



Portland Housing Bureau

Mayor Ted Wheeler • Interim Director Shannon Callahan

Inclusionary Housing Set Aside Rate Sunset Extension

Planning and
Sustainability Commission

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Inclusionary Housing Program

- Building proposing 20 or more new units
- 99 years of affordability
- Affordable for households earning 80% MFI or less
- Outside Central City rate to increase January 1, 2019

Program Options

Provide units on-site

Provide units off-site

Pay a fee rather than providing units

Set-aside In Central City

20% of units affordable at 80% MFI

10% of units affordable at 60% MFI

Set-aside Outside Central City

15% of units affordable at 80% MFI

8% of units affordable at 60% MFI

Inclusionary Housing Program 18-month review

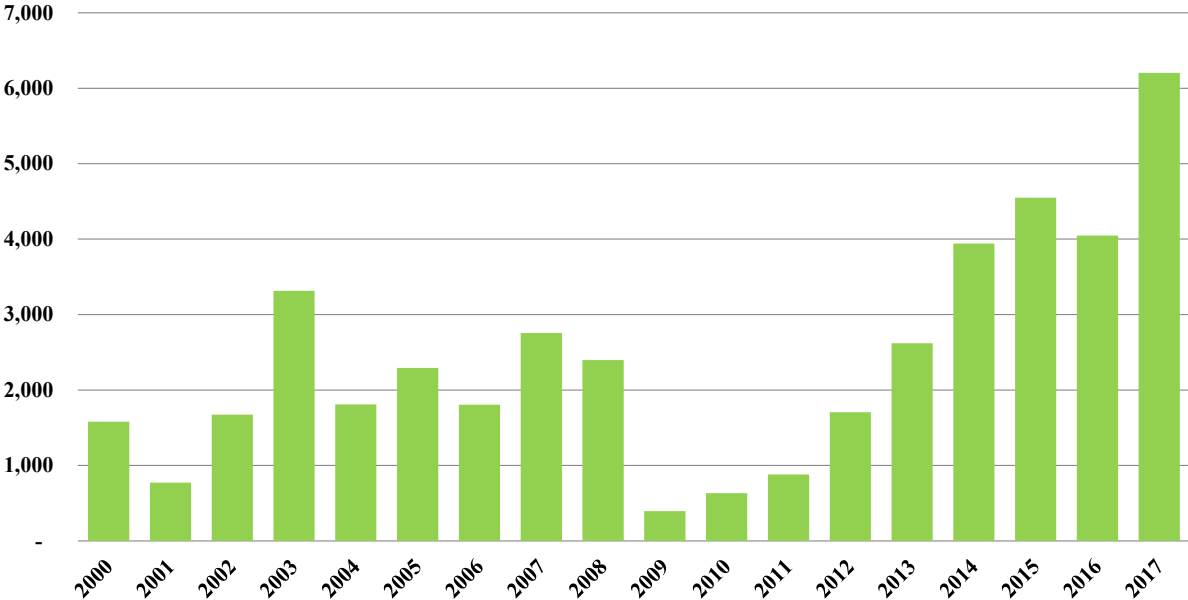
Key Highlights

- 8,294 units (buildings with 20+ units) from the pre-IH vested pipeline remain in a stage of permitting
- 8,578 units (buildings with 20+ units) have entered permitting, land use review, or pre-application/early assistance since IH went into effect
- 362 IH units (in projects with 2,269 total units) have permitted or are close to permitting
- Multifamily permitting in 2017 set a historic high at over 6,000 permits
- Market indicators are signaling a shift in the market cycle based on factors unrelated to the IH program

