

Inclusionary Housing Program Recommendations



PORTLAND HOUSING BUREAU

Dan Saltzman, Commissioner
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Inclusionary Housing Generally

- Inclusionary Housing policies help create and maintain economically diverse communities where affordable housing is mixed with market rate units in private developments
- More than 500 communities in the United States have developed inclusionary housing policies requiring developers of new market-rate real estate to provide affordable housing

Senate Bill 1533 Background

- Mandatory affordability at 80% AMI and above
- Applies to rental and for-sale buildings with 20+ units
- Affordable units limited to 20% of all units
- Requires incentives for affordable units, such as SDC or fee waivers, financing, and tax exemptions
- Fee-in-lieu option

Portland Policy Development: *Panel of Experts*

- Sarah Zahn – *Portland Housing Advisory Commission, Gerding Edlen*
- Dike Dame – *Portland Housing Advisory Commission, Williams and Dame Development*
- Dr. Lisa Bates – *Portland State University*
- Dr. Ronald Lehr – *KeyBanc Capital Markets Inc.*
- Amanda Saul – *Enterprise Community Partners*
- Vivian Satterfield – *OPAL Environmental Justice Oregon*
- Margaret Tallmadge – *Coalition of Communities of Color, Portland Planning and Sustainability Commission*
- Eric Cress – *Urban Development + Partners*
- Greg Goodman – *Downtown Development Group, Portland Business Alliance*
- Kira Cador – *Rembold Companies*
- Nolan Lienhart – *ZGF, 1,000 Friends of Oregon*

Policy Framework

- Citywide program, **calibrating** the inclusion rate and incentives **by geography**
- Set mandatory program at 80% AMI, and develop **supplemental incentives to reach below 60% AMI**
- Prioritize **units on site** over fee-in-lieu revenue or units off-site

Policy Framework Continued

- Inclusionary housing requirement for **all buildings with 20 or more units**
- Inclusionary units maintain market comparable quality, size, bedroom composition, and unit distribution in the building
- Maintain **affordable units for 99 years**

Program Recommendation

Based on input from Panel of Experts, Developers and PSC Revised Recommendation

- Staggered implementation in mixed use zones
 - Initial lower inclusion rate and
 - Initial lower fee-in-lieu
- Waived mandatory parking minimums when developer includes inclusionary units in development or enters into an agreement to build the units at another location

