A G E N D A

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

Meeting: **FUTURE VISION COMMISSION**

Date: August 22, 1994

Day: Monday

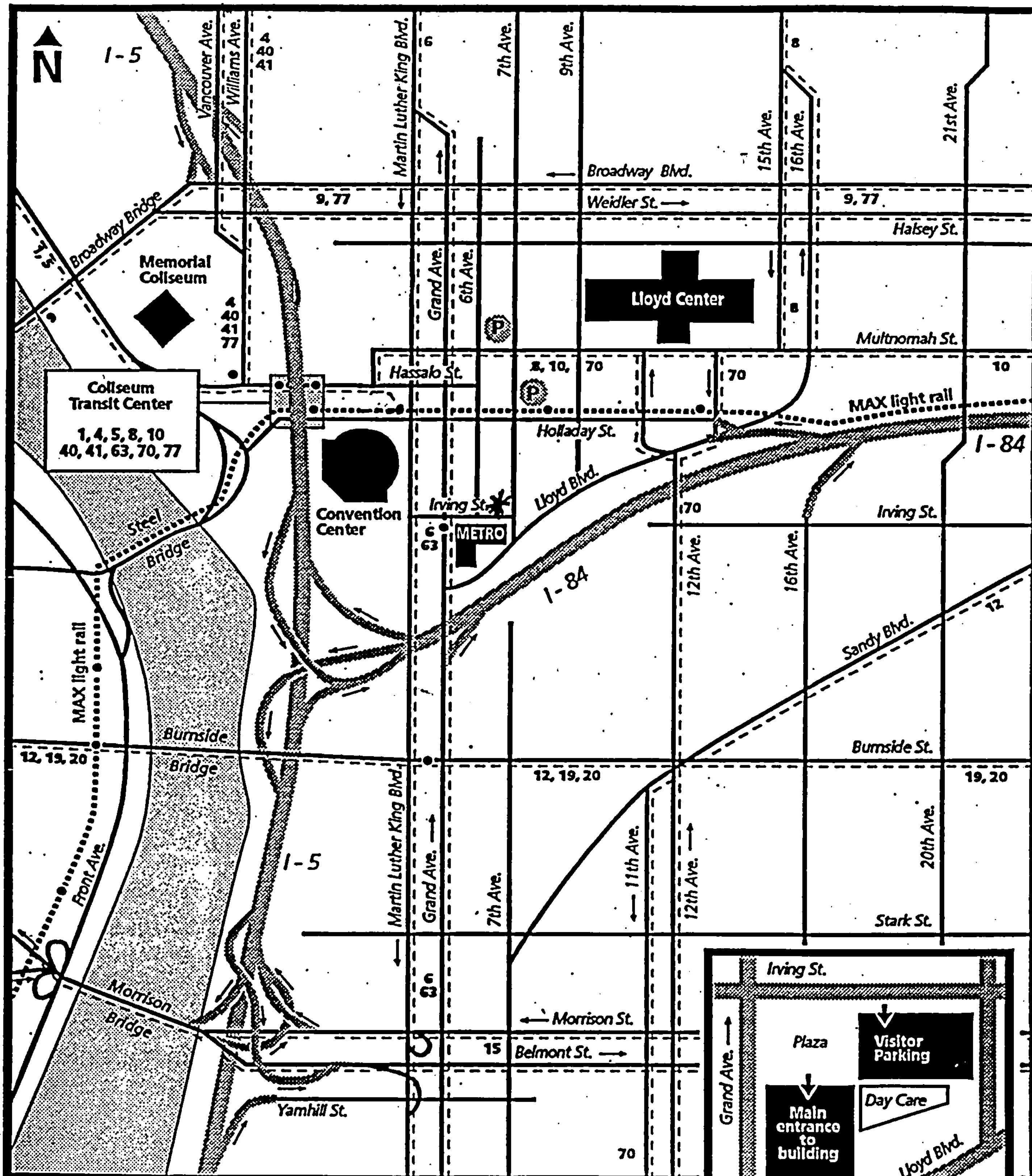
Time: 4:00 p.m. - 6:30 p.m.

Place: Metro, Room 370

	Approximate Time
1. CALL TO ORDER	15 minutes
2. ROLL CALL	
3. PUBLIC COMMENT	
4. OTHER BUSINESS	
5. MINUTES Minutes of July 11, 1994. Approval.	
6. WORKSESSION ◦ Carrying Capacity Discussion	135 minutes

Enclosures:
Memo from Len Freiser
Notes on carrying capacity from Robert Liberty
Memo and article on carrying capacity from Ron Weaver
* *Packet for 8/24 Metro Policy Advisory Committee meeting - panel on Affordable Housing.*

To assure a quorum members please R.S.V.P. to Barbara Duncan at 797-1562 if you are unable to attend.



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(P) = public parking; $2 half day, $4 full day

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FUTURE VISION COMMISSION

Meeting Summary, July 11, 1994

Members in attendance: Len Freiser, Chair; Judy Davis, Mike Houck, Wayne Lei, Peggy Lynch, Peter McDonald, Susan McLain, John Magnano, Ted Spence, Bob Textor.

Others in attendance included: David Ausherman, Glen Bolen, Andrew Cotugno, Barbara Duncan, Ken Gervais, Gail Ryder, Larry Shaw and Dr. Nancy Wilgenbusch.

I. Call to Order and Roll Call

The meeting was called to order at 4:15 p.m. by Chair Freiser.

II. Public Comment - none

III. Minutes

The minutes of June 27, 1994 were approved as submitted.

IV. Dr. Nancy Wilgenbusch on Education

Dr. Wilgenbusch spoke to the Commission about higher education and how that fits into the vision and education as a community necessity. Dr. Wilgenbusch presented the highlights of a paper completed by the "2040 Educational Visioning Committee" which was made up of presidents and chancellors of area colleges and universities [copies of the report are available from Metro].

Dr. Wilgenbusch stated that Metro, as a regional agency, may be the tool for coordinating educational information, collecting and disseminating information on educational needs and convening and facilitating cross jurisdictional forums on education.

The Commissioners discussed the presentation and conclusions. Concern was expressed about duplication of effort. Does Metro have the authority or ability to be a regional educational resource? Additional authority would need to be authorized and additional monies identified for such a project. Caution was expressed about the potential length of such a project.

Andy Cotugno stated that convening a regional forum is relatively easy but cautioned against wasting people's time.

Chair Freiser and the Commissioners thanked Dr. Wilgenbusch for the presentation.

V. Next Steps

Chair Freiser asked Ken Gervais to lead a discussion on the Commission's next steps. Ken Gervais suggested that the meeting on the 25th be used to sharpen and focus the Commission's thinking on some issues for the Joint MPAC/JPACT/Future Vision meeting on July 27th, such as the goal of no loss of Exclusive Farm Use (EFU) land, and the carrying capacity issue.

Ted Spence stated concern that the Commission may not have all of the data that is behind the staff recommendations.

Wayne Lei stated that he believed the Commission had already come to a conclusion on no-loss of resource lands.

Ken Gervais stated that the Commission's positions should be formalized by motions and votes of the whole Commission and backed with specific reasons and goals.

VI. Other

The Commission thanked Peter McDonald and his family for their generous hosting of the Commission picnic.
There will be a tour by the Oregon Small Woodlands Association on July 30th.
The Future Vision Commission brochure will be ready soon, a final draft was circulated for review.
Peggy Lynch related some information from a Washington County Council on Aging study on transportation.

The meeting was adjourned at 6:40 p.m.

Respectfully submitted by Barbara Duncan.

M E M O R A N D U M

METRO

Date: August 17, 1994

To: Future Vision Commission

From: Ken Gervais

Re: Affordable Housing Panel at August 24th MPAC meeting

Enclosed with this packet for your Monday, August 22nd meeting is the agenda packet for the Wednesday, August 24th Metro Policy Advisory Committee meeting. As mentioned at our last joint committee meeting, MPAC has arranged a panel of experts to look at affordable housing issues. Their discussion may be of interest to you.

A G E N D A

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

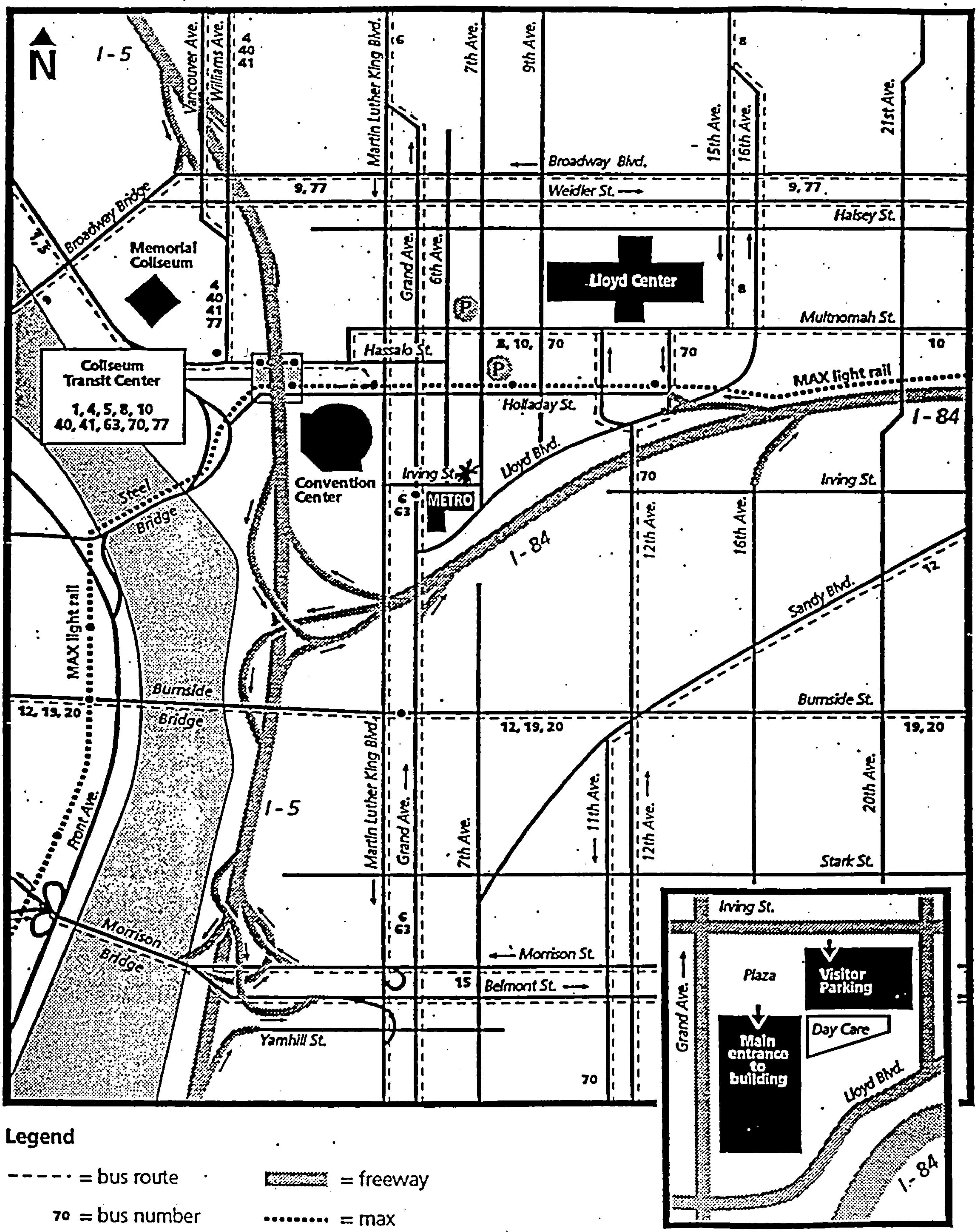
Meeting	**METRO POLICY ADVISORY COMMITTEE**
Date:	August 24, 1994
Day:	Wednesday
Time:	5:00 p.m. - 6:30 p.m.
Place:	Metro, Room 370

	Approximate Time
1. Call to Order	5 minutes
2. Roll Call	
3. Recognition	
4. Visitors' Comments on Items not on the Agenda	
5. Consent Agenda	
5.1 MPAC/JPACT/Future Vision minutes of July 27, 1994.	
6. Old Business	
6.1 Preferred Alternative - Update*. DISCUSSION	15 minutes
7. New Business	
7.1 Panel on Affordable Housing. DISCUSSION	70 minutes

Materials enclosed:
Myths and Facts about Affordable and High Density Housing
Regional Growth and Affordable Housing

* Materials available at the meeting

Members please R.S.V.P. to 797-1562 if you are unable to attend. Thank you!



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Metro Policy Advisory Committee

JOINT MEETING with the Joint Policy Advisory Committee on Transportation and the Future Vision Commission
July 27, 1994 - Meeting Summary

MPAC Members present: Gussie McRobert, Chair; Richard Benner, Richard Devlin, Rob Drake, Bud Farm, Charlie Hales, Judie Hammerstad, Bonnie Hays, Gretchen Kafoury, Richard Kidd, Susan McLain, Rob Mitchell, Terry Moore, Dan Saltzman, Jean Schreiber, Chuck Petersen, John Reeves and Jim Zehren.

Future Vision Members present: Len Freiser, Chair; Mike Houck, Wayne Lei, Robert Liberty, Peggy Lynch, Susan McLain and Bob Textor.

JPACT Members present: Rod Monroe, Chair; Earl Blumenauer, Rob Drake, Greg Green, Bonnie Hays, Craig Lomnicki, Dean Lookingbill and Susan McLain.

Others in attendance included: Pamela Alegria, David Ausherman, Lark Brandt, Maggie Collins, Margerette Cooney, Andrew Cotugno, L. Culbertson, Barbara Duncan, Matt Emlen, John Fregonese, Ken Gervais, Kimi Iboshi, Barbara Kanz, Ron Kappa, Jon Kvistad, Claudiette LaViet, Barb Ledbury, Charlotte Lehan, Mary Kyle McCurdy, Robin McArthur-Phillips, Leanne MacColl, Mike Martin, Andrew Miller, Katie Mueller, Sherry Oeser, Bob Palzou, Steve Pettit, Linda Phillips, Gail Ryder, Greg Scoles, Ethan Seltzer, Larry Shaw, Elana Stampfer, Philip Thompson, Tom Tucker, Mark Turpel, Merrie Waylett, Anne Weaver and Judy Wyers.

