



Bureau of Planning and Sustainability
Innovation. Collaboration. Practical Solutions.

January 29, 2020

Representative Keny-Guyer, Chair
House Committee on Human Services and Housing
900 Court Street NE, Salem Oregon 97301

RE: Special Appropriation for Affordable Housing

Dear Chair Keny-Guyer and Members of the House Committee on Human Services and Housing:

The City of Portland Bureau of Planning and Sustainability strongly supports a special appropriation to Hacienda Community Development Corporation (Hacienda) to fund the Small Homes Northwest program. Hacienda has assembled a coalition of partners to create a model program that will achieve multiple community benefits beyond the typical funding for affordable housing. This model will:

- Allow moderate income homeowners to leverage their largest asset in way that can generate additional income (rent) and long-term value (wealth) that can stabilize a household and provide a foundation for multi-generational success.
- Partner with and support small emerging construction contractors that can provide long-term economic benefits.
- Be scaleable to other communities across Oregon. One of the goals is to show how to do this – create an affordable housing unit that also supports a moderate income household.

Additional ADU development in our residential neighborhoods is a key part of our growth management strategy. The City has taken steps to remove barriers to ADU construction in terms of permissive zoning standards (no ownership or parking requirements) and waiving development fees for certain rental units. But studies have shown that up to this point only the most affluent households are able to finance the construction of an ADU. There are structural barriers with conventional bank financing that prohibits moderate income homeowners from qualifying for ADU construction loans. There are also serious risks in terms of construction and property management that need to be addressed to ensure the units are built in a way that controls costs and provides technical assistance, so homeowners are successful over the long term.

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The Small Homes Northwest project provides that assistance that can help the City achieve our key growth goals in a more equitable manner. Hacienda will show how to construct ADUs, using local contractors, and provide the ongoing assistance needed to be successful. State funding for this demonstration project will help show how ADUs can provide affordable housing options while creating income stability and wealth creation for moderate income households.

This request deserves your strong consideration.

Sincerely,



Andrea Durbin
Director