Program Recommendations

Mixed Use Zones

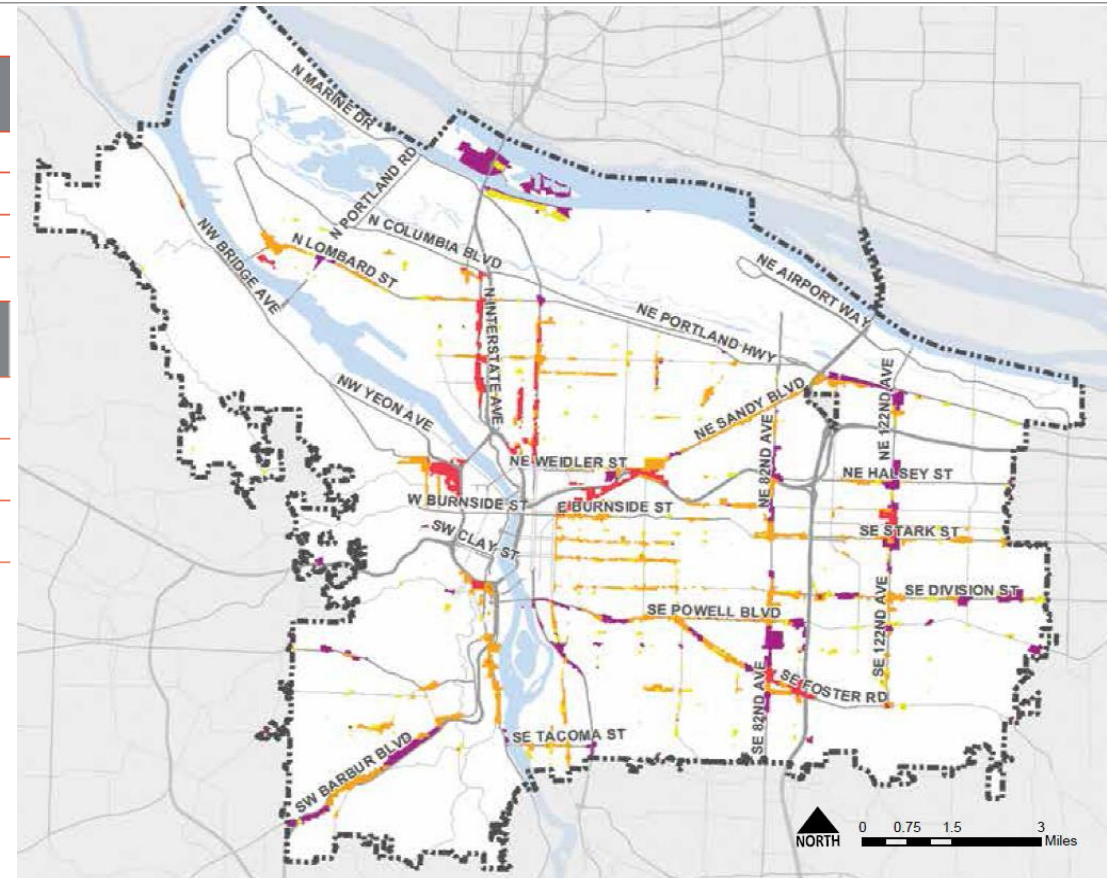
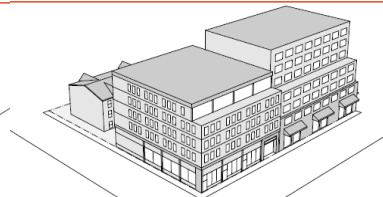
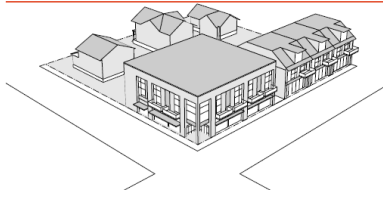
Proposed Comprehensive Plan Designation	Future Implementing Zones
Mixed Use Dispersed	CM1, CE
Mixed Use Neighborhood	CM1, CM2, CE
Mixed Use Civic Corridor	CM1, CM2, CM3, CE
Mixed Use Urban Center	CM1, CM2, CM3

Comprehensive Plan Designation	Current Zones						
	CN1/2	CO1/2	CM	CS	CG	EX	CX
Mixed Use Dispersed	CM1	CM1	CM1	CM1	CM1# CE#	CM1	n/a
Mixed Use Neighborhood	CM1	CM1+ CM2+	CM2	CM2	CM2# CE#	CM2	n/a
Mixed Use Civic Corridor	CM1	CM1+ CM2+	CM2	CM2	CM2# CE#	CM3	CM3
Mixed Use Urban Center	CM1	CM1+ CM2+	CM2	CM2	CM2# CE#	CM3	CM3

Commercial Mixed-Use 1 (CM1)

Commercial Mixed-Use 2 (CM2)

Commercial Mixed-Use 3 (CM3)



New Mixed Use Zones

■ Commercial Mixed Use 1 (CM1)
 ■ Commercial Mixed Use 2 (CM2)
 ■ Commercial Mixed Use 3 (CM3)
 ■ Commercial Employment (CE)

