



October 28, 2020

Ted Wheeler, Mayor
Portland City Council
1221 SW 4th Ave
Portland, OR 97204

Re: Concerns Regarding the Amendments to Title 11, Trees (Trees in Development Situations)

Dear Mayor Wheeler,

We are writing on behalf of the tens of thousands of women and men who work in and the commercial, industrial, and residential development communities. Columbia Corridor Association, Home Builders Association of Metropolitan Portland, Multifamily NW, NAIOP Oregon, and Portland Business Alliance, represent a broad diversity of businesses in our city, region, and throughout the State of Oregon.

The COVID-19 pandemic is causing severe economic disruption throughout our region and state. New construction, like many industries, is facing an uncertain future. Across the greater Portland region, new housing starts were down over 50 percent year-over-year in the months of April, May, June, July, and August. Large scale commercial and industrial development has largely stopped. This downturn is driven primarily by the dangerous combination of limited financing availability and an uncertain economic outlook.

Portland is now approaching a level of decline in new home construction close to, or worse than the Great Recession. Despite the economic downturn, Oregonians continue to desperately need new housing. A recent report showed the state underproduced 155,000 units of housing since the Great Recession. The Portland Business Alliance 2020 Housing Affordability report found that the Portland region built 23,000 fewer units of housing than needed in the past decade. The report further shows that this critical lack of housing units is the root cause of both the homelessness crises and Portland's rapidly rising cost of living. This failure forces Oregon families to compete for ever scarce housing, which in turn drives up costs, delays family formations, and inhibits growth.

Given the trying combination of the current economic outlook and the pressing need for new housing to meet Oregonians needs, the City of Portland should refrain from dramatically increasing the costs associated with construction. As an ever greater number of our neighbors find it difficult to secure their housing needs, the timing is truly ill-suited to add thousands of dollars to each new home and potentially hundreds of thousands of dollars to new commercial and industrial projects.

Unfortunately, that is exactly what the Title 11 Draft Proposal would accomplish. Sadly, it was evident at the outset of this project that the City's focus on only two issues, rather than a holistic review

of Title 11, would produce distorted analysis completely divorced from broader considerations. The City hosted two open comment periods where it merely asked Portlanders whether they thought trees were valuable and deserved enhanced protections, without any broader consideration around the COVID-19 driven economic downturn. Understandably, this sort of limited questioning produced anticipated results.

Over the past year the development community has expressed its sincere support for our wonderful urban tree canopy. At the same time, we continue to ask the City to expand its analysis and broaden the conversation from its narrow focus of increasing fees and removing exemptions. The current tree removal fees already bear a tenuous relationship to true mitigation costs and the exemptions were put in place in order to balance the needs of new housing and development and tree preservation. Portland needs both, and the current analysis completely fails to properly balance the two. As such, we ask that the City adopt the following amendments to the Proposed Ordinance.

Exempt City-Required Tree Removals from Triggering Punitive Fees. Due to the lack of coordination in code development, the City oftentimes requires the removal of trees in development situations and then fines applicants for removing these very same trees. **Between 2016 and 2020 in the 246 instances where lower density residential projects required permits to remove public trees, a whopping 54 of those (22 percent) were the result of conflicts between existing City requirements.** Those conflicts led to the removal of 72 public trees, likely representing over 800 inches in tree trunk diameter. Additionally, **during that same time period, the City required the removal of 17 private trees in development situations, representing over 250 inches in tree trunk diameter.** At the bare minimum, Portland should not require the removal of trees and then charge builders for doing so.

Set a Maximum Cap on Fees. Currently, there is no upward cap on the cost of complying with Title 11. This means that under the Proposed Ordinance, Portland could add tens of thousands of dollars to the cost of a new home. The City currently recognizes the need for maximum caps on development fees, and currently applies them under the Local Transportation Infrastructure Charge (LTIC) program. Given the dramatic fee increases included in the Proposed Ordinance, Portland should adopt a maximum fee per housing unit or development project. Doing so will ensure the City does not unduly burden the cost of constructing much needed housing.

Continue the State-Required Industrial Exemption. The City lacks the necessary industrial land to comply with state requirements outlined in Goal 9. As such, taking steps to further burden industrial property will put Portland further out of compliance and create serious litigation risk. Therefore, the City should concur with the staff recommendation and keep the current industrial exemptions in place.

Now is not the time to dramatically raise the cost of building new housing. However, if you choose to adopt the Proposed Ordinance, consider amending it per the above recommendations in order to ensure that Portland does not further depress the economy during these difficult times. Failing to do so would truly constitute an exercise in not seeing the forest for the trees.

Thank you.

Cc: Chloe Eudaly, Commissioner
Amanda Fritz, Commissioner
Jo Ann Hardesty, Commissioner
Dan Ryan, Commissioner