



Increasing Density: Balancing Needs to Find A Sweet Spot

July 2023

Home Forward's primary goal

Portland's affordable housing crisis continues to be more visible in recent years and the increasing need for safe, stable housing is a day-to-day reality for thousands of individuals and families. Portland voters and those throughout Metro's three-county region approved funding measures to help: Portland's 2016 affordable housing bond (www.portlandhousingbond.com) and Metro's 2018 bond measure (www.oregonmetro.gov/public-projects/affordable-housing-bond-program) have already provided essential design and construction resources allocated to other developments. As a public corporation and privately governed housing agency serving the region within Multnomah County, Home Forward strives to increase housing opportunities by working closely with jurisdictional partners.

The agency's strategic plan, soon to undergo a five-year update, will continue to highlight needs for construction of new affordable homes. There is not a specific metric stating a number of homes that Home Forward's development department will achieve in any given year. We currently have four major redevelopments under construction and four major projects in the pipeline at various stages of design and financing. In addition, large scale maintenance projects are continuously underway to ensure current properties remain healthy places to call home.

Balancing needs for increased housing within primarily single-family neighborhoods

Change is often hard for most of us and change in density that includes new multifamily apartments can be difficult. This is especially true in neighborhoods that view themselves as primarily single-family in character. Yet Portland's zoning code has anticipated increased population needs for greater housing density throughout the city. The Peaceful Villa site is zoned in a way that could accommodate about 500 apartment homes. Home Forward has never proposed building at the top of this allowable range.

A complex balancing of factors goes into our discussion of density and there is no simple formula. In addition to zoning code provisions, factors may include:

- Site characteristics such as overall acreage, slope, and other physical constraints
- Cost-effective design and construction savings
- Cost-effectiveness for property management and resident services to provide supports
- Availability of funds and requirements by funders

Site characteristics and community engagement

Given recent redevelopments of relatively similar sizes, the design team began with an estimate of between 160-200 units as a reasonable density for this four acre site.

- Our initial design included 187 units; the current design has been downsized to 166 units.
- This 11% reduction in the number of affordable homes results in over 40% more on-site parking spaces.
- Based on feedback heard in community sessions we have reduced the areas where there are 4-stories on 46th Ave and softened the ends of the Clinton Street buildings with 2-story sections. The remaining 4-story sections are built into the slope which reduces the profile to the surrounding neighborhood.

Although a difficult decision to reach, we have listened to the concerns of our current Peaceful Villa residents and nearby neighbors to address fears about availability of on-site parking (**see Fact Sheet #1 – Parking and Traffic Concerns**).

Each of the two on-site parking areas have been expanded to add 17 more on-site spaces. This was accomplished by sacrificing 21 affordable homes and corresponding open space for future residents. The outdoor areas still provide livable spaces for residents.

- The architectural and landscape design intentionally reduce the building scale in a variety of ways along street frontages and abutting properties. Along Clinton Street the building steps down to 2-story height near neighbors and pedestrian paths. It also steps back from Clinton, visually reducing the building height while creating a public open space. The building similarly steps back along Woodward Street, creating resident-centered green space. The shorter ends of the building face onto 46th and 47th Avenues, maximizing visibility to open green space. Lastly, no units face into the adjacent neighboring properties at the NW corner of Peaceful Villa.
- Shadow studies (solar orientations) have been completed to show that in spring, summer and fall, when we experience the vast majority of direct sunlight, the shadows from Peaceful Villa do not impact neighboring properties.
- The new site design as of June 2023 is attached.

Design and construction savings

As with most construction, the concept of “economies of scale” applies to affordable housing developments. Costs to gear up for a construction project are similar for a mid-sized project or a larger one. Community spaces, resident amenities, property management offices, garbage rooms, mail areas, maintenance areas, and other non-unit spaces need to be built regardless of a total count 200 units or 160 units. Therefore, construction is more cost-effective when developing more units.

On-site management and resident services

A larger apartment development is more cost-effective for staff to manage. Peaceful Villa’s existing 70 units could only afford limited, part-time staff for property management and resident services. The current operations budget for the new development includes a full time manager, a full time assistant manager, maintenance staff and resident services to support the number of families that will be living on site. **(See Fact Sheet #4 – Property Management and Resident Services)**

Requirements of Funders

Depending on the source of funding, a requirement may include a particular cost per square foot calculation that is more cost-effective when spread over more units. Although the financing plan for Peaceful Villa is still in development, the following are examples of program requirements:

