



Bureau of Planning and Sustainability

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To: Mayor Ted Wheeler
Commissioner Nick Fish
Commissioner Chloe Eudaly
Commissioner Amanda Fritz
Commissioner Dan Saltzman

From: Budget Advisory Committee for the Bureau of Planning and Sustainability
Gus Baum – Security Properties
NaTasha Gaskin – BPS (DCTU)
Karen Gray – Parkrose School District Superintendent
Heather Hoell – Venture Portland
Barry Manning – BPS (COPPEA)
Mary Kyle McCurdy – 1000 Friends
Eli Spevak – Planning and Sustainability Commission
Kyenne Williams – BPS (non-represented)
Marisa Zapata – PSU Planning Professor

Date: January 29, 2018

RE: Recommendations for BPS FY18-19 Requested Budget

BPS Role in Addressing City Council's Budget Priorities

For the past several years, BPS has focused on creating big picture, citywide foundational plans – the Portland Plan, 2035 Comprehensive Plan, the Climate Action Plan and the Central City 2035 Plan. With the successful completion of these major projects, BPS can now move to targeted work that implements the plans and how they affect specific areas of the city, communities, economic sectors and types of development.

As Portland continues to grow and change, many residents struggle to stay in their homes and neighborhoods or to find housing they can afford at all. City Council's prioritization of housing affordability in the FY18-19 budget is appropriate and urgently needed. We want to be sure Council recognizes the critical role BPS plays in addressing this issue: BPS projects can help increase the supply of housing and the range of housing types that are affordable to households at various income levels. Also, without continued and adequate planning for more growth, demand for housing will continue to outstrip supply. This is the right time – past time in fact – to put resources into planning solutions that avoid the mistakes of other booming West Coast cities and address Portland's growing unaffordability.

The Auditor's 2016 Community Survey reported a steep decline in residents' satisfaction with livability and the City's ability to plan for future land use; cutting planning programs further will make this worse.



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Finally, given recent actions by our national leadership that affect basic civil liberties, and economic and environmental policies, we find an urgent need to support BPS' work. The world is looking to states, cities and the non-profit/private sectors to be bold in actions on climate protection and equity.

BPS is known as a convener in the City that leverages resources and works with partners on the big issues facing cities today – economic, social and environmental justice, climate action, land use, urban design, historic resources, job creation, housing, resource conservation, and sustainable development. With funding cuts, this great work will diminish, leaving not just the bureau, but the city and region, at a loss for the future.

Financial Overview and Impact of Cuts

The context for the FY18-19 budget is a world that is entering truly uncharted economic territory. On the plus side, Oregon has benefited from growth in population and job growth. Recent growth rates have been unprecedented. Oregon ranks ninth in the country in year-over-year job growth. Portland leads the charge in a variety of categories including net in-migration. On the down side, Portland is struggling to maintain its affordability, our most vulnerable populations are growing without adequate resources to aid them, and equity issues of all kinds are putting stress on the city's own standards of livability.

City Council requested that bureaus propose five percent cuts to their FY18-19 on-going General Fund budgets. For BPS, this is exacerbated by the uncertainty that comes from having a significant amount of core functions funded by one-time General Fund resources and grants. We are pleased to hear that the FY18-19 budget will include a new long-term commitment for BPS use of a share of permit fees. This is clearly justified based on the amount of BPS work that affects development.

For BPS, a five percent cut to on-going General Fund means a loss of up to four staff positions. These cuts have real consequences on the effectiveness of the City's planning for housing, jobs and transportation. The annual cycle of potential cuts and one-time funding is damaging to staff morale and organizational stability. While these cuts may free up resources in the near term, they could hamper the City's work to address housing affordability in the longer-term. In today's healthy economy, strong employees will be easily persuaded to leave the City for more stable positions with other agencies or in the private sector.