The meeting was called to order at 5:05 p.m. by MPAC Chair Gussie McRobert.

I. Introductions and Welcome

II. Visitor's Comments - none

III. Construction Excise Tax

JPACT Chair Rod Monroe distributed a July 27th discussion draft of an ordinance regarding a construction excise tax at a proposed rate of 11 or 12 cents per square foot. This tax would allow the current excise tax to be lowered from 7.5% to 6% and replace the revenue from the local government dues/regional service fees which will be refunded. The Council will hear this item at their August 11th meeting.

Jim Zehren asked how much of this revenue would go to planning activities.

Councilor Monroe stated that half of the planning department budget would come from the construction tax, the other half from the solid waste tipping fee. The funding is shared between a broad base regional tax and a fee on new development.

IV. Region 2040 Public Involvement Update

John Fregonese stated that there have been 17,000 responses to the Region 2040 mailing when we were hoping for 8,000. The written comments are being coded and samples of comments will be available. The Concept Report cost about $4.50 a copy to print.

V. Preferred Alternative
MPAC Chair McRobert and members agreed to hear this item first.

John Fregonese presented a briefing on the Draft 1 Preferred Alternative. The Conceptual map shows an idea of what type of map might be adopted and amended into the RUGGOs (Regional Urban Growth Goals and Objectives). The Preferred Alternative map is a draft for analysis that identifies where such elements as urban reserves and greenbelts might go.

The Draft 1 Preferred Alternative adds 17,000 acres to the current regional Urban Growth Boundary (UGB), which is only a 7.5% increase to allow for 50 years of growth. Some key elements of the Preferred Alternative are: centers connected by multi-modal centers, transportation will reinforce the land uses, a jobs housing balance is important. About 12,000 acres of the 17,000 are developable for housing after area is subtracted for streets, public use, steep slopes and flood plains. 39% of the 17,000 acres is Exclusive Farm Use (EFU) land.

Robert Liberty asked if the EFU number is strictly EFU or forest land also?

John Fregonese stated the forest lands are included in the EFU category. 28,900 acres of open space lands (buttes, wetlands, streams and slopes) were removed from the calculation of developable lands. Draft 2.1 will refine the open space designations in areas such as Tualatin. On the Central City, John Fregonese stated that the numbers for households density were originally too high and will be adjusted lower. On Regional Centers (the proposed centers are Hillsboro, Gresham, Beaverton, Milwaukie, Clackamas Town Center and Washington Square) are based on significant redevelopment of buildings in the centers capturing 5% of new households and 15% of new employment.

There was discussion about the public investment required to support six regional center areas. Beaverton and Gresham are already major centers that will continue to grow, they need to grow successfully.

John Fregonese discussed the definitions for Town Centers, Corridors and Nodes, and Neighborhoods One and Two.

VI. Comments on the Preferred Alternative
Chair McRobert stated that a number of groups requested to speak on the Preferred Alternative, they have five minutes each.

Councilor Gardner:
"I asked to comment because I was thinking back to a similar process that many in this room went through when the region spent a couple years of planning and adopting RUGGOs, the Regional Urban Growth Goals and Objectives, which in a way became the basis with which we have moved forward to 2040. It got me thinking about some of the legacy that we enjoy from past decisions, from decisions people made long before our lifetimes. A lot of what we love about this region is its natural beauty, but a heck of a lot of it is also the built environment and the result of the decisions that were made a long, long time ago. A famous one way back when Portland set aside Forest Park, for example, or even before that when the city was laid out in 200 foot blocks instead of larger blocks, decisions that at the time may not have seemed that significant, but in the long run have turned out to be. Oregon, many of you may not know, was the first state in the union to adopt a gas tax, in 1919 to improve roads, in a few years every other state had done so. That ultimately led to the financing mechanism for our transportation system. A lot of other decisions were more recent, like Senate Bill 100 and the beach preservation and the Bottle Bill, things that not only we are going to see the legacy of,

but also generations to come. That is really the point we are at right now in the region. Oregon as a whole, and particularly this metropolitan area, has a reputation for planning well, progressive planning and being able to look forward. We are making a decision now that goes way beyond "it's not in our term of office", this will have effects not in our lifetime. It is the kind of decision that I hope we can get some sort of super-human inspiration for. I use that term not to be ecumenical, but we do need some inspiration to go beyond our individual span of knowledge and experience right now. I just hope that we realize that and do that. There is a tremendous spirit that I felt when we developed the RUGGOs and led up to adopting them, a spirit of cooperation. The region realized, maybe not for the first time, but in the clearest way that we're all in this together and that we are all going to prosper or not based on collective decisions. I hope we can keep that spirit, and not just as we move to a decision in the next few months but over the next few years, and try to live up to that. Long after we're gone people in this area will look back and either say "boy, they were really smart back then" or they will say "boy, they were really idiots". We won't know what they say, but let's hope that they will say somebody was looking out for them, way back then."

Future Vision Commission

Robert Liberty presented the Commission's comments on the Preferred Alternative. The Commission was pleased to note the following similarities between the Preferred Alternative and the draft Vision document:

- downtown Portland shall continue as the cultural and economic center of the region.
- people have housing and transportation choices.
- development occurs mostly in clusters and along corridors to encourage transit use.

Robert Liberty stated that the Future Vision Commission also believes that Clark County is an integral part of the region and Vancouver, Washington should be a regional center. On the issue of Urban Reserves the Commission notes that the Charter mandates the Vision document to address the carrying capacity of the region and maintenance of a desired quality of life. The Commission adopted a principle that any UGB expansion should not be allowed on lands now zoned for farm or forest use. The Preferred Alternative now identifies 7,000 acres of EFU or farm/forest land as Urban Reserves, this is inconsistent with our principle.

Commissioner Hales asked how growth can occur in clusters if you allow no EFU conversion?

Robert Liberty stated that the Vision document will probably not get into that level of detail.

Commissioner Hays asked if the Future Vision has had public input on the Vision?

Peggy Lynch stated that Commissioners are doing their own outreach, the draft is being sent to community stakeholders and people who requested the Region 2040 Concept Report, an informational brochure on the Commission has been printed.

Councilor McLain stated that public involvement funds are earmarked and that effort should take place when it is appropriate.

Councilor Schreiber stated that the responses to the 2040 tabloid was a vehicle for the public to comment on their "vision for the future", the Commission should use that data.

Bob Textor reminded MPAC and JPACT members that their comment on the draft was welcome.

State Agencies

Richard Benner of the Department of Land Conservation and Development stated that six state agencies - DLCD, the Department of Transportation, the Department of Environmental Quality, the Department of Housing and Community Services, the Department of Energy and the Department of Economic Development - had combined their response to the Preferred Alternative. [Written comments were distributed]. Richard Benner thanked all involved for their efforts thus far which advance regional planning statewide. The state agencies represented endorse the four elements in the Preferred Alternative as follows and encourage them to be taken even further in the second draft:

- smaller lot size
- reduced parking spaces
- density along corridors and at transit stations, and
- growth in centers.

Richard Benner stated that the UGB should only be expanded as much as is necessary if jobs or housing cannot be accommodated in the current area. Urban Reserves should be kept at a minimum. There is concern regarding the neighbor cities project, and the implications of those cities' potential UGB expansions. The state is sponsoring a series of meetings that will culminate on October 21 at the Willamette Valley Initiative.

Commissioner Blumenauer stated that it is very noteworthy that state agencies have gone to such an effort to consider and communicate about a regional effort. Follow up could include an addendum, Intergovernmental Agreement or Memorandum of Understanding.

There was discussion of industrial lands and industrial sanctuaries, and surface water quality management.

Transformers

Rex Burkholder of the Bicycle Transportation Alliance presented a slideshow on behalf of the Transformers, an ad-hoc group representing the BTA, 1000 Friends of Oregon, the Sierra Club, the Portland Audubon Society, Common Sense, Oregon Environmental Council, the Policy Initiative Group, Sensible Transportation Options for People, the Urban Streams Council, and the Willamette Pedestrian Coalition. The slideshow addressed some ideas that members of these groups and many citizens of the region hold in common including:

- maintaining the current UGB
- a commitment to walkable and bikeable neighborhoods
- building a comprehensive regional transportation system
- create and encourage policies that reduce sprawl and auto-dependance, and
- preserve green and open spaces, air and water quality.

Greenbelts, transportation connections with neighboring cities, jobs/housing balance and use of EFU land were issues also discussed.

Tom Tucker, a member of Population Limitation for Unlimited Sustainabillity, stated that the Concept Report is well written but omits the issue of population policies. The *Evaluation of No-Growth and Slow Growth Policies* report stated that cities have failed in their attempts to slow growth, but nowhere has a metropolitan region attempted to curtail growth.

Peggy Lynch stated that the Future Vision Commission is going to be discussing carrying capacity.

Ms. Grant stated that the Preferred Alternative does not address North and Northeast Portland as a regional or town center, and she mentioned that the tabloid shows white children only on the cover photo. There is a lot of vacant land in North and Northeast Portland.

John Fregonese stated that on the Eastside of Portland, the Main streets form the town centers, Belmont, Division, Hawthorne, Martin Luther King, Jr., Alberta, Interstate and St. Johns is a town center. The vacant land that is near a transportation corridor was upzoned for higher density in the 2040 plan.

VII. Next Meeting

Chair McRobert led a discussion of the next meeting and a panel on affordable housing for the second September meeting. Another joint meeting will be called in September for further work on the Preferred Alternative.

The meeting was adjourned at 7:00 p.m.

Respectfully submitted by Barbara Duncan.

myths & FACTS

ABOUT AFFORDABLE AND HIGH-DENSITY HOUSING

In the past 20 years, California's housing prices have steadily outpaced its residents' incomes. Housing production hasn't kept up with the influx of new families from around the world and household growth within the state. And the location and type of new housing does not meet the needs of many new California households. As a result, only one in five households can afford a typical home, overcrowding doubled in the 1980s, and more than two million California households pay more than they can afford for their housing.

Meanwhile, the federal government has dramatically cut back programs that used to help local governments accommodate new growth. Voter-imposed property-tax and spending freezes have further constrained local governments from responding effectively to new growth. Infrastructure funding now comes from new growth. And affordable housing development, while still funded in part by the federal government, also requires a larger local commitment than ever before.

Against this backdrop, it should surprise no one that many communities no longer accept population growth with open arms. When anyone proposes the development of affordable or multi-family housing, ambivalence about growth often shifts to hostility. And hostility feeds and strengthens certain myths, deep emotional perceptions of how the world works. Myths—important sources of meaning in all societies—provide shared rationales for community members to behave in common ways; they have a strong moral component, with clear lines between right and wrong. Although myths are sometimes positive, they can also serve as shields for deeper and uglier motivations: racism, fear of outsiders, greed.

When people argue against new high-density and affordable housing, they often use myths to convince decision-makers that the new development and its residents don't belong there. Traffic will be too heavy and schools will grow overcrowded. The buildings will clash with existing neighborhoods. The people won't fit in. Maybe they'll even be criminals.

Opponents often truly believe these myths. But it's essential to counter these myths with facts. California desperately needs new affordable housing to reverse recent increases in overcrowding and overpayment. We also need new high-density housing to support economic recovery; to accommodate new workers and their families; and to economize on infrastructure costs, while preserving open space and cutting down on the distance between new homes and new jobs.

Fortunately, the facts of California's recent experiences with high-density and affordable housing often contradict the myths. We can now begin to rely on this recent experience to reassure concerned residents that the myths don't have to come true.

High-density housing is affordable housing; affordable housing is high-density housing.

This myth expresses an essential truth: more units per acre mean lower land costs per unit, especially if local governments allow builders meaningful density bonuses. And smaller units cost less to build than larger ones. To encourage housing affordability, California cities do need to promote higher densities.

But we also know from experience and observation that not all high-density housing is affordable to low-income families. San Francisco's Nob Hill and Telegraph Hill, Los Angeles' Wilshire Corridor, and high-rises in downtown San Diego are all examples of upper-income areas where housing densities are quite high. Similarly, most Californians know that low-density neighborhoods often accommodate people of modest means. The residents of these neighborhoods often moved there shortly after the homes were built several decades ago—and before the huge escalation in California's home values that began in the early 1970s. With assistance, many families with limited incomes will continue to buy homes in these neighborhoods. Many other low-income households will continue to rent single-family homes, because they offer more space.

For the most part, of course, low-density neighborhoods offer more expensive housing than high-density areas. Detached homes cost much more to buy than apartments and condominiums. Among new units, the difference is even more striking; new high-density units are much more likely to be affordable than new single-family units.

Density is not always enough, however, to ensure affordability. Local governments must intervene with programs and additional concessions if they wish to ensure that new high-density units are also affordable. For a list of resources on affordable housing techniques, see "Resources: Making housing more affordable," at the end of this report.

myth High-density and affordable housing will cause too much traffic.

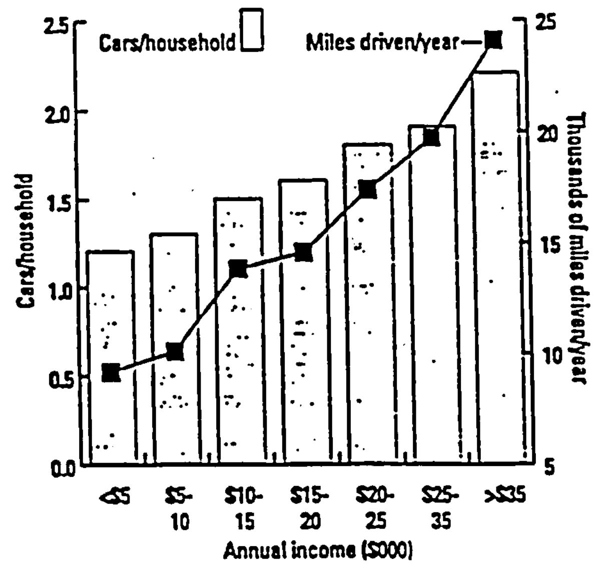
People who live in affordable housing own fewer cars and drive less. In California's six largest metropolitan areas, two-thirds of renters and over three-fourths of the households living below the poverty line own no vehicles or only one car, compared to 54 percent of all households and 44 percent of homeowner households.[1] With lower car ownership rates come fewer trips, and fewer single-occupant auto commutes. In the San Francisco Bay Area, the Metropolitan Transportation Commission found in 1980 that low-income households make an average of 3.6 trips per day, compared to 6.8 trips per day for medium- and 9.9 per day for high-income households.