- **Oregon Local Innovation Fast Track (“LIFT”).** The LIFT program requires construction and architecture costs to be within a range of costs associated with similar project types around the state, and by increasing the density – as mentioned above – there is an opportunity for cost savings when considering economies of scale in construction.
- **Low-Income Housing Tax Credits (“LIHTC”).** The LIHTC program is the primary source of funding for affordable housing nationally. These are federal tax credits administered through individual state allocation processes. The development of affordable housing is not the same as major public works projects such as bridges, roadways, parks, or schools. Affordable housing projects are privately owned by limited liability partnerships, rather than by public entities such as the city, county, or state. Home Forward, as a public corporation, retains a role as the primary partner and typically becomes full owner after approximately 15-years.
- **Competitive funding cycles versus tax dollars.** Financing for affordable housing comes from competitive application rounds for funding availability rather than directly from a pool of taxpayer dollars that is set aside for maintaining and building roads, schools, bridges, etc. As such, there are distinctly different regulations and codes that apply to affordable housing projects during the development and planning stages than to traditional public works and public planning projects, including but not limited to, public engagement, public access, and environmental review thresholds. **(see Fact Sheet #5 – Community Engagement).** These competitive funding cycles also look for cost-effective ratios and economies of scale to ensure funds are benefiting the highest number of households.
- **Federal housing subsidy.** The US Department of Housing and Urban Development (HUD) provides revenues for each unit built. These revenues help to leverage the amount that can be borrowed in a bank loan to pay for the construction costs and permanent loan. The on-going subsidy for tenant rents is built into the pro-forma and additional units add to the project’s financial health and services.

HUD funding requires an environmental review process. Richmond Neighborhood Association will receive notification of the public review comment period. ■

Site Plan as of July 2023

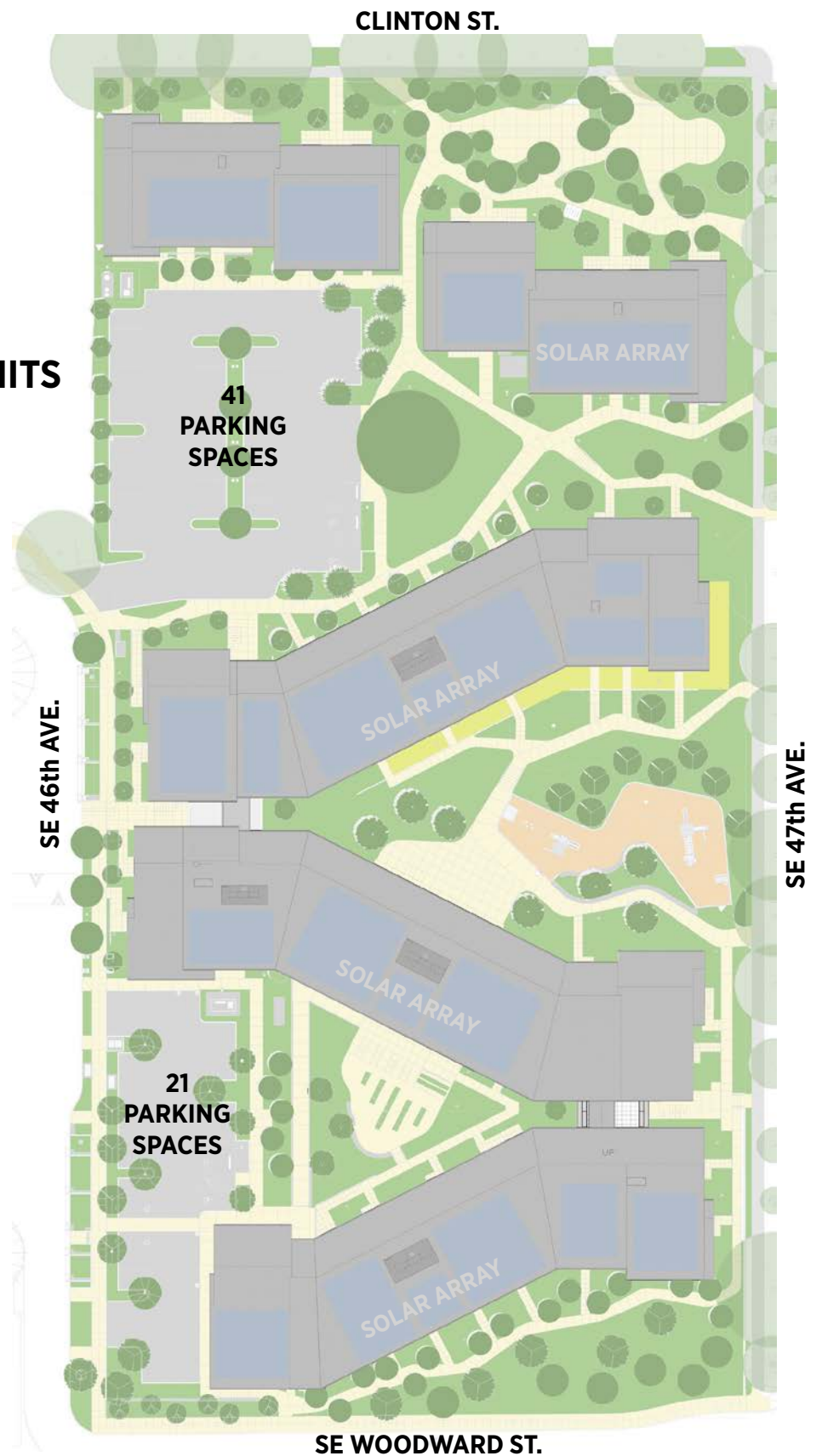
UNIT MIX:

STUDIO	14
1 BEDROOM	61
2 BEDROOM	53
3 BEDROOM	34
4 BEDROOM	4

GRAND TOTAL = 166 UNITS

TYPE A (FULLY ACCESSIBLE) = 17

TYPE B (ADA ADAPTABLE) = 149



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