



City of

**PORTLAND, OREGON**

Development Review Advisory Committee

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December 1, 2015

Dear Mayor Hales and City Commissioners,

Mayor Hales' proposed "demolition tax" proposal goes before City Council for a second reading on December 2nd. A new tax is not to be entered into lightly, and this tax proposal is not expected to be progressive in any way, even with the multiple amendments that were proposed at the November 25 public hearing. As the City's development industry stakeholder committee, the DRAC poses questions about the tax that we believe need examination in a more complete public review process than has been afforded the current proposal. Our list of questions which need public discussion are:

1. Will this tax be in effect forever? Is a provisional option possible so a "test drive" can be done to determine if the tax is doing what was intended before it becomes a permanent new tax?
2. How much revenue for new affordable housing is expected to be raised through this new tax? How much revenue from this source is needed to make a difference in the housing affordability crisis?
3. While the proposal identifies the Housing Investment Fund as the recipient of the new revenue, and that the money will be used in developing "affordable housing", how will the money be used to do that? Will there be grants issued for development proposals? How will the funds be leveraged to make housing in the city more affordable? Will loans be granted to bring old, substandard smaller housing stock up to current code compliance?
4. How will the funds affect the overall affordability of non-subsidized housing in the city?

We believe review of data on demolitions for the past two years and comparison of 2014-2015 demolition data with demolition data from 2005-2006, pre-real estate crash years, may give perspective about the magnitude of the "epidemic" and will provide information about potential revenue.

Developing data on the type, age, and area or neighborhood of the demolitions may capture information that defines the demolition trends. Not all demolitions are bad. Some houses need to be replaced by housing that meets current codes for safety and health.

The DRAC first heard of this proposal in September. The new tax proposal is expected to go before Council for a possible vote on December 2nd. This is a remarkably short timeline for developing even a provisional tax proposal.

The Development Review Advisory Committee urges the Council to slow this proposal down, to review data about how this tax may affect housing affordability in the city, and to develop a more balanced plan for limiting demolitions and for addressing housing affordability.

Development Review Advisory Committee  
Letter Re: Demolition Tax Proposal  
December 1, 2015

We would respectfully request, at the least, time to broaden outreach of this proposal with the hope of generating a longer-term, more progressive plan than the current demolition tax proposal. We really believe it is in the best interest of the city to commit to making progress on the long term development issues we have facing us here in Portland, not just the demolition of houses.

Thank you for your time and attention.

Sincerely,



Maryhelen Kincaid  
Development Review Advisory Committee (DRAC) Chair

Cc: Commissioner Nick Fish  
Commissioner Amanda Fritz  
Commissioner Steve Novick  
Commissioner Dan Saltzman  
Paul L. Scarlett, Director, Bureau of Development Services

#### Development Review Advisory Committee (DRAC) Members

<u>Name</u>	<u>Representing</u>	<u>Affiliation</u>
Claire Carder	Neighborhood Coalition Land Use Committees	Neighborhood Coalitions
Hermann Colas	Minority Construction Contractors & Development Professionals	Colas Construction, Inc.
Phil Damiano	Environmental Conservation & Green Building	Johnson Air Products
Maxine Fitzpatrick	Low-Income Housing Developers	PCRI, Inc.
David Humber	Public Works Permit Customers	Humber Design Group Inc.
Rob Humphrey	Small Businesses	Faster Permits
Maryhelen Kincaid	Citywide Neighborhood Interests	Citywide Land Use Interests
Christopher Kopca	Historic Preservation	Downtown Development Group LLC
Dana Krawczuk	Frequent Development Review Customers	Perkins Coie LLP
Jennifer Marsicek	Design Professionals	Scott Edwards Architecture
Kirk Olsen	Large Developers	Trammell Crow Company
Joe Schneider	Large Construction Contractors	Skanska
Justin Wood	Home Builders	Fish Construction NW Inc.