Recent traffic growth owes much to existing development. In the 1980s, car ownership increased and existing residents drove more, as incomes rose and women entered the workforce in record numbers. For example, in the San Francisco Bay Area, vehicle-miles traveled grew by 66 percent between 1975 and 1987, while population increased only 19 percent.[2]

In many high-density neighborhoods, and in most neighborhoods with a mix of housing types, traffic isn't a big problem. Fewer auto trips occur in higher-density areas. In a neighborhood of 15 homes to the acre, one third fewer auto trips occur, compared to a standard suburban tract.[3] A 1990 study in Sacramento, by that area's Council of Governments, found that multi-family developments have lower car ownership rates—1.3 cars per household, as opposed to two per household in single-family tracts.

High-density housing can encourage retail development and ease walking & transit use. Mixing housing with commercial development is ever more crucial for traffic control, since non-work trips constitute the largest number of trips. In 1990, over three-fourths of trips in Southern California were non-work trips.[4] With high-density housing, stores serving neighborhood residents move in, allowing residents to walk to buy groceries or to the dry cleaner instead of driving there. Transit connections also become more common when neighborhood density increases, because transit is only cost-effective at densities above eight or 10 units per acre.[5]

Low-income households own fewer cars, drive less



Source: U.S. Energy Information Administration, *Residential Transportation Energy Consumption Survey, Consumption Patterns of Household Vehicles 1985* (Washington, DC: USGPO, 1987), Table 3, page 30.

Myth

High-density development strains public services and infrastructure.

Compact development offers greater efficiency in use of public services and infrastructure. Higher-density residential development requires less extensive infrastructure networks than does sprawl. California developers must usually pay for sufficient infrastructure capacity to serve their own projects. When communities cannot take advantage of scale economies in providing infrastructure, extension costs rise. High-density housing helps provide scale economies both in trunk lines and in treatment plants.[6] The lower costs per unit of housing can be passed on to new residents, and the smaller debt load can help ensure fiscal stability throughout the community.

Infill development can sometimes take advantage of unused capacity in public services and infrastructure. Communities can save taxpayers and new residents money when they allow housing construction where infrastructure and service capacity is yet to be used or has already been paid for. Indirect evidence suggests that existing urban areas generally have more slack capacity than new communities.[7]

Higher-density infill residential development can translate to higher retail sales. By approving new high-density development in infill locations, communities can revitalize stagnant commercial districts and increase taxable sales—the primary source of revenue in most California jurisdictions.

Myth

People who live in high-density and affordable housing won't fit into my neighborhood.

People who need affordable housing already live and work in your community. According to government definitions of affordable housing, families should devote no more than 30% of their income to rent or mortgage payments and utilities. "Affordable housing" often simply means housing whose residents don't pay too large a share of their incomes on rent or a mortgage.

Families earning less than four-fifths (80%) of the area's median income are officially "lower income" households; families earning less than half of the median are known as "very low income" households. For example, a starting elementary or high-school teacher in Mountain View (Santa Clara County), with a gross monthly income of around $2,000, can afford to pay $600 a month in rent—which qualifies as low-income if the teacher lives alone; if the salary must support a spouse and a child, the family would be a very low income household. A starting air-traffic controller in San Diego County, with income barely higher than $20,000 a year, would also qualify for affordable housing. Librarians, sheriffs' deputies, nurses, fire fighters, and many other vital members of our communities: they all need affordable housing.

People motivated by these concerns may just need to "meet" the residents of high-density and affordable housing. Residents often have been members of the community for a long time, and will continue to make contributions to their neighborhoods. For a list of resources that can introduce people to those who live in high-density and affordable housing, see "Resources: Meeting the residents of affordable housing," at the end of this report.

High-Density and Affordable Housing Help Balance Silicon Valley

In the 1980s, high-technology firms created thousands of jobs in Silicon Valley, but housing construction did not keep pace. New workers had to commute long distances to reach their jobs. As a result, Silicon Valley suffers from some of the worst traffic in California—and from the state's highest housing prices. In the late 1980s, San José set out to clear traffic and ease the housing shortfall by changing its land-use policies.

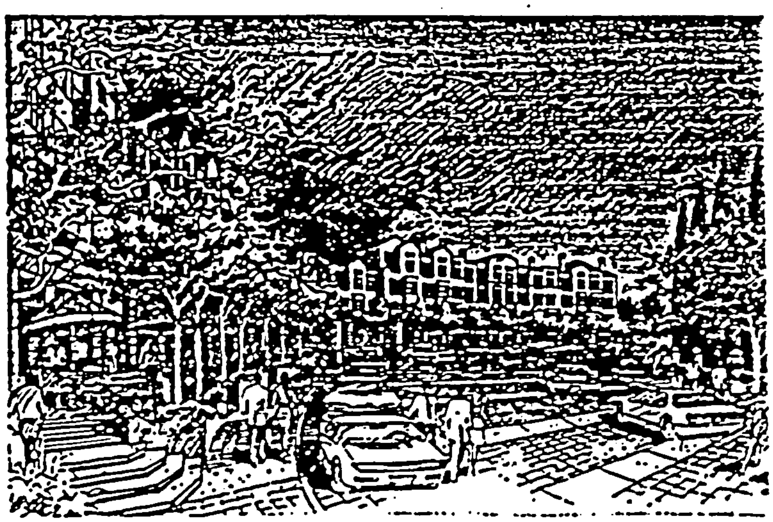
The Renaissance project, on a 56-acre site in north San José, was originally designated for research and development. It had enough infrastructure—including a wide road and convenient access to planned light-rail—to handle a large number of new jobs. In 1991, Renaissance Associates, a partnership between General Atlantic Development and Forest City Development, proposed with the landowners that San José rezone the site for over 1,500 moderate- and high-density rental apartments and for-sale townhomes, neighborhood retail, and a day-care center. San José readily agreed.

The project developers started work early with neighbors living in an existing single-family development on the site's northern boundary to provide appropriate transitions into Renaissance, while making best use of the large existing road. In response to neighbors' concerns, the developers located the lowest-density townhome component adjacent to the existing residences, and provided ample setbacks between the new attached homes & the 1950s-vintage single-family homes. The developers responded to concerns about traffic by cancelling initial plans for a through street that would connect the existing neighborhood with Renaissance Village.

This high-density development shows that oft-repeated myths about the effects of high-density housing on public services and transportation aren't always true. San Jose's ambitious plans for employment development in the area led the city to require the construction of more infrastructure than was eventually necessary both on the site itself and in neighboring areas of the city. Later, the city determined that it could alleviate traffic throughout its road network by shifting the location of new residences and workplaces.

The composition of the project itself, with over 250 affordable apartments, market-rate apartments, and attached ownership units, further assures balance between the housing and Silicon Valley's new jobs. And the site design, which features pedestrian-friendly walkways and easy connections to the Tasman Light Rail, will allow Renaissance Village residents to leave their cars in their garages altogether.

The development also shows that, with advance planning and sensitivity to neighbors' concerns, NIMBY sentiments can be prevented. The neighbors and the developers displayed an attitude of openness that ensured both a smooth approvals process and a better project.



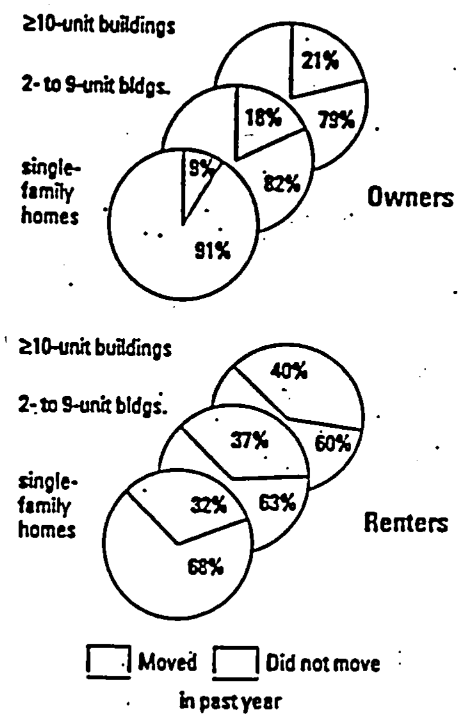
Renaissance Village will provide medium- to high-density apartments and townhomes for north San José and the rest of Silicon Valley.

Residents of affordable housing move too often to be stable community members.

Housing type is much less important in determining mobility than tenure. Renters move more often than owners do, whether they live in single- or multi-family housing. Once tenure is accounted for, the difference between the housing types is almost meaningless, especially for renters. (See chart.)

When rents are guaranteed to remain stable, tenants move less often. According to San Francisco's BRIDGE Housing, annual turnover in their affordable projects is less than 10 percent annually. And in 1989, only 26 percent of California households renting government-assisted housing had moved in the previous year, compared to 38 percent of unsubsidized renters. These statistics make it clear that, far from creating transient communities, local governments that approve permanently affordable housing may be helping their communities become more stable.

Tenure much more important than density in recent moves



The majority of both renters and homeowners in California metropolitan areas move less than once a year. Homeowners move less often than renters, but even renters move seldom enough to form long-term ties to neighbors.

Source: U.S. Dept. of HUD, American Housing Surveys for San Francisco-Oakland (1989), San Jose (1988), Los Angeles-Long Beach (1989), San Diego (1987), Riverside-San Bernardino (1990), and Anaheim-Santa Ana (1990).

Affordable housing reduces property values.

No study in California has ever shown that affordable housing developments reduce property values. Many have been done. For instance, a new study of six projects built by San Francisco's BRIDGE Housing Corp. in the 1980s shows that only one of the projects has had any influence on the values of nearby properties—and in that case, BRIDGE's project was actually associated with *higher*, not lower, property values.[8]

This result reaffirms decades of extensive research. In 1988, the California Department of Housing and Community Development reviewed research projects on the subject carried out between 1960 and 1986. In 13 of 14 studies, subsidized and manufactured housing had no negative effect on property values. In some cases, assisted housing was even associated with higher property values. None of the four California studies included in the survey showed a negative relationship between property values and affordable housing.[9]

SAN PAULO

Good Design Beats NIMBYism in Irvine

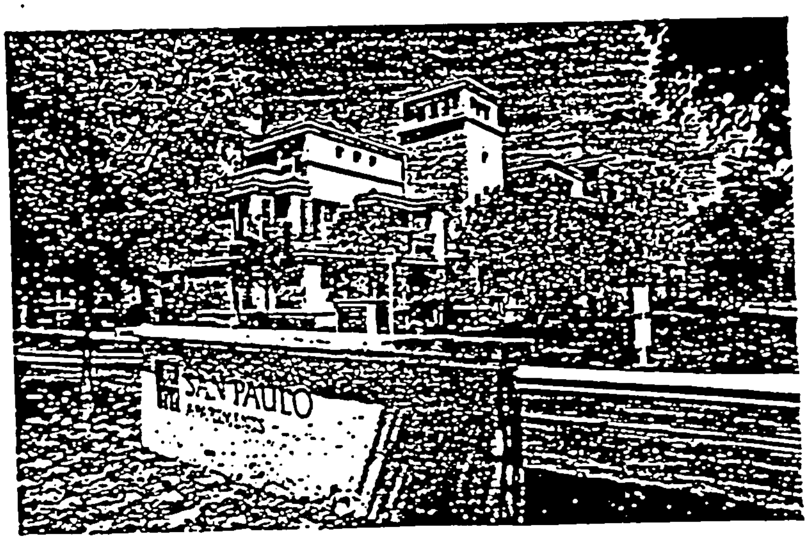
The City of Irvine, one of California's largest planned communities, added tens of thousands of new jobs in the 1980s as the information economy boomed. But the city's housing supply—especially housing for families with modest incomes—could not keep up with its job creation. In late 1990, the City and The Irvine Company, which owns all the undeveloped land in the city, identified a 15-acre multi-family site as appropriate for new affordable housing.

To ensure that such a large and prominent new development would fit into "Westpark Village," the Irvine neighborhood that surrounds it, The Irvine Company contacted the Costa Mesa–based architecture firm of McLarand Vasquez & Partners (MV&P). MV&P, which had also designed the dense and highly popular Corte Bella townhomes across the street from the project site, designed San Paulo's 382 units in 27 separate buildings, with flats and townhomes of various sizes. San Paulo's overall density reaches about 25 units per acre, with room left over for two swimming pools, generous landscaping, a tot lot, and numerous features to smooth the transition from San Paulo's surroundings into its highest-density areas.

To show the city's residents that affordable housing and its residents belong in Irvine, The Irvine Company also met early with Westpark Village residents. The neighbors were won over by the open process and the high-quality design. The Irvine Company and the City emphasized that San Paulo's residents would be members of the Irvine community. Teachers, firefighters, and other essential contributors to the city's life previously forced out of the city by its high housing prices would find an affordable place to live if San Paulo were approved.

Also key to the project's success was the participation of its non-profit partner, San Francisco's BRIDGE Housing. BRIDGE provided vital advice on affordable housing to the other members of the development team, assisted in the City of Irvine's approval process, and coordinated the project's financing, which came from city & county sources and state-authorized bonds and tax credits, with credit enhancement by Sumitomo Bank, Ltd. Forty percent of the units will be affordable to families earning less than half of Orange County's median income of $56,500; another 50 units are also designated as affordable to low- & moderate-income families.

In Irvine, the developer, architect, non-profit partner, and city staff needed to overcome one key obstacle: unfamiliarity. Residents' preconceptions fit the myths—and not the reality—of today's mixed-income, non-profit sponsored affordable housing. By being sensitive to both the design of surrounding developments and neighboring residents' desires to feel included in decisions, the development team has created a successful model for emulation throughout southern California.



San Paulo: High-density, affordable housing enhances Irvine's community character.

High-density and affordable housing undermine community character.

New affordable and high-density housing can always be designed to fit into existing communities. Density, as measured in units per acre, can be a deceiving measurement, but new housing at between 20 and 50 units per acre can be designed to fit in most California communities. The best way to convince people of this is to show them how well new housing can fit into their neighborhoods. (See "Resources: Increasing housing densities," at the end of this publication, for a list of slide shows and videos.) Communities can also achieve higher densities by filling in the existing urban fabric with second units, duplexes, and conversion of outmoded or abandoned commercial buildings. Local governments must often encourage infill by reducing regulations and restrictions.

