

SW CORRIDOR EQUITABLE HOUSING STRATEGY



Introducing a New Model of Equitable Growth

FULFILLING THE PROMISE OF COMPLETE COMMUNITIES WITH HOUSING CHOICES AND OPPORTUNITY

In 2016 the Portland City Council directed the Bureau of Planning and Sustainability (BPS) to develop a housing strategy for the SW Corridor in anticipation of potential investment in a new light rail line from Downtown Portland to Bridgeport Village. The City of Tigard and the Portland Housing Bureau (PHB) are co-leading this work with BPS.

The new housing strategy is nested within Metro's SW Corridor Equitable Development Strategy, which addresses workforce and economic development needs in addition to housing. Tigard and Portland city councils will adopt the final SW Corridor Equitable Housing Strategy in the summer of 2018, prior to the adoption of the Locally Preferred Alternative for the light rail project.

The multibillion-dollar investment in light rail will attract additional investments in housing. This will provide an opportunity to meet long-term housing needs, while addressing the current housing crisis as well as the long-standing racial disparities and underlying income inequality that exacerbate it.

Big moves

Achieving the housing strategy's three overarching goals requires bold action and strong support of community-centered stewardship. **The biggest of these are captured in the graphic to the right.** Other recommended implementation strategies are listed on the next page.



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

Key findings for SW Corridor

The corridor along Barbur Boulevard and Highway 99W between downtown Portland and Tigard is unique for its relatively affordable housing, recently diversifying population and quality amenities like jobs, schools and stores. However, the housing crisis has affected this area and threatens to displace the low-income households and communities of color who have established communities there.

To “ground truth” our work, project staff performed/commissioned an assessment of the area. Some key findings from the SW Corridor Equity and Housing Needs Assessment include:

1. The area’s population is growing, with strong growth in communities of color.

The SW Corridor population of approximately 103,000 has increased by more than 14,000 people since 2000. While the area is still predominantly White, the growth of communities of color (roughly 25,000 total) is creating a more racially integrated and diverse community.

2. The corridor is an amenity-rich area with convenient access to some of the highest quality jobs and schools in the region.

The corridor is home to more than 7,400 businesses providing 121,000 jobs, with an average salary of \$60,000. High schools in the area have on-time four-year graduation rates 10 to 20 percent higher than the surrounding school districts, with an average of 85 percent in 2015-16.

3. High quality-of-life outcomes exist overall, while vulnerability exist for many households.

Median household income (\$73,000) and educational attainment (56 percent with a Bachelor’s degree) in the corridor is higher than that of the City of Portland. However, there are more than 8,300 low-income renters and 4,400 low-income homeowners who make less than 80 percent of the median family income (MFI).

4. Racial disparities exist across many quality-of-life indicators.

Rates of homeownership among Black and Latino households in the corridor (20 and 25 percent respectively) are less than half the rate for White households (56 percent). People of color who rent are disproportionately cost burdened: 59 percent of Black renters and 45 percent of Hispanic/Latino renters.

5. The current and future need for affordable housing and services is large but not insurmountable – if we grow resources to meet our housing targets.

There are currently over 3,500 low-income renters and 2,170 homeowners paying more than 50 percent of their income on housing costs, which leaves them vulnerable to displacement pressures. Affordable housing investments in the corridor have totaled \$16 million in local resources and \$134 million from state and federal resources over the last five years. However, there are only 775 regulated affordable homes and minimal amount of homeowner stabilization resources in the area.

6. There are many unregulated affordable apartments, but buildings are selling quickly.

There are 327 older, unregulated affordable apartment buildings in the corridor, containing over 11,000 apartments. This accounts for 70 percent of all apartments in the area. Since 2006, these older buildings accounted for 94 percent of apartment building sales. Two-thirds of these sales are in lower income areas, and nearly 40 percent are in racially diverse areas.

7. The future will bring more multi-family housing throughout the corridor, but the current zoning and housing stock in Portland is weighted toward single-family housing.

The current housing stock corridor wide is 56 percent detached single-family. More than half of the land area in potential Portland station areas is zoned for single-family homes. However, multi-family housing is expected to account for 88 percent of the corridor’s new development.

