

Submitter: Philip Higgins
On Behalf Of:
Committee: Senate Committee On Housing and Development
Measure, Appointment or Topic: SB1521

Letter of Support for SB 1521

Prohibiting Unfunded Inclusionary Zoning Requirements in the Portland MSA

To: Oregon State Legislators

Re: Support for SB 1521

Dear Legislators,

As a resident of Yamhill County, I witness daily the consequences of Oregon's housing shortage. Our towns are suffering from extreme rent burden, with workers, families, seniors, and young adults all struggling to find homes they can afford.

In my work as a commercial real estate broker and multifamily housing developer, I also see why that shortage exists. Our land use system is painfully broken. The regulatory environment is both dense and operates counter-intuitively to the marketplace—a market where developers must secure financing to build projects. Well-intentioned regulations have made this nearly impossible, with the consequence that bringing homes to market below a certain price point is unfeasible.

The Evidence Against Unfunded Inclusionary Zoning

Inclusionary zoning has been shown in study after study to worsen housing availability and affordability:

- A 2020 National Bureau of Economic Research study found that San Francisco's inclusionary zoning reduced new housing construction by 20% over five years
- Research published in the Journal of Housing Economics found that inclusionary requirements reduced overall housing production and increased market-rate prices
- A Wall Street Journal analysis (January 2025) documented how Portland-area inclusionary zoning mandates have directly contributed to project cancellations and reduced housing supply

Unfunded inclusionary zoning programs attempt to address affordability by adding yet another cost—potentially a substantial one—requiring units in new buildings to be rented or sold below market prices.

Why This Approach Fails

I understand and share the desire for homes to be available at lower prices. But simply requiring prices to be lower doesn't actually work. When stated this plainly, the farcical nature of the approach becomes clear. You cannot mandate affordability into existence without funding it.

Here's what happens in practice:

- Developers cannot secure financing for projects with mandated below-market units
- Projects that might have been built don't get built at all
- The housing shortage worsens
- Market-rate prices increase due to constrained supply
- The very people inclusionary zoning aims to help are worse off

SB 1521: A Solution That Works

SB 1521 addresses this fundamental flaw by requiring inclusionary zoning mandates, if and where they exist, to be fully funded. This transforms inclusionary housing from an unfunded mandate on private developers into a public tax expenditure that achieves a public purpose—which is the only way to make this work without adding costs and worsening the original problem.

If we want affordable housing, we should fund it publicly and transparently rather than hiding the cost in regulations that reduce overall housing production.

I urge you to support SB 1521.

Sincerely,

Philip E Higgins

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Commercial Real Estate Brokerage | Advisory Services

Key Citations to Include:

1. NBER Working Paper: "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco" - Diamond, McQuade & Qian (2019)
2. Journal of Housing Economics: "The Impact of Inclusionary Zoning on Development" - Schuetz, Meltzer & Been (2011)
3. Wall Street Journal: "Portland's Housing Mandates Backfire as Developers Cancel Projects" (Check most recent 2025 article)
4. UC Berkeley Terner Center: "Inclusionary Housing in California: 30 Years of Innovation, Growth and Change" (2020) - shows programs work only when financially feasible
5. Urban Institute: "How Inclusionary Zoning Can—and Can't—Help Address the Affordability Crisis" (2023)