Yard Sign

AN ENTIRE FLOOR OF A PORTLAND APARTMENT HIGH-RISE CAN BE RENTED OUT FOR THE NIGHT.

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The 21-story, dark glass tower looming above the east end of the Burnside Bridge is supposed to help solve Portland’s housing shortage.

The apartment building known as Yard opened in late July. It was already a target of grousing from Portlanders who don’t like how it changed the skyline and dodged a city design-review process.

But the tower was intended to ease Portland’s housing crunch by adding 284 apartments to a city where low vacancy rates are driving up rent. That’s why the Portland Housing Bureau offered tax credits to the real estate developers that bought the property from the Portland Development Commission in 2014.

City officials chipped in a one-time waiver of system development fees worth $666,720 and tax credits worth $771,079 the first year so the developers would set aside 57 apartments in the luxury building as affordable housing for working-class families—who competed in a lottery for the chance to rent a $734-a-month studio.

City officials praised Yard’s backers, Key Development and Guardian Real Estate Services.

“To solve the affordable-housing crisis facing our city,” City Commissioner Dan Saltzman told the Portland Business Journal last year, “we need more developers like Key Development stepping forward to help.”

But other apartments at Yard have also been set aside. The entire 11th floor is available as a short-term rental.

For up to $7,215 a night (not including taxes and fees), you can rent all 18 apartments on the 11th floor, via online rental marketplaces, including Airbnb and Vacasa.

The decision to create short-term rentals out of a whole floor of a city-subsidized apartment complex raises questions about the city’s use of scarce housing dollars and its failure to enforce the rules for companies like Airbnb.

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The worry that Portland residents are competing for tourists for apartments has grown as rents continue to rise. The Portland Housing Bureau’s director has estimated 1,000 otherwise affordable units have been turned into short-term rentals. In the last month, WW has reported on flagrant scofflaws who operate on the Airbnb website while the city has refused to fine the company.

The case of Yard is different. It sits in a retail zone, where none of the city’s limits on listing apartments as short-term rentals applies. The city’s only rule: Get a change of occupancy permit for the de facto hotel.

Yard’s owners have yet to do so.

Thomas Brenneke, president of Guardian Real Estate Services, says the impact of the 18 units on the larger Portland housing market is “insignificant.”

“We’re in a lease-up period here at Yard, 284 units to lease,” he says. “If someone walks in the door and wants to lease 18 units, that’s attractive.”

Guardian rented out the entire floor to Portland-based vacation rental management company Vacasa, which in turn rents out the apartments through its own site or advertising on Airbnb and elsewhere.

“Could these theoretically in some universe be properties that someone could rent? Yes. Would it help the current crisis we’re in? No,” says Scott Breon, Vacasa’s chief revenue officer. “Our focus is creating middle-income jobs and providing tax revenue to support the communities we operate in.”

Breon says Vacasa is an “amenity” for luxury buildings, where residents might need extra space for guests: “It’s a denser use of limited resources.” And it’s not just at Yard, but across the Willamette River at Park Avenue West, the 30-story downtown tower that opened earlier this year. It rents out 20 apartments through Vacasa and another four or six through short-term rental company Stay Alfred, according Vacasa and TMT Development, which manages Park Avenue West.

Yard’s 11th floor wouldn’t directly provide affordable housing. The building’s sixth through eighth floors—directly above the five-floor parking garage—have been priced for working families, and all of those units are full. In all, 310 prospective tenants applied to rent the 57 apartments, according to Guardian.

“It won’t be taking the affordable units off the market, but it is a decrease in housing stock,” says Saltzman, who oversees the Housing Bureau. He says the city may need to strengthen its rules for short-term rentals in commercial zones.

“We expect all hosts, whether his or her listing is in a commercial zone or not, to comply with city regulations,” says Airbnb spokeswoman Laura Rillos.

Renting a hotel room at Yard turns out to be a breeze. We went shopping on a recent Friday afternoon, and found a vacancy for the following Sunday night.

A two-bedroom on Yard’s 11th floor rents for up to $535 a night during peak times, not including fees and taxes.

But we found a less expensive option: $99, plus another $97 in taxes and fees.

The room, known as the “Thimbleberry,” has a small balcony that boasts stunning views of eight bridges across the Willamette. Big Pink glows in the sunset, seeming close enough to touch as the “Made in Oregon” sign shines at eye level.

The fully stocked kitchen came complete with beer mugs in the freezer and a Portlandia cookbook. There was a flat-screen TV and Vacasa-branded playing cards for those with no desire to leave the views visible from floor-to-ceiling windows. Traffic hummed below on I-5, but it didn’t detract from sleep on a memory-foam mattress.

“This entire floor dedicated to Airbnbs speaks to the fallacy of the argument of ‘build, build, build and the market will provide something that’s affordable,’” says housing advocate Justin Buri, a former head of Community Alliance of Tenants. "WW"