, however, some requirements found in SB 1533 itself. In particular, the text of the law identifies an Area Median Income of 80% or greater as the target for affordability. The law also states that it “may apply only to multifamily structures containing at least 20 housing units.” It additionally requires that cities must “provide developers the option to pay an in-lieu
fee,” but the specific amount is to be “determined by the city or county.” In addition, the law gives cities and counties the option to give developers a variety of incentives—essentially voluntary rather than mandatory policies—including density adjustments, expedited service for permitting processing, or other site-specific requirements.

By examining Oregon’s new law through the lens of the three metrics laid out by Muhkija and his colleagues, the unenthusiastic response to SB 1533 becomes quickly unsurprising. The first point is the development threshold. This in particular seems to be a problem. As has been established, much of the affordable housing crisis is taking place outside of the major cities in Oregon. Because of this, the fact that the policy only impacts multi-family developments over 20 units likely means that a number of municipal governments across the state will be essentially unable to make an impact through this policy. There simply are not enough developments of that size in the majority of cities in the state of Oregon. My interview subjects reinforced this point—the threshold is simply too low to make a difference in many Oregon communities.

The set-aside requirement seems to have more potential. According to the bill, cities “may not require more than 20 percent of housing units within a multifamily structure to be sold or rented as affordable housing.” 20 percent appears to meet the requirements laid out in the Mukhija study while still giving local governments the option to tailor it specifically to their community.

The in-lieu fee portion of the bill remains the component of the regulation least able to withstand scrutiny. The state simply avoided any suggestions, limitations, or requirements for cities when it comes to establishing the size of the in-lieu fee amount. Based upon the weight given to this component, it seems that the success or failure of
this law may rest largely in the implementation of it by local governments.

Because the bill was passed so recently, measuring the impacts so far is difficult. The city of Portland chose to implement its own program in late December 2016. While the city of Eugene has not yet passed any resolution setting up a program, the Eugene-based developers with whom I spoke said that people have discussed it at length. Additionally, my interview subjects tended to be unconvinced the new policies would make a major impact for similar reasons to the points made above.

First and foremost, all of the nonprofit developers believed that an 80% AMI requirement was too low to have a significant impact. Indeed, many believed that families near 80% AMI may find some available market-rate units. The other frequent criticism was that the development threshold was so high that beyond Oregon’s few urban hubs, there would be no discernible impact. Even within Eugene, many questioned whether there were developments of that size occurring often enough to trigger any enforcement for the policy. Nonprofit developers have an interesting perspective on this policy because it is largely aimed at for-profit developers that typically develop market-rate units. Therefore, some nonprofits believed that they could be contracted to help with the affordable units, but seemed to view the new law with reluctance and hesitation.

**Property Tax Exemption:**

Another recent affordable-housing related law from the Oregon legislature was House Bill 2690. This bill exempts nonprofit developers from paying property taxes on lots that will be used for affordable housing in the near future. Habitat for Humanity of
Oregon, an alliance of Habitat for Humanity affiliates, has biennial policy agendas. HB 2690 was a major priority of HFHO in the 2015 session, and it is likely to uniquely benefit Habitat for Humanity affiliates.

The text of the bill says that “…land acquired and held by a nonprofit corporation as defined in ORS 307.162 for the purpose of building on the land one or more residences to be sold to individuals whose income is not greater than 80 percent of area median income…shall be exempt from property taxation.” This allows organizations to buy property and insure a larger pipeline of upcoming projects, while saving costs. The law states that the exemption ends after seven years, or when the title is transferred to the new resident.

This policy will uniquely benefit Habitat for Humanity affiliates because of their particular mission and functioning. Habitat affiliates build single-family homes and then sell those homes to families. Because of this, the costs involved with owning a single lot can actually make a difference. The policy is unlikely to have a major impact on larger developments of rental properties. Because the marginal cost of larger developments is so much lower than for a single-family home, the cost of property taxes is not significant to many of the developers who build larger developments.