8. Rising values of multi-family zoned land are tracking with increased rents.

Over the past five years, rents for two- and three-bedroom apartments have spiked in Downtown Tigard (90 and 48 percent, respectively). Near Portland's Central City, rents are well over double the price a low-income family of four can afford. Rents did not rise much along mid-Barbur, but they rose enough to be out of reach for low-income households.

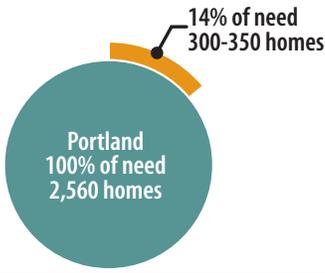
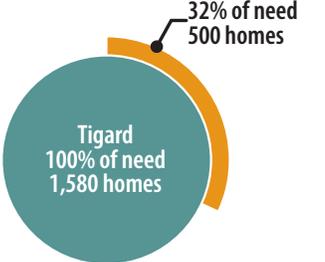
9. Home sale prices are rising and home flips are occurring.

Median sale values of single-family homes have steadily climbed, increasing by 13 percent since the 2007 pre-recession peak, and 20 percent since 2010. The number of home flips (homes purchased twice in a two-year period) per 100 home sales have increased 12 percent since 1997.

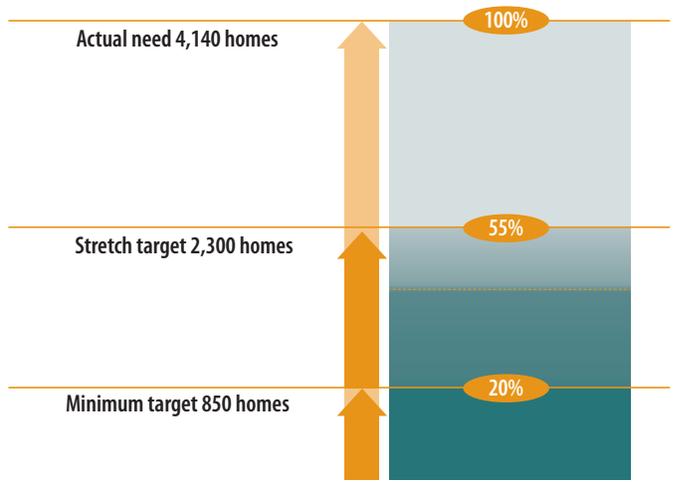
10. Lack of funding has resulted in few organizations working in the corridor to meet the housing needs.

Sixteen organizations were identified that provide housing and housing-related human services and/or advocacy in the corridor. These organizations identified staff time and capacity as well as available capital as obstacles to meeting the corridor's housing needs.

Affordable rental housing minimum targets versus the actual need

	Minimum Targets		Actual Need
Portland	<ul style="list-style-type: none"> 150 constructed 150-200 acquired or converted Total: 300-350 homes 	 <p>14% of need 300-350 homes</p> <p>Portland 100% of need 2,560 homes</p>	<ul style="list-style-type: none"> 910 constructed 1,650 acquired Total: 2,560 homes
	<ul style="list-style-type: none"> Up to 14% of Portland's need met 		<ul style="list-style-type: none"> 100% of Portland's need met ~\$830 million total development costs
Tigard	<ul style="list-style-type: none"> 450 constructed 50 acquired or converted Total: 500 homes 	 <p>32% of need 500 homes</p> <p>Tigard 100% of need 1,580 homes</p>	<ul style="list-style-type: none"> 730 constructed 850 acquired 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

Recommended affordable housing stretch targets with new resources

Portland	<ul style="list-style-type: none"> 550 constructed 150 through inclusionary housing 350-700 acquired or converted Total: 1,050-1,400 homes 	<p>Stretching to meet the current and future needs in the SW Corridor</p>  <p>Actual need 4,140 homes (100%)</p> <p>Stretch target 2,300 homes (55%)</p> <p>Minimum target 850 homes (20%)</p>
	<ul style="list-style-type: none"> 39 to 53% of Portland's need met ~\$350-450 million development costs 	
Tigard	<ul style="list-style-type: none"> 600 constructed 150-300 acquired or converted Total: 750-900 homes 	
	<ul style="list-style-type: none"> 48 to 58% of need met ~\$300-350 million development costs 	