New affordable housing differs little or not at all from any other development. When BRIDGE Housing opened its affordable Pickleweed housing development in upscale Mill Valley, potential buyers for neighboring condominiums mistook Pickleweed for the market-rate project. And when Habitat for Humanity built its self-help project in Rancho Santa Margarita, local developers and subcontractors contributed materials identical to those used in nearby market-rate homes. Thanks to sensitive work by experienced architects, the new townhomes fit in perfectly (see case study). These developments are proof that "affordable housing" doesn't mean high-rise slums.

High-density doesn't mean high-rise. When most people hear "high-density housing," they imagine "high-rise housing." But in most California cities, the market won't even support high-rise housing. More often than not, "high-density" development now means two- or three-story woodframe garden apartments that frequently are similar in scale to large-home luxury housing.

High-density and affordable housing increase crime.

Density does not cause crime. For many years social scientists have asked whether high-density housing causes crime. Not one study has shown any relationship between population or housing density and violent crime rates; once residents' incomes are taken into account, the effect of density on non-violent crime decreases to nonsignificance.

Scattering affordable housing helps check crime. In areas comprised mostly of low-income housing—particularly those areas lacking jobs, responsive police, and community services—crime can be higher. Local governments can help blunt the effect of such concentrations of low-income housing in any one place by accommodating their share of the state's need for new affordable housing, by encouraging the development of affordable apartments and duplexes in scattered locations, and by approving mixed-income residential developments.

Management and design are key. Local governments can also help protect the entire community—including new affordable housing residents themselves—by attending to details at the project level. Most important is effective professional management on site, with strong tenant-screening and good security systems. Design, too, can play an important role in protecting residents and neighbors of high-density or affordable housing, especially by ensuring visibility. New developments should also contain a mix of unit types to accommodate different kinds of households. When residents have different occupations and family types, there will probably also be someone home in the development almost all the time.

Partnership Builds Community in Orange County

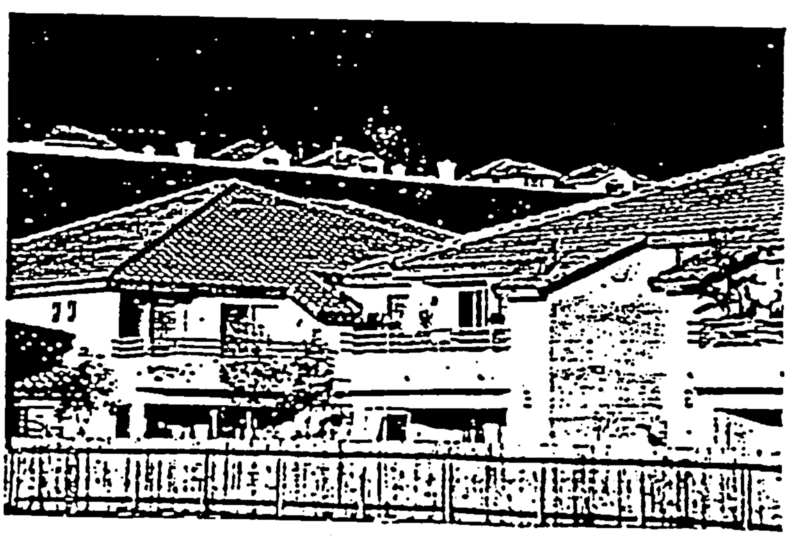
After The Fieldstone Company received its development approvals in the Orange County new town of Rancho Santa Margarita, it decided that the area also needed new affordable housing for low-income homebuyers. Working poor families, earning between $12,000 and $20,000 a year, lacked the resources to buy a home in one of the country's least affordable housing markets.

Fieldstone decided to work toward this goal with the Orange County chapter of Habitat for Humanity. Habitat, for several years one of the nation's largest non-profit homebuilders, usually develops a few homes at a time in built-up neighborhoods. Relying on at least 600 hours of "sweat equity" by prospective homeowners, donated time by community volunteers, and donated materials from local builders and businesses, the company has been responsible for the construction of over 20,000 homes since 1976 with no government subsidies. "Cariño Vista" would differ from this pattern. Its 48 stacked-flat condominiums would constitute the largest single-phase project in Habitat's history. Its location on a two-acre site in a mostly vacant portion of a newly planned community would also break from Habitat's mostly infill orientation.

Luckily for Fieldstone and Habitat, the landowner—the Rancho Santa Margarita Company—still had development capacity that it didn't plan to use, and allowed Fieldstone to use some of that capacity to build Cariño Vista. Additionally, Fieldstone drew strong support from Orange County, which expedited permit processing and waived costly fees.

Cariño Vista's architecture, by Clark Forest Butts of Berkus Group Architects (Irvine), fit carefully into Rancho Santa Margarita. Clark drew on the design of the large single-family homes overlooking the project to determine the site-plan and exterior design of the townhomes, and added design features—hip-roof construction, one-story units on the edges, and recessed stairways—to reduce massiveness. Fortuitously, the donated materials included stucco and roof-tiles that were exactly the same as those used in construction of the neighboring single-family homes. As a result, the similarity between the affordable townhomes and luxury dwellings did not end at the outlines of the homes; it extended all the way to the color.

To facilitate integration of the new residents with the rest of the neighborhood, The Fieldstone Company and Habitat for Humanity sponsored picnics and other social events. Former President Jimmy Carter, a longtime Habitat supporter, was on hand for the groundbreaking, increasing both visibility and acceptance for the project. And Fieldstone chose the project's name to help it fit into Rancho Santa Margarita, where many neighborhoods are "Vistas." All these elements encouraged existing residents to begin thinking of Cariño Vista's residents as members of the community even before they moved in.



Affordable housing fits into Rancho Santa Margarita: Habitat's Cariño Vista with neighboring single-family homes in background.

CONCLUSION

In the 1990s, California's persistent affordable housing shortage has become so commonplace that it seems natural. Planners and elected officials must stop believing another pervasive myth: that they can do nothing to create affordable housing. This document shows that many California communities have stopped believing that they lack the creativity, resources, and will to house all those who need shelter. And as a result, they have established that, in fact, California communities can become more open, more accepting, and better places for old-timers, new immigrants, or their own children.

RESOURCES

Some communities will need to see more specific examples of good high-density and affordable housing before being convinced that they can live with it. In other cases, residents may need to meet people who live in affordable housing. And almost universally, local governments and planners need advice and information about how best to ensure the construction of new affordable and high-density housing in their communities. Luckily, more and more resources—books, pamphlets, handbooks, slide shows, and videos—are becoming available. This list includes only a few resources; those interested are encouraged to contact the California Department of Housing and Community Development (916/445-4728) for ordering information on most of these publications and for additional suggestions.

Making housing more affordable

- *Blueprint for Bay Area Housing.* A 1989 publication of the Local Housing Element Assistance Project (LHEAP), this handbook contains a directory of housing programs, including regulatory and land-use techniques; special housing innovations; and affordable housing tools. Also includes examples of many programs with names of contacts. Available from HCD for the cost of reproduction and mailing; for more information, call HCD at 916/445-4728.
- *Affordable Housing Slide Show.* This 1989 slide show, also from LHEAP, focuses on the San Francisco Bay Area, on techniques for achieving housing affordability; available on loan from HCD for the cost of mailing plus a deposit. For more information, call HCD at 916/445-4728.
- *Affordable Housing Handbook.* A 1991 publication of the California Coalition for Rural Housing, this handbook offers an exhaustive list of programs and policies that local governments can use to ensure the construction, rehabilitation, and preservation of affordable housing. $5.00. To order, call CCRH at 916/443-4448.
- *Creating a Local Advisory Commission on Regulatory Barriers to Affordable Housing.* This 1992 publication by the US Department of Housing and Urban Development guides local governments that want to establish committees to identify and reform ordinances and policies that reduce the supply of housing and increase its costs. $4. To order, call HUD User at 800/245-2691.
- *Affordable Housing: Proactive & Reactive Planning Strategies.* This recent publication discusses both "affirmative" measures—such as inclusionary zoning, linkage, affordable housing finance, affordable housing preservation, and infill—and "reactive" measures, including

zoning and subdivision reform, growth management, impact fees, environmental legislation, and administrative reform. $29 includes shipping and handling. To order, call the Planners' Bookstore at 312/955-9100.

- *Affordable Housing: Restoring the Dream.* 15-minute video (1989) by the Urban Land Institute promotes cost savings in single-family housing through flexible development standards and expedited processing. $34.95 for non-ULI members. Order number A-17. To order, call 800/321-5011.
- *The Effects of Subsidized and Affordable Housing on Property Values: A Survey of Research.* Out of 15 published papers on subsidized housing, group homes for the handicapped, and manufactured housing, 14 concluded that this housing had no significant negative effects on the values of neighboring properties. Some reported positive property value effects. Free. To order, call HCD at 916/445-4728.
- *Second Units.* This paper, updated to reflect 1990 amendments to state law increasing the permissible size of second units, describes the advantages of and statutory requirements for the development of second units. Free. To order, call HCD at 916/445-4728.

Meeting the residents of affordable housing

- California Homeless and Housing Coalition: A 42-minute video, *Neighbors in Need,* documents the experiences of three organizations in establishing facilities for the homeless. The 1991 video features interviews with residents and clients, as well as with once-skeptical neighbors who now advocate for other similar facilities, in Hayward, San Mateo County, and Los Angeles. $15. To order, call 916/447-0390.
- *Realize the Dream.* The City of Fremont Housing Department produced a five-minute video, now available through the California Department of Housing and Community Development, introducing decision-makers and citizens to the residents of three of the city's bond-financed mixed-income apartment projects. Features interviews with residents of both subsidized and unsubsidized units. For information on how to obtain, call HCD at 916/445-4728.
- *We Call It Home: A Tour of Affordable Housing.* 16-minutes. Recent video produced by Marin County's Ecumenical Association for Housing (EAH) introduces several of EAH's projects and the people who live there, in Marin and Contra Costa counties. $15 to purchase, postage costs to borrow. Call Betty Pagett at 415/258-1800.

Increasing housing densities in new and existing development

- *Compact and Balanced Development: Designs for California Living.* This 15-minute video by the American Institute of Architects California Council provides tangible examples of infill and higher-density developments that enjoy community support, and highlights the role of local governments in their approval and construction. AIA members: $25; non-members: $40. To order, call 916/448-9082. In late 1993, the AIACC will release a follow-up urban design video demonstrating how to respond to community concerns, increase density, encourage mixed-use transit-oriented development, and obtain innovative financing.
- *Room Enough.* This publication, by San Francisco's Greenbelt Alliance, discusses five strategies—using vacant land more effectively, building more housing along major streets, bringing homes and people downtown, adding second units on existing homesites, and recycling lands no longer needed for industry—that communities can use to accommodate more housing while meeting concerns about community character and open space. $9. To order, call Greenbelt Alliance at 415/543-4291.
- *Higher Density Housing: Planning, Design, Marketing.* This 1986 paperback by the National Association of Home Builders shows how to make higher-density housing work in virtually any community. Packed with sample site plans, it can help to maximize land use in residential areas. It offers techniques to solve the many difficult problems associated with higher-density residential development. 154 pp., $31.50. Available from APA Planners' Bookstore, 312/955-9100.

NOTES

[1] U.S. Department of Housing and Urban Development, American Housing Surveys for Anaheim-Santa Ana (1990), Los Angeles-Long Beach (1989), Riverside-San Bernardino-Ontario (1990), San Diego (1987), San Jose (1988), and San Francisco-Oakland (1989). Washington, DC: HUD, 1989-1993, Table 2-7.

[2] Metropolitan Transportation Commission, 1989, cited in Bay Area Economic Forum, "Market-Based Solutions to the Transportation Crisis: Incentives to Clear the Air and Ease Congestion" (San Francisco: BAEF, 1990), 9.

[3] Institute of Transportation Engineers, *Trip Generation* (Washington, D.C.: ITE, 1987).

[4] U.S. Department of Transportation, 1990 National Personal Travel Survey for the Los Angeles-Anaheim-Riverside CMSA, cited in Southern California Association of Governments, "Preliminary Draft: 1993 Regional Mobility Element of the SCAG Regional Comprehensive Plan" (Los Angeles: SCAG, 1993), 24-3.

[5] Boris Pushkarev and Jeffrey M. Zupan, *Public Transportation and Land Use Policy* (Bloomington: Indiana University Press, 1977).

[6] See Alan A. Altshuler and José A. Gómez-Ibáñez, Regulation for Revenue: The Political Economy of Land Use Exactions (Washington, DC and Cambridge, MA: Brookings Institution and Lincoln Institute of Land Policy, 1993), 73.

[7] For example, fees in newly developing eastern Contra Costa County are more than four times those in Oakland, where infrastructure is already available. See Building Industry of Northern California, Development Fee Survey 1991 (San Ramon: BIANC, 1991).

[8] Paul Cummings and John Landis, "Relationships between Affordable Housing Developments and Neighboring Property Values" (Berkeley: University of California Institute of Urban & Regional Development, 1993).

[9] California Department of Housing and Community Development, "The Effects of Subsidized and Affordable Housing on Property Values: A Survey of Research" (Sacramento: DHCD, 1988), 2.

PROJECT STAFF, MYTHS & FACTS ABOUT AFFORDABLE AND HIGH-DENSITY HOUSING

Project Managers: Susan DeSantis,
President of The California Planning Roundtable;
Thomas B. Cook,
Vice-President of The California Planning Roundtable.