My interview subjects largely supported this sentiment. Don Griffin at Habitat for Humanity was excited about the opportunity to have a larger pipeline of future projects without incurring greater costs. However, the remaining three developers, along with Emily Schelling, seemed unconvinced that the law would have much of an impact beyond saving developers an insignificant amount of money.
Comparing Examples:

The organizations I spoke with in the process of researching this thesis operated and funded their operations dramatically differently and therefore interacted with policies in unique ways. Below are general summaries of the ways in which Cornerstone Community Housing, Springfield/Eugene Habitat for Humanity, and Home First Development each operate.

Cornerstone Community Housing:

**Funding Source:** LIHTCs and a variety of financial institutions motivated by the transferable tax credits

**Size of Developments:** Average of 30-unit multi-family developments

**Property Management:** Cornerstone manages the properties

**Additional services to residents:** Cornerstone offers a variety of extra services to their tenants, with each property targeting groups with specific needs

**LIHTC requirement compliance:** Must comply with all LIHTC requirements

**Policy perspective:** Concerned by policies that will impact the motivation of companies to fund affordable housing developments (like corporate tax cuts), unconcerned by smaller changes to the cost of development

Springfield/Eugene Habitat for Humanity:

**Funding Source:** Donations and low-interest mortgages

**Size of Development:** Single-family homes
**Property Management:** Partner families own the homes themselves

**Additional services to residents:** Classes on homeownership and “sweat equity” requirements

**LIHTC requirement compliance:** Do not need to comply with any LIHTC requirements

**Policy perspective:** Interested in zoning codes specific to single-family homes and neighborhoods. Unconcerned by LIHTC requirements and policies that interact with LIHTC rules.

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**Home First Development:**

**Funding Source:** Donors expecting low return on investment, contracts from nonprofit groups, free land

**Size of Development:** Medium sized, multi-family developments

**Property Management:** After construction is complete, the nonprofit that owns the land manages the property

**Additional services to residents:** Home First offers none, depends upon the organization that hires them and then manages property

**LIHTC requirement compliance:** No LIHTC requirement compliance

**Policy perspective:** Unconcerned with laws beyond those that make basic developments more or less difficult
Conclusions

Before summarizing my findings and sharing my own conclusions, it is necessary to return to the earlier discussion about priorities. As I stated at the beginning of this paper, I identify three specific possible priorities that can be the goal of public policy:

- Increase the total supply of affordable housing at a low cost
- Increase the supply of affordable housing at a higher cost in exchange for a greater social benefit
- Increase the supply of affordable housing in a way that creates more socio-economically diverse communities

The first goal is a constant process. Home First provides a possible model for simply building more units for the lowest possible cost, but in general the affordable housing community prioritizes other ideals first. The second goal seems to be met when using LIHTCs, albeit inefficiently. The third goal, I argue, is nearly impossible given the policy environment. The “best” policy, then, depends upon how individuals and individual policymakers view the possible priorities.

Current policies around LIHTCs clearly prioritize a number of community investments over simply keeping costs low. It is difficult to ascertain how much of the inefficiencies and costs that surround the use of LIHTCs are inevitable and how much are the result of a bloated system. Does the entire industry exist to line the pockets of lawyers and experts, or does investing in the larger community require a slower, more expensive process? I suspect the answer is in the middle.
There are other categories of values aside from simply whether or not cost ought to be the top priority. The role of affordable housing developers in taking care of their tenants and offering additional programs, as well as the importance of economic diversity can clearly impact the kinds of policies pursued. Certainly, socio-economic diversity in particular is something that almost all of my interview subjects valued, yet current policies are absolutely failing to accomplish. In many ways, the primary way of funding affordable housing developments, LIHTCs, disincentivizes the construction of such communities. Additionally, while inclusionary zoning may offer an opportunity to accomplish this, its recent iterations appear to fall short.

