

November 16, 2016

Word Count 210

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## QuickPoint! – Portland’s Zoning Policies Make the Housing Crisis Worse

By Lydia White

The masterminds behind Portland’s newest inclusionary zoning recommendations have proven once again to be economically illiterate.

The Portland Planning and Sustainability Commission unanimously recommended requiring developers with 20 units or more to make 20% of units “affordable” at 80% of median family income, or 10% “affordable” at 60% median family income.

This policy fails to accomplish the Portland Housing Bureau’s stated intentions to “harness the economic power of the private market to increase the supply of affordable housing.”

A simple economics lesson would show them their policies exacerbate the city’s affordable housing crisis.

Developers are indeed responsive to basic economic concepts like incentives and cost-benefit analyses. They will not, and cannot, eat 20% of their costs. As with any tax, costs are passed on to consumers. Developers must offset their losses by accepting taxpayer-funded subsidies, cutting costs (such as forgoing routine maintenance or major repairs), or raising the prices of remaining units. This makes housing even less affordable, forcing lower-income households out of the city and spurring gentrification.

Until such unintended consequences are seriously considered, Portland city leaders will continue to amplify the housing crisis. Only the most out-of-touch city planners believe they can defy the laws of economics and make a scarce commodity more affordable by decreasing its supply.

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