Writer: Rolf Pendall

Designer: Leda Black,
Black Swan Letterpress Printing and Design, Oakland

Additional assistance provided by **Carol Lamont**, *City of Fremont Housing Director;* **Linda Wheaton & Barbara Martinez**, *California Dept. of Housing & Community Development;* **Maya Dunne**, *Los Angeles Housing Department;* **Ron Nestor and Norman Phung**, *McLarand Vasquez & Partners;* **Clark Forest Butts & Pat Austin**, *Berkus Group, Architects;* **Steve Albert**, *Forest City Development;* **Ben Golvin**, *BRIDGE;* **Steve Sheldon**, *Architect;* **John Lowry**, *Burbank Development;* **Frank Foster**, *The Fieldstone Company.*

PUBLISHED BY THE CALIFORNIA PLANNING ROUNDTABLE

The California Planning Roundtable is an organization of experienced planning professionals who are members of the American Planning Association. Membership is balanced between the public and private sectors, and between Northern and Southern California. The mission of the Roundtable is to promote creativity and excellence in planning by providing leadership in addressing important, unresolved planning issues in California.

c/o The Planning Center
1300 Dove St., Newport Beach, CA 92660 714/851-9444

REGIONAL GROWTH

AND

AFFORDABLE HOUSING

Prepared for

Housing and Community Development Commission

Multnomah County
City of Portland
City of Gresham

Comments may be sent to:
HCDC
808 SW Third, Room 600
Portland, OR 97204

Revised July, 1994

I. Introduction

According to forecasts, the Portland metropolitan area will contain an additional one million people within the next forty to fifty years. Metro, the regional government charged with transportation and land use planning for Clackamas, Multnomah, and Washington Counties, has embarked on a long range plan - dubbed Region 2040 - to determine how the region should accommodate growth over the next 50 years.

Four growth concepts are under consideration. In each, different scenarios depict alternative patterns for population growth, housing densities, and job opportunities. The focus of this paper is on affordable housing issues and possible public policy options to consider as the region plans for growth.

Regardless of the growth concept chosen, there is no mechanism to ensure that the housing that is ultimately developed will be affordable either to existing residents or in-migrants. "Affordable housing" is generally defined as housing for which the renter or homeowner pays no more than 30% of his or her income. Federal programs that provide direct housing subsidies usually target households that are considered low income - households with incomes below 80% of the area median income. Even with a healthy growth of industrial or high-tech jobs that pay "living wages," we also can assume that there will be continued growth in the service sector in which lower-wage jobs prevail. Obviously, housing affordability is a concern not just to low income households, but to first-time homebuyers, renters, and current homeowners with moderate incomes.

Can we presume that without intervention the housing market will provide housing which is affordable to people who will be employed in the regional job market?

To assess how well the housing market might perform in the future, it may be helpful to consider how it has performed thus far. A review of each county's Comprehensive Housing Affordability Strategy (CHAS)[1] gives some indication of how well-served low- and moderate-income people are in today's housing market. Based on the 1990 Census, and as the following table shows, it is apparent that currently each county has unmet needs for housing affordable to very low-income people.

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[1]The U.S. Department of Housing and Urban Development (HUD) requires jurisdictions that receive federal block grant funds to develop a Comprehensive Housing Affordability Strategy (CHAS).

SELECTED DATA
FROM
COMPREHENSIVE HOUSING AFFORDABILITY STRATEGIES (CHAS)

	COUNTIES		
	MULTNOMAH	WASHINGTON	CLACKAMAS
TOTAL POPULATION	562,640	311,554	278,850
MEDIAN FAMILY INCOME (MFI):			
METRO MFI	$36,896	$36,896	$36,896
JURISDICTION'S MFI	$33,502	NA	NA
PER CENT OF ALL HOUSEHOLDS:			
0-50% MFI	25%	15%	16%
51-80% MFI	20%	16%	17%
0-80% MFI (LOW- INCOME HOUSEHOLDS)	45%	31%	33%
RENT OR MORTGAGE BURDEN: HOUSEHOLDS 0-50% MFI PAYING > 50% OF INCOME FOR HOUSING	39%	47%	39%
HOUSEHOLDS 0-30% MFI	22,737	5,052	4,166
RENTAL UNITS AFFORDABLE TO HOUSEHOLDS BELOW 30% MFI	12,039	2,456	3,064
GAP (OR NEED) FOR AFFORDABLE UNITS FOR HOUSEHOLDS < 30% MFI	10,698	2,596	1,102
HOMELESS ONE NIGHT (March 17, 1993)			
TOTAL INDIVIDUALS	1,364*	212	231
PERSONS IN FAMILIES	566*	139	208
(* Count of homeless persons receiving shelter.)			

Another indicator of the demand for low-income housing is the lenth of the waiting lists for public housing. There may be an erroneous perception that the public housing authorities can serve those households that the private market cannot. The housing authorities of Multnomah, Washington, and Clackamas counties serve households with incomes below 50% of the area median income. In December, 1993, the three housing authorities had a combined waiting list of 13,500 households (8500 in Multnomah County, 2106 in Clackamas County, and 2969 in Washington County). The length of the waiting list is only an indicator, and an imperfect one at that since many households who are eliglbe for housing do not even get on the waiting list because of its length. In Multnomah County, the housing authroity closes the waiting list because it is so long. Because of their limited federal resources the housing authorities are only able to serve 1/3 of the households that are eligible for public housing.

II. Regional Growth and Regional Housing Market

In economic terms a "market" means the "interaction of suppliers (sellers) and demanders (buyers) of a particular good or product that establishes the price for the good or product." In the case of the housing market, obviously, the commodity for sale is shelter for each household.

Municipal housing markets tend to operate within a larger region. Consumers choose housing within a reasonable commuting distance from an employment base. For statistical purposes the Census Bureau determines the boundaries of the "metropolitan area" by the "commuting flows." People commute back and forth across communities to work. As of January 1, 1993, the metropolitan area was renamed the "Portland/Salem Consolidated Metropolitan Area" because the commuting shed has expanded from Multnomah Clackamas, Washington, Yamhill, Columbia, and Clark counties to include, Marion, and Polk County. The greater metroplitan area, home to almost two million people, is the 22nd largest metroplitan area in the country and, with a growth rate of 1.8 percent, is one of the fastest growting.[2]

As the 'commuting shed" expands, so does the housing market. Proximity to employment is an important factor in housing choice - but not the only one. Housing costs, community amenities,

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[2]From the transcript of *Proceedings from - Leadership- Tools for the Trade*, a symposium sponsored by the Institute for Portland Metroplitan Studies, Portland State University, January, 1994.

quality of schools, perceptions of community safety, and proximity to recreation, and services are also considered. As a result, people employed in Portland commute there from Newburg, Estacada, Sandy, and Battle Ground. At the same time, as more employment and industry grows outside of the core area, Portland residents are commuting to jobs in outlying areas - Newburg, Battle Ground, Hillsboro, etc.

Because the housing market is regional - housing policies or incentives in one jurisdiction may be ineffective as other parts of the region serve as substitutes. Moreover, increases in housing prices in any one jurisdiction are limited by the substitutability of housing in others. For example, an inclusionary zoning ordinance in one jurisdiction might not cause new affordable housing to be provided but rather could cause development to shift to another jurisdiction in the region without such a regulation.

State law requires each jurisdiction to address housing goals as part of its comprehensive plan. In addition, jurisdictions that receive federal block grants are required to complete a needs assessment and 5-year plan for affordable housing. In a regional housing market, however, housing planning, particularly as it relates to affordable housing, must cross city, and even county lines. The Region 2040 process and the focus on long-range planning for expected growth provide a unique opportunity to address affordable housing needs on a regional basis.

III. Public Policy Tools to Encourage Affordable Housing[3]

The decline in federal support for low-income housing, particularly rental housing, is well documented. The federal retreat from new housing construction has been dramatic. HUD's budget for additional subsidized-housing units declined by 87 percent from 1980 to 1987. In 1981, the budget for direct federal housing subsidy was $33 billion. By 1989, it had fallen to $9 billion. In 1992, it had increased only slightly to about $11 billion. According to HUD, only 29 percent of eligible very low-income renter households receive any kind of federal housing subsidy. Since the 1986 Tax Reform Act, federal financial assistance has been limited primarily to indirect subsidies in the form of the low-income housing tax credits. Even fewer low-income homeowners receive any subsidy.

[3] S. Mark White, *Affordable Housing: Proactive & Reactive Planning Strategies* (Chicago: American Planning Association, 1992). Most of the information in this section of the report was distilled from this book.

In contrast, many middle-class and most affluent Americans get a housing subsidy from the federal government through homeowner deductions for mortgage interest and property taxes. Tax revenue foregone from these deductions cost the federal government more than $47 billion in 1991 alone. About one-third of this subsidy goes to only 3.8 percent of taxpayers who have incomes above $100,000, while another 12 percent goes to the wealthiest 1 percent of taxpayers with incomes above $200,000. More than half these tax breaks (51.6 percent) go to the 8 percent of taxpayers with annual incomes above $75,000. Yet half of all homeowners do not claim deductions at all. Tenants of rental housing of course, do not qualify for this housing subsidy.[4]

In response to the significant withdrawal of federal support for low-income housing, cities, counties, and states across the country have taken affirmative steps to ensure the development of affordable housing, either by regulations or incentives.[5] What follows is a catalog of public policy tools that are being used in this country. Some of these tools are currently being used somewhere in the region, but there is no consistent application across jurisdiction boundaries. When we were aware of a tool being used in the region, its use was noted.

INCLUSIONARY ZONING

Inclusionary zoning is a policy that either ties development approval to, or creates regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Inclusionary zoning programs have produced more housing in areas where they are used than have federal housing programs. There are two kinds of inclusionary zoning programs: those which are mandatory and those that rely on incentives.

Mandatory Inclusionary Zoning

Mandatory inclusionary zoning ordinances are those that require developers to set aside a designated proportion of housing for low- and moderate-income persons.

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[4]John Emmeus Davis, *The Affordable City: Toward a Third Sector Housing Policy* (Philadelphia, PA: Temple University Press, 1994).

[5]Ed Goetz estimates that state and local government spending has made up about one-third of the huge cutbacks in federal low-income housing assistance that occurred in the 1980s. (*Shelter Burden: Local Politics and Progressive Housing Policy*. Philadelphia: Temple University Press, 1993.)

Mandatory inclusionary zoning ordinances have been used in states with a strong regional general welfare doctrine. In a landmark decision (Mt. Laurel), the New Jersey Supreme Court decreed that the state constitution imposes a mandatory obligation on local governments to employ affirmative measures for the production of affordable housing (e.g. mandatory set asides) when the removal of regulatory barriers does not suffice. Program requirements contain three major elements: (1) the number or percentage of units that must be set aside for low and moderate income housing (the set-aside requirement); (2) the population to which the units must be made available (the target population); and (3) the standards to which the units must be constructed. Communities contain set-aside requirements that range from 5-25 percent of the units developed.

A partial list of other jurisdictions that have adopted mandatory inclusionary zoning follows:

> **Burlington, VT** - For 120 days after the city issues a building permit for projects with more than 5 units, a designated agency can purchase the project's inclusionary units at a below market price. Should no one acquire the units, the units still must be affordable for a period no less than 99 years.
>
> **Boulder, CO** - All residential development whether for rental or ownership that exceeds one dwelling unit must include 15 percent of the units for moderate income and 7.5 percent for low income households. Units must be provided on-site in order to implement the policy of dispersing affordable units throughout the city. A 10 year period of affordability is required for moderate income units; 5 years is required for low-income units. Projects with fewer than 10 units may make a cash payment to a city housing fund instead of building them on-site.
>
> **Davis, CA** - This ordinance applies to rental housing developments exceeding 5 units. Up to 24-35 percent of units must be for low-or very low-income households (depending on project size), through on-site construction and land dedication. Through land dedication, property may be conveyed to third parties, such as nonprofit housing corporations, or housing cooperatives. A one-for-one density bonus[6] for construction of on-site affordable units is offered. A cash payment in-lieu of on-site development

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[6]Zoning codes usually include a maximum number of units allowed per acre or per square feet of site area. A density bonus allows developers to exceed the permitted density in exchange for providing a development that meets a desired public objective.

can be made for small developments.

Montgomery County, MD - For developments of 50+ units, 12.5 percent to 15 percent must be for moderate income households. Price controls must be in place for 20 years and the local housing authority must be given the option of purchasing one-third of all units. A density bonus up to 22 percent is allowed. Off-site construction and contribution of land or money to a housing trust fund is also allowed. Since its inception, this program has resulted in more than 8,700 moderately priced units for sale or rent to participants certified by the county Department of Housing and Community Development.

Local Model: No jurisdiction in the region has adopted mandatory inclusionary zoning.

<u>Incentive-based Inclusionary Zoning</u>

This type ordinance allows increased density as a *quid pro quo* for the provision of low and moderate income housing. <u>California</u> legislation requires density bonuses and other regulatory incentives be given to developers who set aside a portion of the housing units within a project for low-income persons. The state of <u>Virginia</u> authorizes inclusionary zoning and the designation of geographic areas for the promotion of affordable housing.

A partial list of other jurisdictions that offer incentive-based and voluntary inclusionary zoning follows:

Dallas, TX - Planned unit developments may be approved on the condition that 10 percent of the units are set-aside for low/moderate income households. In specified multi-family zoning districts 20 percent of the units must be subsidized in exchange for density increases. Off-site construction within three miles of the development or a contribution to the city housing fund of $10,000 per unit are allowed as alternatives.

Hilton Head Island, SC - This city uses a residential overlay zone. A density bonus is allowed for up to 15 units per acre for low-income units, and 12 units per acre for moderate income units. In addition a 20 percent departure from design and performance standards is granted for qualified developments.

Orange County, CA - In residential developments of more than 5 units, a density bonus of 25 percent is allowed for a project that targets 25 percent of the units for people with incomes up to 120 percent of the area median income. Developers may transfer excess affordable housing credits to other projects so long as a balance between affordable and market-rate units is achieved over a broad planning area.

Orlando, FL - Construction of on-site housing for low- and moderate-income households is equal to the density bonus granted.

Local Models: Clackamas County offers a density bonus for multi-family housing development that includes low-income housing. According to the recent Clackamas County CHAS, no bonus units have been provided to date.

Within Portland's Central City, a voluntary transfer of developments rights through sale of excess floor area is encouraged in order to preserve existing very low-income units. This strategy was used in the renovation of the Sally McCracken Building (formerly the Athens Hotel).

LINKAGE

Linkage ordinances require developers of office buildings or other forms of nonresidential uses, such as commercial, retail, or institutional development, to build housing, to pay a fee in lieu of construction into a housing trust fund, or to make equity contributions to a low-income housing project. The rationale supporting this is that by attracting employees to an area new nonresidential development creates a need for housing. Businesses benefit from the availability of a well-housed and accessible labor force.

Linkage ordinances have been established in Boston, San Francisco, Seattle, San Diego and Toronto.

San Francisco, CA - A linkage fee equal to $6.94 per sq. ft. is charged on new construction, enlargement or conversion of office development projects with net additions of 25,000 or more gross sq. ft. Linkage fees fund the San Francisco Office Affordable Housing Production Program. A total of $3.075 million in fees has been collected. Developers have opted more often to meet their obligations through direct assistance to other projects and have committed more than $5 million.