My goal was to take this complex policy environment and eventually distill the complications to basic normative questions. In the context of developers serving families above 80% AMI, I believe I have done that. If supply is all that one values, then cut the LIHTC requirements, knowing that perhaps certain segments of the population will be worse off because of it. If, however, one values those peripheral requirements and believes that affordable housing ought to be a tool for accomplishments beyond housing, then maintain them. Maintaining the requirements, and believing in their importance does not mean that one cannot still desire a more efficient system surrounding LIHTC use. If, as they are for many of my interview subjects, socio-economically diverse communities are the goal, then major changes to the policy landscape are needed. Inclusionary zoning will likely not achieve that in its current state, LIHTCs make it nearly impossible, and the remaining policy tools serve more to ease the development process than fundamentally change it.
These normative decisions are now the job of the individual readers to make. In
the final pages of this paper, I make mine and recommend how I would like the
government to approach these issues. It is, however, a personal decision based on
personal preferences, beliefs, and yes, priorities.
Policy Proposals

Based upon this research, arguments made, and my own personal values and priorities, I make the following recommendations:

Inclusionary Zoning must be altered to be successful in Oregon

Each person with whom I spoke seemed weary and unconvinced of the effectiveness of inclusionary zoning. Much of the existing literature seems to support their hesitancy. It may be a policy that is popular and exciting, but ineffective. It may also, however, be a policy that can have major impacts if done correctly. I remain unconvinced that Oregon’s new law meets that standard, but it can.

Most importantly, the in-lieu fee amount needs to be calculated precisely. Unfortunately, I am unable to discover and recognize the data and algorithm that can meet the standards established previously. City governments, however, likely can. While different neighborhoods may hold differing cost amounts for the development of an additional unit, an average ought to allow for a carefully calculated fee that genuinely gives developers pause for consideration when deciding between paying the fee or building the additional units.

The threshold, too, needs to be revisited. A state as rural as Oregon cannot be serious about addressing affordable housing across the state when inclusionary zoning laws are only in effect for multi-family developments over 20 units. I recommend a scaled threshold that is triggered at smaller developments—or even neighborhoods of single-family homes—in rural areas. These kinds of careful tweaks can allow inclusionary zoning to have the intended effect and create diverse communities.
Finally, allowing cities to write inclusionary zoning laws that target families below 80% AMI will give inclusionary zoning the best chance to significantly alter the face of affordable housing. Especially in or around Portland, where larger developments are common, zoning regulations that target lower-income families will force the eventual developments to be truly diverse in their socio-economic makeup.

**Greater flexibility regarding LIHTC requirements:**

This is one of the keys to truly pursuing economically diverse communities. When the primary funding source for most affordable housing development cannot be used for mixed-income developments, economically diverse communities will remain rare. On a federal level, the Department of Housing and Urban Development must find a way to use LIHTCs only for affordable units while allowing for developments housing families of all incomes. Admittedly, I still do not completely understand the component of LIHTCs that make building mixed-income developments so difficult. I know, however, that each of my sources made this unmistakably clear to me. If we are to have diverse communities, this must change. It is my belief that HUD ought to make it a top priority to reform the requirements when it comes to mixed-income use of LIHTCs.

Additionally, the process needs to become more efficient. Whether this is reigning in administrative costs, better enforcement of existing policies, or simply fewer requirements, the current inefficiencies cannot be accepted as the price of doing business. Developing affordable housing simply needs to be a more affordable process.
Greater Support for organizations trying new things:

Finally, I have more a plea for the current political climate surrounding affordable housing debates than a policy proposal. Affordable housing is an expensive mess right now, and people who attempt to change that ought to be supported, challenged, and studied. The fact that many within the affordable housing community seem antagonistic towards Home First Development may be due, in part, to Rob Justus’s tendency to publicly attack other organizations as a monolithic, lazy establishment. However, their antagonism also seems to reinforce this very characterization. Home First’s model, while imperfect, is innovation in an industry that badly needs it. Less expensive funding models ought to be actively explored and supported. This means that organizations like Home First ought to find ways to blaze a trail without constantly attacking other organizations benefitting from the status quo.

Conversely, the establishment needs to work more with organizations like Home First. Whether because of personality or confirmation bias, the animosity towards those who try new things is unproductive and ultimately stands in front of truly lowering the cost of affordable housing. Given the current housing climate for Portland and Oregon, we simply cannot afford to have the relevant organizations bickering rather than engaging in productive discussions.
Interviews


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