

# Zoning change will give local housing a chance

**I**nclusionary Zoning. You've heard about it, but what exactly is it? And why is it so important in addressing our current housing crisis in Oregon?

Inclusionary zoning links the production of affordable housing to the production of market-rate housing. The policy requires new residential developments include a certain number of affordable housing units.

Unfortunately, inclusionary zoning is banned in both Oregon and Texas. I'm sure there's a Texas joke in

there somewhere, but Oregon's housing crisis is no laughing matter.

In 1999, the Oregon Legislature passed legislation to prevent local communities from adopting inclusionary housing policies that would require that affordable units be included in private market housing developments. At the time, the legislation was led and supported by the Oregon Homebuilders' Association.

Two years later, in 2001, the area's regional government Metro developed an affordable housing strategy, hoping to get ahead of the projected housing crisis we find ourselves in today. Nothing happened. The region lacked the tools necessary to develop affordable housing.

Special interests promised all along that with enough housing stock in private housing market, the lack of affordable housing would solve itself. Wrong.

More than 15 years after banning inclusionary zoning, and still under the impact of the housing bubble bursting and the great recession, Oregon finds itself in a nightmare scenario.

Homelessness is on the rise statewide, rents are skyrocketing, displacement and gentrification is a runaway train and the state finds itself short tens of thousands of affordable housing units. In the Portland metro region alone we are short more than 40,000 affordable housing units, according to the Welcome Home Coalition.

"The challenge of housing affordability is real and persistent," said Portland Housing Bureau Director Kurt Creager. "National data forecasts that Portland is expected to continue to lead the country in projected rent increases among the major metro areas. Multifamily Magazine predicts 8.4 percent average rent growth in Portland in 2016. Since 85 percent of the current new construction is luxury housing, we need to bend the cost curve to better serve a spectrum of households otherwise priced out of the market."

According to the PHB, of Portland's 257,000 households, roughly half, or more than 125,000 households, were renters. The bureau evaluated new units placed into service in calendar year 2015 and found that the average monthly rent was \$1,954 per month or \$23,488 per year.

That's crazy.

Inclusionary zoning is especially critical when you think about how to find a broader solution to the housing crisis. We know that we

can't buy our way out of the problem. While it's important to increase revenue to support the building of affordable housing, both regulations and new policies are important. One without the other leaves us far short from addressing the housing crisis for Oregonians.

Street Roots talked to industry representatives who oppose inclusionary zoning. The biggest arguments against lifting the ban on inclusionary zoning was that developers would shy away from investing in new projects if required to build affordable housing, that it couldn't produce enough units to solve the problem and that costs would be passed along to consumers.

All of these arguments are false.

One, we have a red hot market in Portland and industry experts couldn't tell me another market similar to Portland, such as San Francisco or Seattle, where inclusionary zoning exists and had stunted development. The reality is there is still plenty of money to be made for developers and landlords, even with inclusionary zoning.

Second, no one ever claimed that inclusionary zoning alone could solve the housing crisis. It's simply a key component of a larger strategy to help develop more affordable options. Without it, there is little government and the public can do to require the private market to correct to the shortage it is perpetuating.

Lastly, and possibly the most important point, is that the legislation lifting the ban on inclusionary zoning in Salem

would require local jurisdictions to offer developers incentives to help defray costs. This could actually be a bonus for developers depending on how local legislation is crafted.

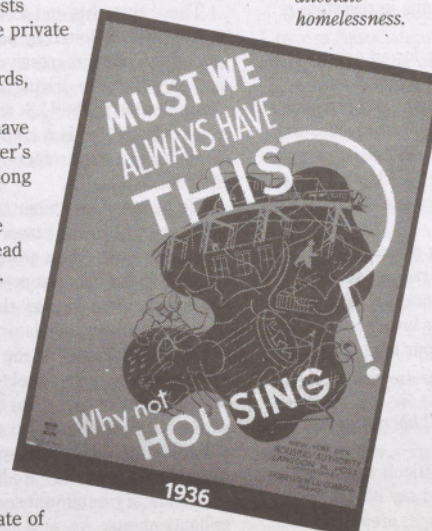
For example, developers could receive tax credits or density bonuses to offset building affordable housing into their projects. The density bonus specifically could not only help create more affordable housing units, but it could also allow for more units in the market overall — something all experts agree is needed.

The reality is that it's time for the private market and government to come together to find the best solutions possible.

Special interests representing the private housing market, including landlords, realtors and homebuilders, have been in the driver's seat for far too long in Oregon. Legislators have followed their lead for two decades. It's time for the Oregon legislature to take the bull by the horns. To do nothing would be nothing short of a disgrace for the great state of Oregon.

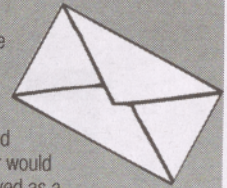
**The legislation lifting the ban on inclusionary zoning in Salem would require local jurisdictions to offer developers incentives to help defray costs. This could actually be a bonus for developers.**

*Below, a 1936 poster from the New York Housing Authority calling for housing equality to alleviate homelessness.*



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