San Francisco also has a Hotel Room Tax Trust Fund funded by a 1.25 percent surcharge added to the 9.75 percent tax on the rent of every occupancy in the guest rooms of hotels in the City and County of San Francisco. Of the total proceeds, approximately 6.66 percent is allocated to housing.

Seattle, WA - The Downtown Housing Bonus Program was established in 1986. The City charges a bonus fee on new construction of commercial development in certain downtown zoning areas. The fee ranges from $13-20 per sq. ft. of bonus commercial space. The contribution is equal to a bonus value x sq. ft. of bonus commercial space. Since its inception close to $20 million in fees had been collected by February, 1994. Seattle also has a Growth-Related Housing Program which is funded by incremental increase in property tax revenues from downtown new commercial construction

Local Models: None within the region.

HOUSING TRUST FUNDS[7]

Housing trust funds are increasingly used as a response to reductions in federal funding. A housing trust fund is generally defined as a "dedicated source of revenue available to help low- and moderate-income people achieve affordable housing." Sources of funds include linkage payments; tax increment financing; endowments and grants; surplus reserve funds from refinancing municipal bond issues; and taxes and fees. Oregon is one of a number of states with a State Housing Trust Fund. In Oregon, Trust funds are distributed on a regional basis through a competitive process in the form of grants for housing development.

A partial list of cities and counties that have developed housing trust funds include:

King County, WA - Funding for the King County Housing Opportunity Fund is from real estate excise tax revenues. The County intends to commit 50 percent of net real estate excise tax revenues to the fund annually.

Bellevue, WA - In 1993 Bellevue joined with other East King county cities to develop the Eastside Housing Trust Fund. Trust fund revenue is generated by General Fund contributions, CDBG funds, developer's fees and voluntary contributions.

Berkely, CA - This trust Fund was established in 1990 with CDBG program income, 20 percent of proceeds from tax increment bond proceeds, inclusionary zoning fees, conversion mitigation fees (generated when rentals convert

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[7]Information on housing trust funds was extracted from *Current topics from the Housing Trust Fund, A Special Project for the Center for Community Change*, March 1994.

to condos or other uses), City general fund, and HOME funds.

Boston, MA - Boston has two trust funds. The Neighborhood Housing Trust is funded by linkage fees on new construction of commercial space. The Hotel Workers Housing Trust is funded by hotels based on $0.05 per hour per employee. This is the result of collective bargaining by the Hotel Workers Union.

Phoenix, AZ - The Public Purpose Program is funded by contributions from developers of rental housing financed with tax-exempt mortgage revenue bonds. All projects that receive tax exempt financing set aside a portion of units for low- and moderate-income people. They can then participate in a Rent Subsidy program financed by fees equal to 1.0 percent of bond issue for every bond financed project.

Dade County, FL - Dade County has two funds: A Documentary Surtax Program is funded by a surcharge on all deed transfer documents. Approximately $9-$14 million per year is generated by a fee of $0.45 per $100 value on deed transfers on the sale of land, commercial and residential property, except single family residential, condominium, and cooperative units. A Homeless Trust fund receives 1.0 percent on restaurant bills from establishments with alcohol sales in excess of $400,000 per year. This fund primarily provides services for the homeless.

Sacramento City and County, CA - The City/County Trust Fund was established in 1989 and funded by linkage fees on new constructions, additions or interior remodeling of non-residential projects. Identical ordinances were passed by the City and the County and the funds are administered by the Redevelopment Agency.

Local Models: Oregon's Low Income Rental Housing Fund is statewide, funded by an appropriation from the state general fund.

HOUSING LEVY, GENERAL OBLIGATION BONDS

A housing levy or general obligation bond for capital improvements such as housing can be authorized by a popular vote. Voters in effect agree to increase their property taxes to pay for improvements.

Seattle, WA - Seattle has until recently been very successful in generating revenues for special needs housing by passing housing levies. In 1986 Seattle voters approved a $49.9 million housing levy, designed to produce 1,000 units of housing affordable to households with incomes below 50%

of area median income. In 1992 a countywide housing levy was rejected. Interestingly enough, in Seattle a majority of voters favored the levy, while those outside Seattle voted it down. There has been some speculation that voters outside of Seattle were satisfied with the status quo whereby the City of Seattle took on the lion's share of low-income housing development.

REPLACEMENT HOUSING ORDINANCES

Replacement housing ordinances, condominium conversion, and demolition moratoriums have been established in a number of cities in order to preserve existing affordable housing. Replacement ordinances prohibit demolition permits from being issued without the replacement of the housing elsewhere, the payment of a fee in lieu of such replacement, or the payment of relocation assistance to existing tenants.

Jurisdictions that have replacement ordinances, tenant relocation or moratorium on demolition/conversion include Seattle, San Francisco, Hartford, New York City, and Burlington, Vermont.

> **Seattle, WA** - Seattle adopted a Tenant Relocation Ordinance that requires developers to pay one-half the cost of relocating tenants displaced by building demolition or conversion to another use. The City pays the other half, even if the project has no city funding. The Relocation Ordinance has been in effect for 3 years; however, they recently suspended enforcement for six months while awaiting a court ruling. The provision for tenant relocation payments was specifically authorized under the State of Washington's Growth Management Act. Seattle also has a ordinance prohibiting issuance of a demolition permit until the applicant has received a building permit for redevelopment. Seattle previously had a replacement housing ordinance that was overturned by the State Supreme Court on the basis of due process.

Local Models: The City of Portland imposes a demolition delay for historic landmarks, and existing housing in residential zones.

PROPERTY TAX ABATEMENT

Affordable housing development can be stimulated by the reduction of operating costs - either at the front end by reduction of fees and system development charges, or on an ongoing basis by the abatement of property taxes.

Oregon law allows jurisdictions to authorize property tax exemptions for low-income housing under the following circumstances:

* when a non-profit corporation owns or leases low-income housing to households below 60 percent of median income;

* when a housing authority owns or leases property to low-income people;

* when a non-profit corporation provides housing for the elderly.

According to the *Report and Recommendations from the Affordable Housing Resources Task Force* (Multnomah County Housing and Community Development Commission, 1994) property tax abatement can result in monthly rent reductions of an average of $60 per month. This small reduction in monthly rent can turn an unaffordable rental unit into one that is affordable to a very low-income household.

Local Models: Portland and Eugene are the only cities in the state currently offering property tax abatement as an inducement for low-income housing development. In the City of Portland alone, over 2,000 units of low-income rental housing owned by non-profit housing organizations received a tax abatement last year. Portland administers another program that provides limited tax abatement for the rehabilitation of existing rental units in return for an agreement to limit the rents charged. Deschutes County recently adopted an ordinance that exempted a transitional housing project from paying the portion of ad valorem property taxes that support county services. The ordinance exempts the project for as long as it is used for low-income housing.

BUILDING AND LAND USE FEES, AND SYSTEM DEVELOPMENT CHARGE WAIVERS

The selective waiver of fees and System Development Charges (SDCs) reduces up-front predevelopment costs for low-income housing and is another inducement that can make housing more affordable. According to the *Report and Recommendations of the Affordable Housing Resources Task Force*, permit fees, SDCs and other fees charged by local government have increased as the ability to absorb the costs of staff, sewers, and roads has diminished. The Task Force recommended the adoption of a policy to allow fee and SDC waivers tied to the income level of a housing development's target population, and the length of time during which the housing is affordable.

As an example, Burlington, Vermont, has a graduated system of impact fees. A 50 percent waiver of impact fees is granted for that portion of new residential development that rents or sells at prices affordable to households earning less than 75 percent of median family income (MFI). A 100 percent waiver is granted for perpetually affordable projects for people under 50 percent of MFI. Other jurisdictions treat the SDC waiver as a deferred payment loan that can be forgiven after a predetermined period of affordability.

Local Models: The City of Portland waives land use fees for non-profits who meet explicit criteria and who provide a benefit to low-income households. Building permit fees up to $500 and 50 percent of fees over $500 are waived for projects sponsored by non-profits that provide low-income housing. A maximum amount of $5,000 per fiscal year can be waived for each non-profit.

Lake Oswego gives fee waivers for low- to moderate-income housing.

ZONING AND SUBDIVISION REFORM

Zoning ordinances that allow smaller lots, planned unit developments (PUDs), clustered housing, accessory rental units, mixed use projects, narrower streets, etc. provide opportunities for more affordable housing development. Experience indicates that development standards by themselves often do not guarantee that the resulting housing will actually be affordable.

Local Models: Some, but not all, jurisdictions in the region have adopted zoning codes that encourage PUDS, accessory rental units, or smaller lots.

COMPREHENSIVE PLANNING - REGIONAL FAIR SHARE

Oregon was among the first states to mandate comprehensive planning. The State Department of Land Conservation and Development reviews each jurisdiction's comprehensive plan for compliance with the State Land Use Goals, including a Housing Goal. Jurisdictions are required to designate sufficient lands within the urban growth boundary to accommodate needed housing for all income levels. The Metropolitan Housing Rule adopted for the Portland metro area goes further than the State goal, requiring minimum densities and a balance between single family and multi-family development potential. There is no mandate that jurisdictions must include strategies that promote affordable housing development. The strongest state-wide mandate is for the inclusion of manufactured housing as an allowed use in zones that allow single-family housing.

Other states have directly promoted affordable housing by mandating "fair share" policies.

New Jersey adopted a Fair Housing Act in 1985 to supplement their statewide planning process. In the Mt. Laurel decision, New Jersey courts ordered jurisdictions to meet their fair share of regional lower-income housing needs. The Fair Housing Act requires local governments to consider the following techniques, either alone or in combination, to provide affordable housing: mandatory set-asides or density bonuses; infrastructure expansion; donations of municipally owned land; tax abatements; and targeting of state/federal subsidies.

The result is that a State Council on Affordable Housing determines the regional need for low- and moderate-income housing and assigns local fair-share obligations. Jurisdictions within the region are required to accommodate their fair share of affordable housing. Most towns have met fair share obligations through a combination of inclusionary zoning, home improvement loans to low-income homeowners, and transfers of up to one-half of fair share allocations to urban centers through regional contribution agreements.

Municipalities can transfer up to one-half of their fair share obligation to another municipality by making a cash payment to the latter municipality, through a mechanism called a "regional contribution agreement (RCA)". As of early 1991, a total of 28 RCAs had provided $61 million to 16 separate urban jurisdictions. The RCAs were designed to underwrite the rehabilitation and construction of 3,130 units with an average price of $19,444.

In the first five years after the court decision, 2,100 lower-income units were built, 2,100 were under construction, and 3,000 were approved and ready for construction.

IV. Conclusion

Many of the policy tools discussed in this report as possible responses to affordable housing problems are not new ideas. In fact, some jurisdictions within the region have adopted one or more of these tools. Many of the other ideas have been discussed by individual jurisdictions. However, often compelling arguments can be made *against* the adoption of policies like inclusionary zoning on a jurisdiction by jurisdiction basis. Because of the interdependence of the regional housing market, inclusionary zoning in one jurisdiction may actually stimulate new development in another jurisdiction in the region. Regional policies and tools are needed to address affordable housing needs in a regional housing market.

The Forum on Cooperative Urban Services (FOCUS) is an organization comprised of most of the cities and counties and many special districts in the tri-county metropolitan area. FOCUS sponsored a meeting about housing in the fall of 1993. The results of that meeting were reported in *In Focus: Housing Issues*, published in November, 1993. Some of the suggestions included in that newsletter bear repeating:

> "Jurisdictions in the region should have uniform policies to make it easier for the lending industry."
>
> "Have a dedicated fee waiver regionally to handle low income housing."
>
> "There should be a CHAS program region-wide."
>
> "The region needs to decide as a whole what priorities are most important and fund them accordingly."
>
> "Fair share housing needs to be regionally implemented and enforced. This is where every city and unincorporated area agrees to accept affordable housing."
>
> "A regional approach is the only way to address this problem because local elected officials will succumb to local pressures."
>
> "There is too much duplication of effort to chase after too few state housing grants. Instead, there should be more coordination amongst local jurisdictions and non-profit agencies."
>
> "A regional advocacy group needs to be created to help promote regional solutions."
>
> "Create a housing trust fund for the Portland metro region."
>
> "Adopt inclusionary zoning which requires housing development of a certain size to include affordable housing."
>
> "There needs to be regional consistency so that developers do not go just to the easiest place to develop."

Regional growth and the region's future has captured the attention of people in the Portland metropolitan area. Metro and the 2040 process have provided an opportunity for a regional forum about "how" the region grows. As the region plans for population growth, now is the optimum time to ensure that affordable housing planning is included in these discussions. We should discuss not only "how" the region should grow, but also <u>for whom</u>.

