



November 21st, 2023

To: Portland Mayor Ted Wheeler and City Commissioners
Re: Support to modify income requirements for SDC Exemption Program

Mayor Wheeler and Commissioners:

We are writing on behalf of thousands of businesses and individuals seeking to address our region's biggest issues by building the housing, infrastructure, and jobs that make Portland livable and economically vibrant. We believe that public incentives for housing and infrastructure work best when they are in sync with what is happening in the market. The city's SDC Exemption program is a good example of a great public policy tool that is underleveraged because of current market conditions.

It is our hope that Council, Portland Housing Bureau, and the city's SDC-collecting bureau's will support raising existing SDC Exemption income qualification standards by 20% for at least 5-years. This would set a new income cap at 120% MFI for homeownership products, and 80% MFI for rentals while also shortening the timeframe for income restrictions from 60 to 15 years.

We know that this modest change will help more first-time homebuyers and lower-income renters find stable housing options. It will also balance negative impacts of a high-interest lending market, ultimately increasing our city's housing stock. Importantly, the impact on city's budgets is likely to be minimal as the number of SDC waivers being utilized are far below past assumptions—due to fewer buyers being able to qualify and less commercial development occurring in the multifamily space.

As written, the city's SDC Exemption program allows builders to exempt SDC fees if a development is sold to a buyer earning below 100% MFI. For rentals, the units exempted must be income-restricted at no more than 60% MFI for at least 60-years. These caps, paired with high interest rates, render the exemption program unfeasible. Buyers at 100% MFI no longer have the purchasing power they once did, and financing for rental projects that require a 60-year income restriction make them dead-on-arrival.

The City of Portland has been a leader in Oregon, offering many programs designed to encourage housing production, affordable homeownership, and stable housing options for renters. We believe that these small tweaks to who can qualify for these programs will further the impact that we know council and the city so desperately wish to fulfill.

Thank you for your consideration.

Preston Korst
Home Building Association

Jon Issacs
Portland Metro Chamber

Amy Ruiz
Oregon Smart Growth

Michele Gila
PMAR