



October 27, 2015

The Honorable Dan Saltzman
City of Portland
1221 SW Fourth Avenue, Suite 230
Portland, Oregon 97214

Dear Commissioner Saltzman,

The Portland Business Alliance (“Alliance”) understands that the Portland Housing Bureau intends to contract for an independent study on the potential nexus between the demand for low to moderate income housing as a result of jobs created by residential and commercial development. We understand that the goal of the study is to evaluate the feasibility of an “affordable housing linkage fee” or what we would consider to be a development impact fee.

Our primary concern with such a development impact fee is that it not put increased upward pressure on housing affordability in the city, which has already seen growing rental and homeownership costs that are impacting low and middle income households. Our recent *Value of Jobs Report on Middle-Income Jobs* found that to afford to purchase a home in most of the city of Portland, a household must earn a minimum of \$70,000 a year, which is out of reach for many Portlanders.

We urge that the city understand the full impacts of such a development impact fee, along with other policies recently passed or proposed on housing affordability across multiple income levels. Increases to system development charges, new property taxes and impact fees should be viewed cumulatively with an eye on housing affordability and supply. A significant factor in escalating housing costs is the very limited supply in the city; it is critical that existing and proposed new policies do not dampen development of new units or drive up costs for the very issue the funding seeks to address.

Should the study be authorized, we respectfully request that the Alliance be included in any work group or committee tasked with developing the study parameters and assessing its findings. The assumptions on which the study is based will have a direct impact on the outcomes, and we would like the opportunity to provide input on what data is used about job forecasts and other policies and fees that impact residential and commercial development.

Greater Portland's Chamber of Commerce

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Overall, it is critical that policies do not ultimately make new development harder to pencil financially, such that it does not make sense or increases costs on the end user. The cumulative impacts of new and proposed policies must be taken into account so that they do not discourage the development of affordable housing for low to moderate income household or creation of middle income jobs that would help households better afford housing costs.

We look forward to participating in this study and shaping policy that will help achieve shared goals around housing affordability in our city. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra McDonough". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Sandra McDonough
President & CEO

cc: Portland City Council
Kurt Creager, Director, Portland Housing Bureau