APPENDIX

"SEASONED" UNITS AVERAGE RENTS*

Survey Date: May., 1994

*(Buildings Constructed Prior To 1980)

SPRING/SUMMER 1994	STUDIO UNITS	1 BR/1 BA FLAT	2 BR/1 BA FLAT	2 BR/1.5 BAFLAT	2 BR/2 BA FLAT	2 BR/1, 1.5, & 2 BA-TH	3 BR/1 BA FLAT	3 BR/2 BA FLAT	AVG. SUB-MARKET
Downtown/NW Portland	$372	$539	$646	$900	$962	$608	N/A	N/A	$523
($ Per Sq/Ft)	($0.86)	($0.85)	($0.74)	($0.96)	($0.94)	($0.63)			($0.85)
Southwest Portland	$405	$430	$509	$530	$574	$519	$657	$651	$498
($ Per Sq/Ft)	($0.87)	($0.67)	($0.58)	($0.55)	($0.57)	($0.58)	($0.63)	($0.55)	($0.61)
North Portland	$295	$381	$457	N/A	$462	N/A	$545	N/A	[illegible]
($ Per Sq/Ft)	($0.66)	($0.64)	($0.58)		($0.57)		($0.58)		[illegible]
Northeast Portland	$340	$412	$469	$593	$546	$524	$586	$612	[illegible]
($ Per Sq/Ft)	($0.83)	($0.63)	($0.55)	($0.63)	($0.55)	($0.58)	($0.52)	($0.57)	($0.59)
Southeast Portland	$336	$406	$474	$567	$534	$504	$563	$528	[illegible]
($ Per Sq/Ft)	($0.84)	($0.66)	($0.58)	($0.59)	($0.58)	($0.52)	($0.58)	($0.49)	[illegible]
Gresham/Troutdale	$372	$406	$509	$485	$539	$566	$601	$580	$520
($ Per Sq/Ft)	($0.84)	($0.64)	($0.58)	($0.56)	($0.59)	($0.62)	($0.60)	($0.54)	($0.59)
Clackamas	$351	$413	$499	$503	N/A	$510	$542	$630	[illegible]
($ Per Sq/Ft)	($0.88)	($0.73)	($0.56)	($0.51)		($0.52)	($0.52)	($0.57)	($0.61)
Milw./Gladstone/Or. City	$346	$433	$503	$487	$565	$552	$561	$769	$492
($ Per Sq/Ft)	($0.80)	($0.63)	($0.57)	($0.51)	($0.47)	($0.58)	($0.51)	($0.53)	($0.58)
Tualatin/Wilsonville	$362	$423	$484	$495	$485	$507	$578	$594	$485
($ Per Sq/Ft)	($0.92)	($0.65)	($0.59)	($0.56)	($0.48)	($0.54)	($0.57)	($0.56)	($0.60)
Lake Oswego/West Linn	$377	$528	$569	$625	$808	$728	$569	$800	$636
($ Per Sq/Ft)	($1.09)	($0.74)	($0.66)	($0.58)	($0.64)	($0.67)	($0.60)	($0.60)	($0.65)
Tigard/King City	$393	$446	$522	$518	$686	$560	$578	$732	$507
($ Per Sq/Ft)	($0.89)	($0.67)	($0.61)	($0.56)	($0.65)	($0.64)	($0.60)	($0.64)	($0.63)
Beaverton	$389	$431	$501	$522	$524	$549	$579	$629	$491
($ Per Sq/Ft)	($0.94)	($0.67)	($0.59)	($0.57)	($0.57)	($0.54)	($0.60)	($0.57)	($0.61)
Aloha	N/A	$439	$507	N/A	$485	$495	$602	$530	$502
($ Per Sq/Ft)		($0.63)	($0.62)		($0.51)	($0.59)	($0.64)	($0.50)	($0.60)
Hillsboro	N/A	$393	$460	N/A	N/A	$450	$511	$625	$463
($ Per Sq/Ft)		($0.70)	($0.54)			($0.46)	($0.46)	($0.50)	($0.52)
Vancouver/Hazel Dell	$383	$425	$475	$485	$595	$574	$514	$635	$488
($ Per Sq/Ft)	($0.83)	($0.63)	($0.54)	($0.56)	($0.55)	($0.57)	($0.48)	($0.57)	($0.57)
SURVEY AVERAGE	$369	$451	$499	$541	$646	$541	$576	$661	$494
($ Per Sq/Ft)	($0.86)	($0.69)	($0.58)	($0.57)	($0.64)	($0.56)	($0.56)	($0.57)	($0.63)

"SEASONED" UNITS VACANCY*

*(Buildings Constructed Prior To 1980)

SPRING/SUMMER 1994	STUDIO UNITS	1 BR/1 BA FLAT	2 BR/1 BA FLAT	2 BR/1.5 BA FLAT	2 BR/2 BA FLAT	2 BR/1, 1.5, -2 BA-TH	3 BR/1 BA FLAT	3 BR/2 BA FLAT	AVG. MKT. VACANCY
Downtown/NW Portland	4.00%	3.60%	3.20%	2.90%	8.10%	3.40%	N/A	4.20%	4.10%
Southwest Portland	2.70%	2.60%	3.40%	1.00%	4.30%	3.80%	7.10%	3.60%	3.10%
North Portland	0.00%	1.40%	2.20%	N/A	3.10%	N/A	3.20%	N/A	1.80%
Northeast Portland	4.10%	4.50%	5.50%	4.90%	2.40%	3.40%	6.40%	5.20%	4.80%
Southeast Portland	3.90%	4.50%	3.80%	6.10%	4.70%	2.40%	7.10%	4.20%	[illegible]
Gresham/Troutdale	3.10%	2.20%	5.50%	4.70%	6.30%	1.30%	3.30%	1.40%	3.90%
Clackamas	4.00%	2.60%	4.70%	4.30%	N/A	0%	0.00%	1.80%	3.10%
Milw./Gladstone/Or. City	4.20%	4.20%	2.80%	1.40%	10.00%	3.90%	8.10%	2.90%	3.50%
Tualatin/Wilsonville	2.20%	2.40%	4.10%	4.10%	4.30%	7.10%	4.80%	5.10%	4.30%
Lake Oswego/West Linn	7.40%	3.70%	3.20%	4.60%	4.10%	7.50%	0.00%	6.10%	4.40%
Tigard/King City	4.80%	3.40%	5.30%	1.50%	6.00%	3.70%	9.50%	4.90%	4.50%
Beaverton	4.90%	3.10%	4.40%	2.60%	4.70%	2.40%	5.70%	2.70%	3.80%
Aloha	N/A	3.90%	6.00%	N/A	5.00%	2.10%	3.30%	0.00%	[illegible]
Hillsboro	N/A	2.40%	2.10%	N/A	N/A	5.00%	1.90%	2.30%	2.20%
Vancouver/Hazel Dell	1.60%	2.80%	3.80%	4.90%	2.80%	3.90%	4.00%	5.10%	3.30%
SURVEY AVERAGE	3.80%	3.50%	4.20%	3.40%	5.20%	3.10%	6.10%	3.70%	3.90%

Who Needs Affordable Housing?

All housing is affordable to someone. Most people seek housing that is as affordable as possible, but that still provides them the amenities they want. The higher a person's income, the more choices he or she has about housing, and the more likely it is that their housing costs will be affordable . Conversely, the lower a person's income the more restricted, or even nonexistent is the choice, and the more likely it is that the housing that is available to them will not be affordable.

Every jurisdiction is dependent in part on a service economy. In general, the service economy supports lower-wage jobs. It makes sense that every jurisdiction then should ensure that people who work in service level jobs can find housing in the community.

To give you some idea of the wage scale for service-level jobs, here is a sample of jobs advertised in The Oregonian on Monday, July 11:

Management Position - Burgerville, Beaverton	$15,600-37,200 per annum
Teacher Assistant	$5.25 per hour
Janitor (18 hrs per week/driving required)	$7.00 per hour
Driver - Courier	$6.00 per hour
Office - general, 20 hrs per week	$5.25 per hour
Cannery worker, seasonal work	$5.65 per hour
Teacher - Spanish, part-time	$11.00 per hour
Sales	$8.50 per hour (commission based)
Accounting Clerk, Tualatin	$7-7.50 per hour
Receptionist, part-time, Beaverton	$6.50 per hour
Clerical, part-time, Aloha	$5.00 per hour
Shipping/Receiving Clerk	$5.00 per hour
Cashier	$4.75 per hour

Very few of these jobs mention benefits. That means medical and dental costs have the potential to take a big bite out of a person's monthly income. A single-mom with two kids may have to budget child care. Tranportation costs are likely to be high, particularly if public transportation is unavailable and a person has a cross-town or cross-region commute.

Individuals and families who receive Supplemental Security Income (SSI), General Assistance (GA), or Aid to Dependent Children (AFDC) have very limited incomes with which to find housing, and are often well below the 30% of median income figure used to define "very low income". Souce of income is often a barrier to these people finding housing, since many private landlords will not rent to people receiving public assistance.

In the following examples, public assistance benefits have been coverted to an hourly figure for purposes of comparison.

Supplemental Security Income (SSI)	$2.88 per hour
Aid to Dependent Children (AFDC) benefit for one adult/one child	$3.45 per hour

What is Affordable Housing?

Single Person			Four Person Household		
Annual Income[1] (% Area Median Family Income)	Converted to Hourly Wage/Full-time (2080 hrs per year)	Affordable Housing Cost (rent + utilities = 30% of monthly income)[2]	Median Income Level (MFI)/ Annual Wage	Converted to Hourly Wage/Full-time (2080 hrs per year)	Affordable Rent (rent + utilities = 30% of monthly income)
$8,880 (30% MFI)	$4.26	$222	$12,690 (30% MFI)	$6.10	$317
$14,800 (50% MFI)	$7.11	$370	$21,150 (50% MFI)	$10.16	$529
$23,700 (80% MFI)	$11.40	$592	$33,850 (80% MFI)	$16.27	$846
$29,600 (100% MFI)	$14.23	$740	$42,300 (100% MFI)	$20.34	$1,057

1. Based on FY 94/95 area median income levels determined by HUD.
2. HUD defines housing as affordable if all housing costs (rent or mortgage, utilities, property taxes, and insurance) do not exceed 30% of total household income.

Everything You Need To Know...To Buy Now

MONTHLY PAYMENT

How Much Can You Afford? Find Out Here...

Lenders will usually allow you to spend up to 28% of your total ("gross") monthly income to make mortgage payments. The table below shows how much 28% equals at various income levels to qualify for an affordable monthly payment. Different loan plans allow you to borrow more or less for the same monthly payment.

Annual Income	Gross Monthly Income	Affordable Monthly Payment
$20,000	$1,667	$ 467
$25,000	$2,083	$ 483
$30,000	$2,500	$ 700
$35,000	$2,917	$ 817
$40,000	$3,333	$ 933
$45,000	$3,750	$1,050
$50,000	$4,167	$1,167
$55,000	$4,583	$1,283
$60,000	$5,000	$1,400
$65,000	$5,417	$1,517
$70,000	$5,833	$1,633
$75,000	$6,250	$1,750
$80,000	$6,667	$1,867
$100,000*	$8,333	$2,333

LOAN AMOUNT

How Much Can You Borrow? Check It Out...

Once you know the loan amount you can borrow, simply add your available down payment to estimate the price you can afford.

Monthly Payment**	5%	6%	7%	8%	9%	10%	11%
$ 467	86,995	77,892	70,194	63,645	58,040	53,215	49,038
$ 583	108,603	97,240	87,630	79,454	72,457	66,434	61,219
$ 700	130,399	116,755	105,216	95,399	86,998	79,766	73,505
$ 817	152,194	136,269	122,802	111,344	101,539	93,098	85,791
$ 933	173,803	155,617	140,237	127,153	115,956	106,317	97,971
$1,050	195,598	175,132	157,823	143,098	130,497	119,649	110,257
$1,167	217,393	194,646	175,409	159,043	145,038	132,981	122,543
$1,283	239,002	213,994	192,845	174,852	159,454	146,199	134,724
$1,400	260,797	233,509	210,431	190,797	173,995	159,532	147,009
$1,517	282,592	253,024	228,017	206,742	188,536	172,864	159,295
$1,633	304,201	272,371	245,453	222,551	202,953	186,082	171,476
$1,750	325,996	291,886	263,039	238,497	217,494	199,414	183,762
$1,867	347,791	311,401	280,625	254,442	232,035	212,747	196,047
$2,333	434,599	389,126	350,668	317,950	289,951	265,848	244,980

* For incomes over $100,000, simply add together the two appropriate columns.

** Principal and interest only; does not include taxes, insurance, or homeowners association/condominium fee. These will raise your monthly payment and reduce the amount of principal and interest—and the total loan amount—you can afford. Loan amounts are based on a 30-year fixed-rate mortgage.

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NOTES FROM 8/8 FUTURE VISION COMMISSION MEETING
Robert Liberty's Notes

Agenda for Carrying Capacity Discussion

A. Proposing alternate definitions of "carrying capacity" which the FV document will present and discuss, in greater or lesser detail: ethereal versus legal, global versus regional.

B. Refining and answering a list of technical questions:

- Would we meet the Federal ozone standards if the VMT targets in the Transportation Planning Rule were met?

- Why isn't the Clean Water Act as much of a constraint as the Clean Air Act?

- How would we describe and measure sustainable regional biodiversity?

- Describing environmentally sustainable forms of growth in terms of trade-offs: estimated costs of maintaining and improving air and water quality for example.

C. What practical policy questions does our analysis lead us to?

D. What do we do with Wim Aspeslagh's report?

To: Future Vision Commission 7/29/94

From: Ron Weaver, NE Portland

Subject: Comments on No-Growth/Slow Growth and Carrying Capacity Reports

The following are my comments on the Growth and Carrying Capacity reports.

GROWTH REPORT

This title is more appropriate for the content of the report as it would have been appropriate for the January 14, 1994 presentations. The content of this report reminded me of the presentations, and I must comment that the presentations were also biased toward development with no speakers really presenting the no/slow growth perspective.

I must comment that this Growth report(GR) is a tremendous effort to justify more growth, even though the authors claimed to be unbiased, when it is obvious the public does not want the growth and associated reduced quality of life .

The GR refers to the no/slow growth focus groups' comments and then starts trying to justify growth, and poorly so I might add. It should be known that the No Growth/Slow Growth (SG) focus group was given an outline at the meeting and were asked to comment on it, we chose to add other topics. In fact others were addressed such as carrying capacity and to determine what we want for a quality of life before we plan rather than project an unhealthy growth population level and then try to meet it. These items were addressed in the report. The Development focus group was then given the SG focus groups' extemporaneous response and asked to react. The SG focus group had no opportunity to review the Development focus groups' suggestions nor was the SG focus group provided information on these results as it had requested. I just received the report after asking for it. Seems biased toward growth from my view. I was on the SG focus group.

It is interesting that a progrowth consulting firm was chosen to prepare the Slow Growth contract report. Based on comments presented at the January presentations (I also attended) and comments in the report, an unbiased or perhaps another contractor with a SG/NG advocate would provide a better overall picture.

A few remarks may be appropriate while commenting on the GR. First lets distinguish between growth and development. This was done somewhat in the footnotes on the bottom of page 3-4 but appeared only briefly in the text.

Growth is something that continues to increase in size such as a child, development is an increase in quality such as after the child reaches full physical size and develops intellectually increasing qualitatively but not quantitatively.

Growth increases exponentially, that is if we increase in population by 7% a year for 10 years there would be twice as many people as today, a totally unacceptable situation. Can you imagine twice as many cars on the freeway at rush hour. Whenever you see growth mentioned, even slow growth keep in mind that in a few years this means doubling and doubling again after that, it never stops. Note India, China or LA to see what happens with growth. Page 4-21 says Oregon is growing at 2% per year which means in 35 years we double the number of people here, LA here we come. Be aware of growth, especially when we are already beyond our carrying capacity in many critical factors in Portland such as air quality, water supply, and water pollution treatment.