Mixed Use Zones Inclusion Rates

- **Mandatory Inclusionary Requirement**

- Initial rate of 15% of Units at 80% AMI
- In 2019, 20% of Units at 80% AMI

- **Deeper Affordability Option**

- Initial rate of 8% of Units at 60% AMI
- In 2019, 10% of Units at 60% AMI

Mixed Use Zones Incentives

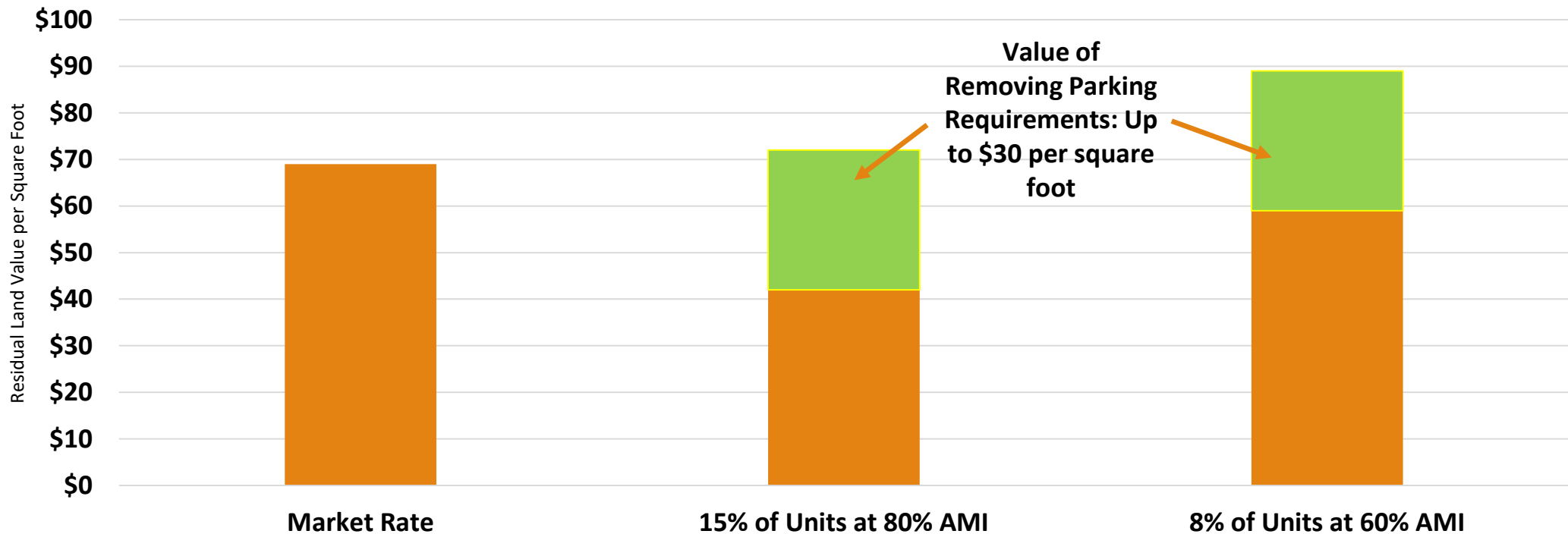
- Density Bonus
- 10 Year Property Tax Exemption on Affordable Units
- CET Exemption on Affordable Units
- Waiver of Parking Requirements
- SDC Waivers on affordable units at 60% AMI

Mixed Use Zones Fee-In-Lieu Schedule

Zone/FAR	Fee per GSF Initially	Fee per GSF in 2019
CM 1 at Base FAR	\$19.46	\$23.83
CM 1 with Bonus FAR	\$19.35	\$25.79
CM 2 at Base FAR	\$19.35	\$25.79
CM 2 with Bonus FAR	\$19.88	\$26.50
CM 3 at Base FAR	\$19.52	\$26.03
CM 3 with Bonus FAR	\$21.43	\$28.58

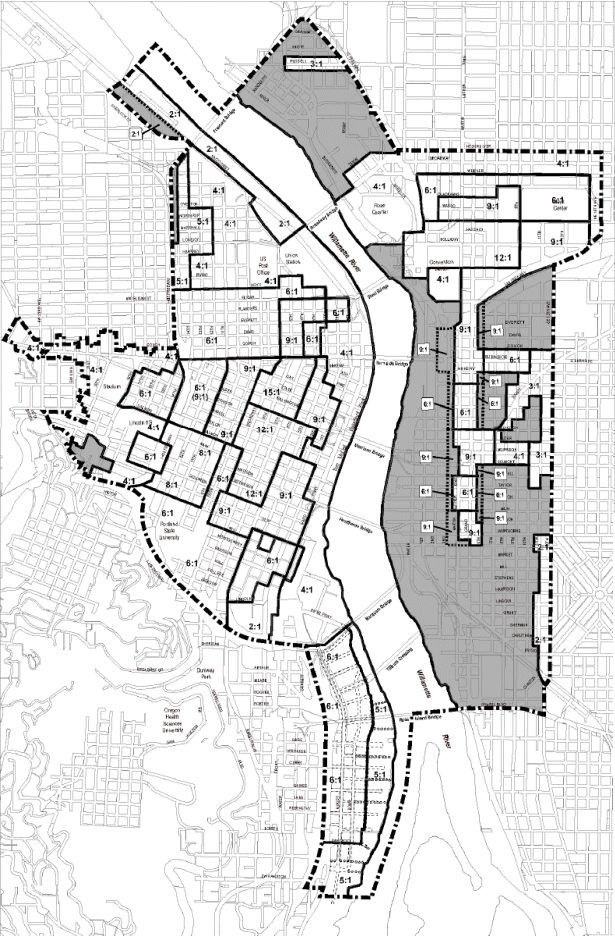
Mixed Use Zones Feasibility

Price/Value of Land Feasibility Analysis *Mixed Use Zones, CM2*



Program Recommendations

Central City



Central City Inclusion Rates

- Mandatory Inclusionary Requirement
 - 20% of Units at 80% AMI
- Deeper Affordability Option
 - 10% of Units at 60% AMI