Key Recommendations

We have three key recommendations:

- 1. Fully fund BPS' critical work.**

BAC members see no shortage of specific projects or issues they would like BPS to address if resources are available. BPS' work is important to Portland's future and our ability to respond to local, national and global events that impact our city. These cuts also would exacerbate BPS' vulnerability to swings in one-time General Fund resources. Specifically, the 5 percent cut would eliminate or decrease projects intended to help respond to the housing emergency, including the work to preserve middle housing and increase housing and mixed-use development in the Macadam Plan District.

More people are coming to Portland, and more units and a wider range of housing, including middle housing, are needed. BPS projects can affect the range of housing options in the city. We do not want our city to be a playground for the wealthy with no room for low-to-middle-income households. A healthy and just City depends on income diversity. Middle housing also helps achieve density goals. At this crucial time, it's important to fund staff and projects that support more housing and middle housing.

2. **Fund BPS requests for one-time funded projects (in order of priority):**

a. *Increase the Supply and Range of Housing, Affordability and Shelter*

The BAC supports BPS's work to explore a broader continuum of housing options that work for Portland's lowest income residents (through either subsidized or market rate models).

The BAC supports staff proposals to fund:

1. Removal of barriers to providing shelter for the homeless households.
2. Preservation of middle housing in close-in neighborhoods through new zoning approaches. This housing, which is often non-conforming or illegal, provides de-facto affordable housing today and is increasingly at risk for conversion.
3. Update of the Macadam Plan District to increase in housing development potential in this near-in transit served neighborhood.

The BAC also notes that the workplans for BPS and the Portland Housing Bureau must include evaluation and, if warranted, adjustments to the Inclusionary Housing program. This work must start no later than 2019 to be able to meet the commitment City Council made to review the performance of the program in three years.

b. *Analyze Progress and Strategically Coordinate Resources to Achieve Equitable Growth and Development in East Portland*

The East Portland Action Plan is ten years old. Many City bureaus have been actively working and investing in East Portland over that time. This project would assess these efforts and how they combine to match community objectives and changing conditions.

c. *Build a More Diverse and Usable Historic Resource Inventory*

The Historic Resource Inventory (HRI) is the starting point for understanding and preserving important parts of our history that could easily be lost as the city grows. Focusing HRI updates on East Portland and culturally significant places can help address inequitably overlooked resources and communities.

d. *Advance Equity Through Smart Cities Initiatives*

This will fund a group of representatives to meet regularly to advise the City on addressing equity issues related to the City's Smart Cities efforts. While this is a good step, BAC members are concerned that, without more resources and attention, the interests of communities of color cannot be meaningfully incorporated into the definition of Smart Cities work. Without including this key component, it is hard to see Smart Cities a priority.

3. **Invest in BPS' role as a source of coordination across City bureaus.**

BPS often goes unrecognized and unfunded for the interagency work they are asked to participate in and lead. As Portland continues to grow, the BAC recommends that Council consider a review of ongoing base funding and FTE provided to BPS to continue its leadership role.

Budget Equity Assessment

In 2017, BPS created a Social Equity Investment framework designed to help target and prioritize the bureau's work. It is framed around two concepts, economic vulnerability and access to opportunity, and BPS is using the framework to create a workplan with projects that will help give more households access to higher opportunity areas as well as increase housing stability for households with economic risks and looking at mitigating potential effects of displacement caused by rising housing costs.

BPS continues to align its work with the goal of advancing equity not only in which programs and services are delivered, but how that work is implemented. The primary strategy document that informs the bureau's climate action work is in the 2015 Climate Action Plan, which was informed by an Equity Working Group that reviewed the proposed actions to identify potential impacts for communities of color, low-income populations and other marginalized groups. In FY18-19, BPS plans to continue to dedicate time and resources to furthering community-driven climate action efforts and projects that develop a joint vision for a climate justice movement. In addition to using the Bureau's Equity Toolkit to integrate and maximize equity into their work, this coming year BPS' Sustainability Programs will incorporate Social Equity Investment framework into projects and decision-making.

BAC Continued Involvement

We recognize that the budget process has several important stages still ahead. If members of the BPS BAC can contribute to your review and decision making in the months ahead, please let us know. We welcome the opportunity to engage with you.