Another item to consider, and I'll put it in a business type language, is that the economy is a wholly owned subsidiary of the ecosystem, that is the economy totally depends on the renewable and non-renewable natural capital, ie. oil, gas, concrete, lumber, etc. This was not evident in this paper which tried to lead me to believe that economic growth would solve our problems by providing more dollars to solve any problem.

The paper also indicated that we could mitigate for all the damages from growth, please note how this is not working with the old growth forests, salmon, and a multitude of other endangered species that keep escalating in numbers, especially in southern California where growth has already outstripped the resources and they even want Columbia River water, which we will be fighting before long.

The paper indicated that with growth we could afford to mitigate or pay for the associated pollution clean up. This is not the case with Super Fund Sites where a little prevention could have saved the taxpayers billions of dollars and saved people and wildlife from suffering horrid health effects. This would not happen under a carrying capacity and quality of life planning approach. Paying for mitigation of pollution in many cases is like paying someone to mitigate after you have cut off their arm, the arm is still missing.

The report indicates we do not know what quality of life means. I can certainly give you my idea of what a quality life should include: Water quantity such that it is always available, not restrictions during the summer; water quality such that my children can swim in the water and all aquatic organisms can live and reproduce; I can eat the fish without fear of my pregnant wife having a deformed baby; air quality such that I can not see it or don't cough and my eyes don't burn and people don't have to filter the air to keep from having respiratory attacks or better yet die as they do down south of here; I can drive the freeway at rush hour and maintain the speed limit without people cutting in and out and horns blowing or use mass transit if I wish; I have a park within walking distance and I can use the facilities without waiting in line; I can see a variety of wildlife in the neighborhoods; everyone has their own home with some property if they wish. Here are but a few of my ideas of what quality of life means. It is obvious this is the basis for not exceeding the carrying capacity of the land, water, and air. By not exceeding carrying capacity a quality of life follows. How do we obtain this, obviously with less people. Will it happen overnight, of course not. Are we planning for 50 years into the future, oh yes, and this is what I want to see in 50 years, or better yet leave to by children. Are we planning for this- it appears not, perhaps you can tell our children why we saw the light but chose the path that has caused our problems, more growth.

Projecting future population growth and then trying to accommodate this future is like saying I have cancer, I like it, and wish to increase it in the future. Let's obtain a realistic view and decide what type of quality of life we want in the future and then make this happen. Economics is but a part of a quality life and has brought some of us great wealth, but at an expense, it is now leaving some people and our depleting natural capital with many wounds that may never be healed. Those of greed shall always be present.

There was very little discussion about the two main causes of our problems, immigration and birth rates. With immigration about 1/3 of the US population increase each year, there should be an action plan for political pressure to curb this increase or change the laws. I provided you a paper recently that described how immigrants are replacing inner city jobs, causing more welfare and raising taxes.

CARRYING CAPACITY

I must commend the Vision Commission for having enough fore site to contract for both the Carrying Capacity and No-Growth reports. Overall this is a very good paper and perhaps even breaking new ground when addressing a large urban area, you are to be congratulated. This report is a tremendous start for determining our future quality of life. I hope each of you have consumed it.

Now that you have this new carrying capacity approach, how do you use it? For the betterment of the community or ignore it and continue our old ways that have placed us in the existing predicament or give in to developers(actually growers).

It is noted on the introduction page that the model does not evaluate contaminants, water quality, open spaces, parks, natural areas, fish and wildlife, cultural and other limited capacities as stated on the top of page 42. These will be needed to evaluate future quality of life attributes and prepare a reasonable alternative. Without this knowledge a plan is invalid.

Some important informative writings on carrying capacity of Dr. Pimentel should be included. I provided one of his papers to the vision staff at the first draft report stage to give to Mr. Aspeslagh, but apparently it did not make it to him. Dr. Costanza also has some newer papers on ecological economics that relate directly. Traditional economic evaluations are invalid for any analysis that looks to the future.

As stated on the bottom of page 43 some present water supply needs exceed demand. I agree that we now exceed these needs especially during the summer in that we are told not to use water for washing cars, lawns, etc. This is exceeding the carrying capacity-- and we want to exacerbate this problem by encouraging more growth. Maybe Wacker will give us some water. How much do they use anyway?

In the conclusion section on page 49 we should add water quality and quantity. We are now below water quality standards in many streams and not enough treatment or prevention facilities to handle the future. Even now when it rains raw sewage runs to our rivers. This polluted water is surely beyond carrying capacity and never to be completely cleaned because of excessive costs. Do we want to perpetuate this situation by having more growth? When can we swim in our waters and eat its fish?

Another limiting factor may be caused by endangered species, such as water quality and quantity needed for salmon, or the next species we drive to near extinction. Such issues have caused County growth to almost stop in the San Diego and LA areas.

This is a 50 year plan and we need to look to the future, see what we want, and plan to achieve it based on the carrying capacity of our resources.

Thanks for your interest,

Ron Weaver

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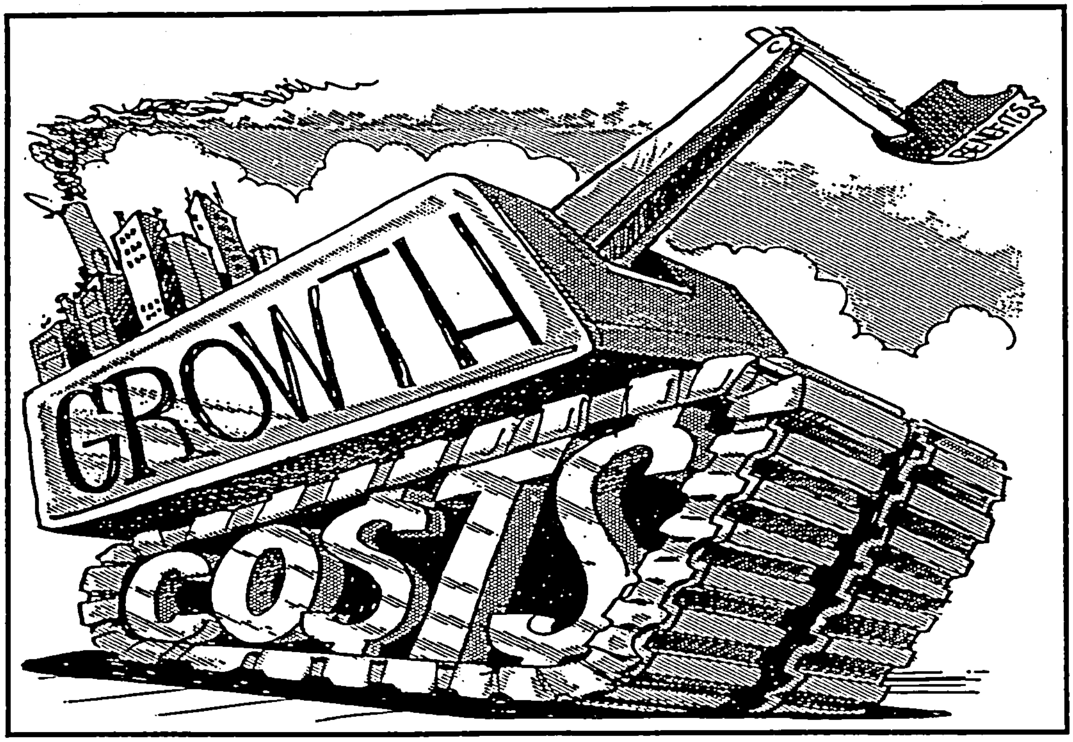
To: FVC
From: Ron Weaver

CARRYING CAPACITY NETWORK
CLEARINGHOUSE BULLETIN

Vol. 4, No. 8 August 1994



by Doug MacGregor

Outgrowing Growth

by Joe Harvey

The sudden stampede of the Central and Eastern European nations away from communism and toward free-market capitalism was a great tribute to the democratic principles of individual liberty (and, by logical extension, consumer sovereignty), private ownership of the means of production, and atomistic free-market allocation of goods and services. It validated the efficacy of the mechanisms with which the Western nations have put those principles into practice (public exchanges for equity, debt, and commodities: stable — most of the time — banking systems; regulated money supplies; progressive taxation; etc.). By and large, capitalism has worked, and communism has failed.

Ironically, just as their eastern counterparts are trading in the Marxist doctrine of class conflict for the neoclassical "invisible hand" of free markets and competition, there is a growing sense on the part of many western economists that the seemingly sturdy steed of neoclassical theory is itself faltering under them — that it has carried the advanced market economies about as far as it can take them. It accomplished much of what it set out to do. It maximized annual aggregate real output (Gross National Product or GNP) through full macroeconomic employment and optimal microeconomic allocation of given resources. But the problem is that it is becoming increasingly difficult to find any correlation between additional growth and additional well-being; that is, in economics-speak, the marginal social cost of further growth is beginning to exceed the marginal social benefits.

Calls To Action!

Immigration Reduction Bills Threatened

The U.S. is the third-largest country in the world (next to China and India) and the fastest growing industrialized nation. Census Bureau estimates now indicate that U.S. population has surpassed 260 million with almost 3 million more people added each year. When the disproportionately higher fertility rates of immigrants are added to the almost 1.4 million legal and illegal immigrants that enter the U.S. each year, one-half of U.S. population growth can be directly attributed to immigration. Immigration according to Dr. Huddle's study "The Net National Costs of Immigration," cost U.S. taxpayers $42.5 billion dollars in 1992 alone.

Congress is now considering the Immigration Stabilization Act to address this key component of U.S. population growth. According to **Population-Environment Balance,** well-funded special interests intent on maintaining unsustainably high levels of immigration are pressuring Congress to keep this legislation from ever reaching a floor vote. BALANCE'S position is that the Immigration Stabilization Act S. 1923 (Senate) and HR. 3320 (House) represent comprehensive reform measures

Outgrowing Growth

Joseph N. Harvey, a graduate in mechanical engineering from Princeton University, now resides in Santa Barbara, California where he is engaged in writing, studying psychology, and raising his two young children. He has served as Assistant Director of the Rocky Mountain Institute, and was the founder of Boston Shutter & Door, Inc. His special areas of interest include entrepreneurship, education, conservation and alternative energy. This article originally appeared in the Summer 1990 issue of the Rocky Mountain Institute *Newsletter*. Permission to reprint was granted by the author and the Rocky Mountain Institute, an independent, nonpartisan, nonprofit resource policy research and education center committed to promoting resource efficiency and global security. Rocky Mountain Institute; 1739 Snowmass Creek Road; Snowmass, CO 81654-3851 (303) 927-3851.

The average "man on the street" has a visceral, if not articulated, sense of this phenomenon — that by the time his kids are his age Tucson will look like Phoenix, Phoenix like Los Angeles, Los Angles like Mexico City, Mexico City like two of itself, and so on; that life isn't getting any easier, cheaper, or more fun; the economic "miracle" is starting to look like an environmental and social disaster. Our national product is already very gross indeed — how gross does it need to get? On the other hand, he also knows that he needs to work, and his kids need to work, and that unemployment grows when the economy doesn't. If he senses that the economic theory underlying the perpetual necessity for perpetual growth is a Faustian bargain, trading the future (and a lot of souls) for the present, of course he's right.

However, the prospect that perpetual growth is not necessarily equivalent to perpetual well-being cannot even be conceived of from within the framework of neoclassical economies. In fact, the "primary principles" upon which neoclassical theory is based make a *prima facie* case that perpetual growth is not just desirable; it is possible and indeed necessary. It is *desirable* because it is the most direct way to fulfill the ultimate social objective of economics, "the greatest good for the greatest number," in John Ruskin's words (because well-being, according to neoclassical theory, is a subjective state that is achieved through "psychic want satisfaction" — the satiation of desire — and growing consumption is the mechanism through which people express and satisfy their growing psychic wants). That it is *possible* is illustrated by the infamous circle-flow model of the economy which is to be found diagrammed near the beginning of most macroeconomics textbooks, and upon which all of neoclassical macroeconomic theory is based. (Stripped to its essentials, the circular-flow model shows the economy as a self-contained, closed mechanical system, with production — a function of labor and capital only — on one side, consumption on the other, and abstract exchange value circulating between the two in an endless loop, with the whole thing growing exponentially as a function of the reinvestment of surplus.) And it is *necessary* because capital reinvestment constantly decreases the labor component of goods, contributing to unemployment, which can only be offset by net growth in production. Thus, neoclassical economics has given us the perfect perpetual motion machine: a closed system, disembodied from material reality (when is the last time you heard an economist speak in terms of physical units, rather than abstract exchange of value?), with no inputs or outputs, growing exponentially forever, and in doing so gradually satisfying the "psychic wants" (and thus maximizing the well-being) of every member of an also exponentially growing population. What's wrong with this picture?

While the "primary principles" upon which this miraculous device is built may satisfy an economist, they would raise a loud chorus of objections from any panel of experts chosen at random from other fields. Any physicist would dismiss the circular-flow model out of hand, citing the first and second laws of thermodynamics (energy/matter cannot be created or destroyed; and there is a transaction cost — increased entropy — associated with every process, so closed systems in perpetual motion are impossible). An ecologist would argue that everything an economist calls production is really consumption, and that transgressing the planet's carrying capacity is a potentially fatal mistake. An accountant or banker would object to the fallacy of treating liquidation of assets as windfall income in our system of national accounts — "treating the earth as a business in liquidation," as Herman Daly put it. A sociologist would point to our increasing difficulty in taking care of our young, our elderly, our deviant, our indigent, our poor, our families, and our communities as evidence that the objective of "the greatest good for the greatest number" is not being met; and might also point out that most, if not all, net increases in GNP of the past decade consisted of increases in "defensive" expenditures — prisons, Superfund, health care, etc. And a theologian would remind us that consumption as an end in itself is antithetical to the teachings of Christ, Mohammed, and Buddha. So it appears there is a lot wrong with this picture. ▲

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CARRYING CAPACITY NETWORK
CREATING A SUSTAINABLE FUTURE

Carrying Capacity Network, Inc. (CCN)
1325 G Street, NW Suite 1003
Washington, DC 20005
800-466-4866
202-879-3044
ISSN 1066-5404
EcoNet: CCN@igc.apc.org