Central City Incentives

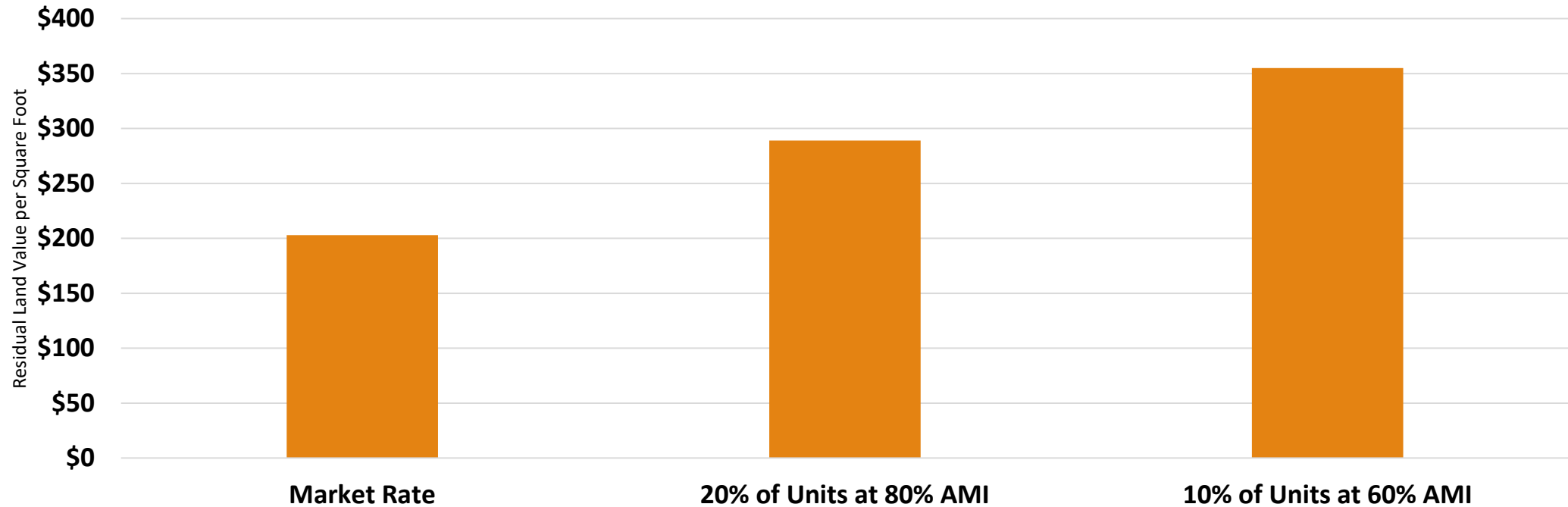
- Density Bonus
- 10 Year Property Tax Exemption on **all units** for sites with **base FAR 5.0+**
- CET Exemption on Affordable Units
- SDC Waivers on affordable units at 60% AMI

Central City Fee-In-Lieu Schedule

Zone/FAR	Fee per GSF
3.0/4.0 FAR	\$27.39
3.0/4.0 Base with Bonus FAR	\$28.57
5.0/6.0 FAR	\$28.57
5.0/6.0 Base with Bonus FAR	\$28.99
8.0 FAR	\$28.99
8.0 Base with Bonus FAR	\$29.81
9.0 FAR	\$29.81
9.0 Base with Bonus FAR	\$29.42
12.0 FAR	\$29.42
12.0 Base with Bonus FAR	\$29.85
15.0 FAR	\$27.39
15.0 Base with Bonus FAR	\$28.57

Central City Feasibility

Price/Value of Land Feasibility Analysis *Central City, 6.0 FAR*



Developer Options to Comply

- Include affordable units in new development
- Pay the fee-in-lieu
- Offsite Option
 - Build new units or dedicate market rate units as affordable
 - Location must be no more than 1/2 mile from sending site, or in an area with an equal or better opportunity mapping score
 - Units must be comparable in site, quality and bedroom count

