

A photograph of a modern multi-story building at night. The building features a mix of dark glass windows and light-colored wood paneling. The ground floor has large glass windows that are brightly lit from within, showing interior details like lamps and furniture. The sky is dark, and there are some light trails from a moving vehicle in the foreground. The word 'ethos' is overlaid in a large, white, lowercase sans-serif font, with a thin white line extending from the top of the 'h'.

ethos

DEVELOPMENT

Market Rate Production

30%

above the 135-year wage-adjusted
rent trend

Every tailwind that drove the 2010–2022 boom has reversed:

- **Interest rates up** Cap rate compression is over
- **National vacancy at 8.5%** Up from sub-5% during the boom
- **Demographics shifting** Millennials aging out; Gen Z is 8% smaller
- **Political headwinds** Republican EO against institutional landlords
- **Oregon lagging** Employment and economic growth below average

Takeaway - Market rate production won't close the gap. That puts more pressure on affordable.

Affordable Production

Funding is scarce. The funding we have is diluted by preferences that don't produce units.

Materials preferences

CLT, passive house, and other premium methods raise per-door costs — fewer units built with the same budget.

Nonprofit preference

Scoring favors nonprofits even when costs are higher and reserves thinner. Undercapitalized operators set the stage for future deterioration.

Location scoring

Points for "high opportunity" sites where land costs destroy the proforma. Same unit, 2x the price.

Prevailing wage

Inflates construction costs 20–30% on projects that wouldn't otherwise trigger it, purely because public subsidy is involved.

Design mandates

Architectural upgrades and design review add \$10–30K per door to make neighbors comfortable, not to make units pencil.

New construction bias

We spend \$300K+ to replace a unit that could be preserved for \$50K. A re-roof doesn't get a ribbon cutting.

Takeaway - More units could be delivered more quickly with fewer preferences in place.