Inclusionary Housing 18-month review

Multifamily permits pre and post-IH

Portland Multifamily Units Permitted

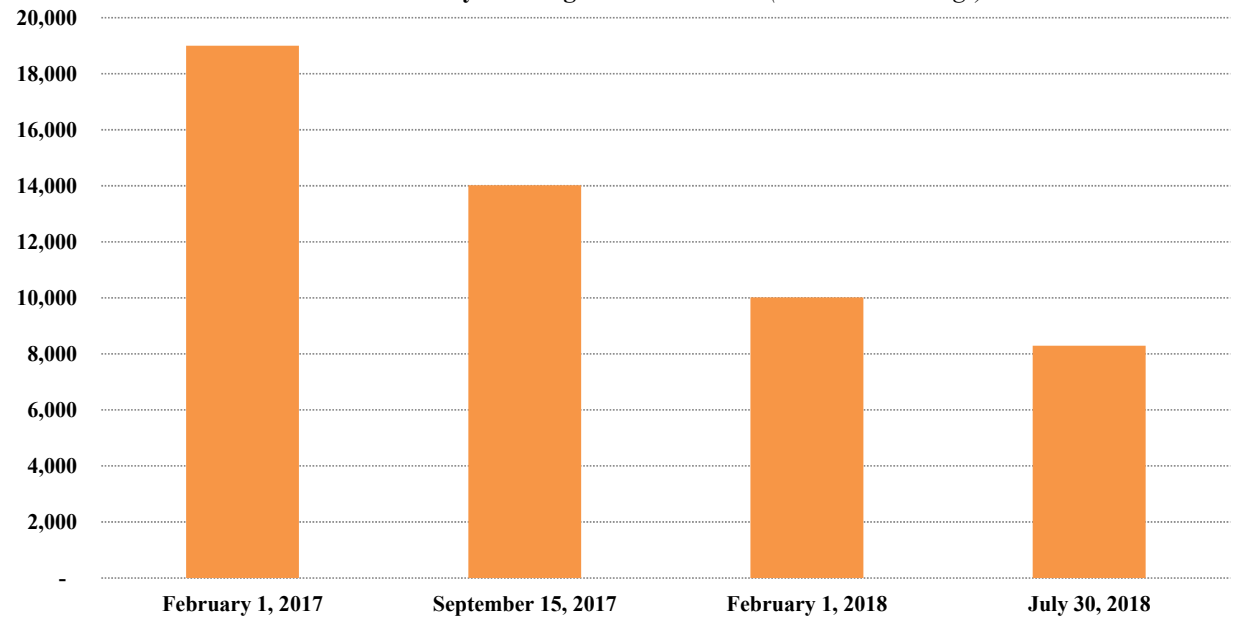


Inclusionary Housing 18-month review

Pre Feb 1, 2017 pipeline

- 65 permits applications remaining from pre-IH pipeline
- 8,294 total units

Pre-Inclusionary Housing Units in Process (20+Unit Buildings)

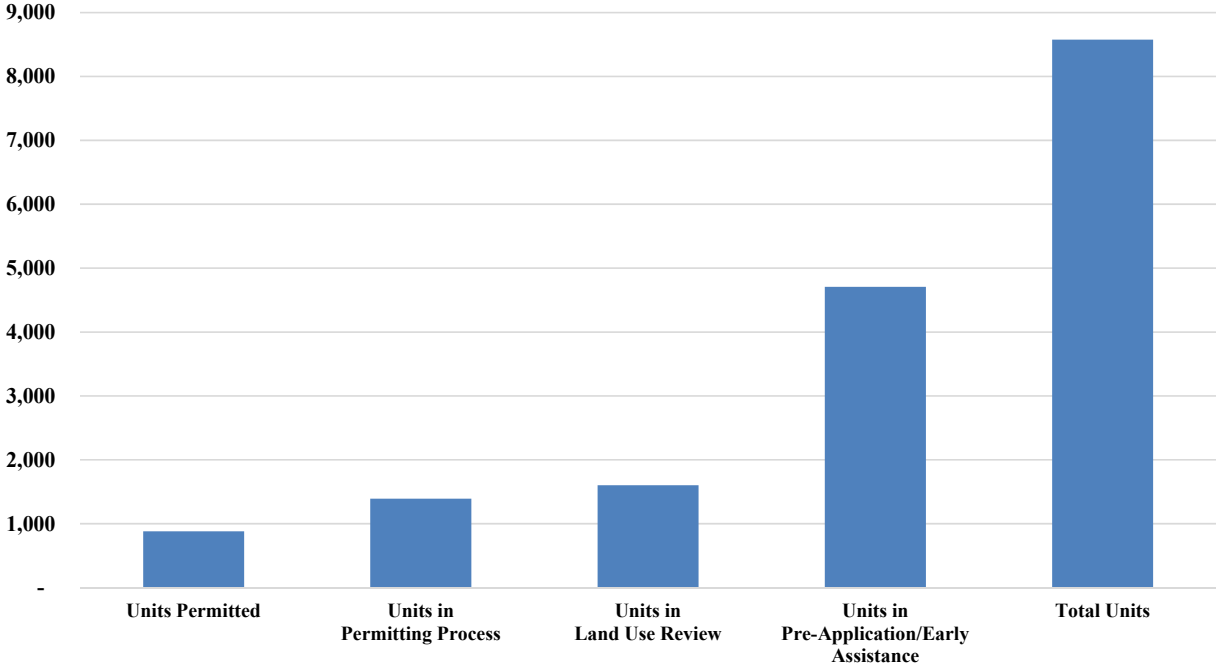


Inclusionary Housing 18-month review

February 2017 – August 2018

- 100 proposed buildings
- 8,578 total units

Post-IH Multifamily Permitting Pipeline, August 2018 (20+ Unit Buildings)

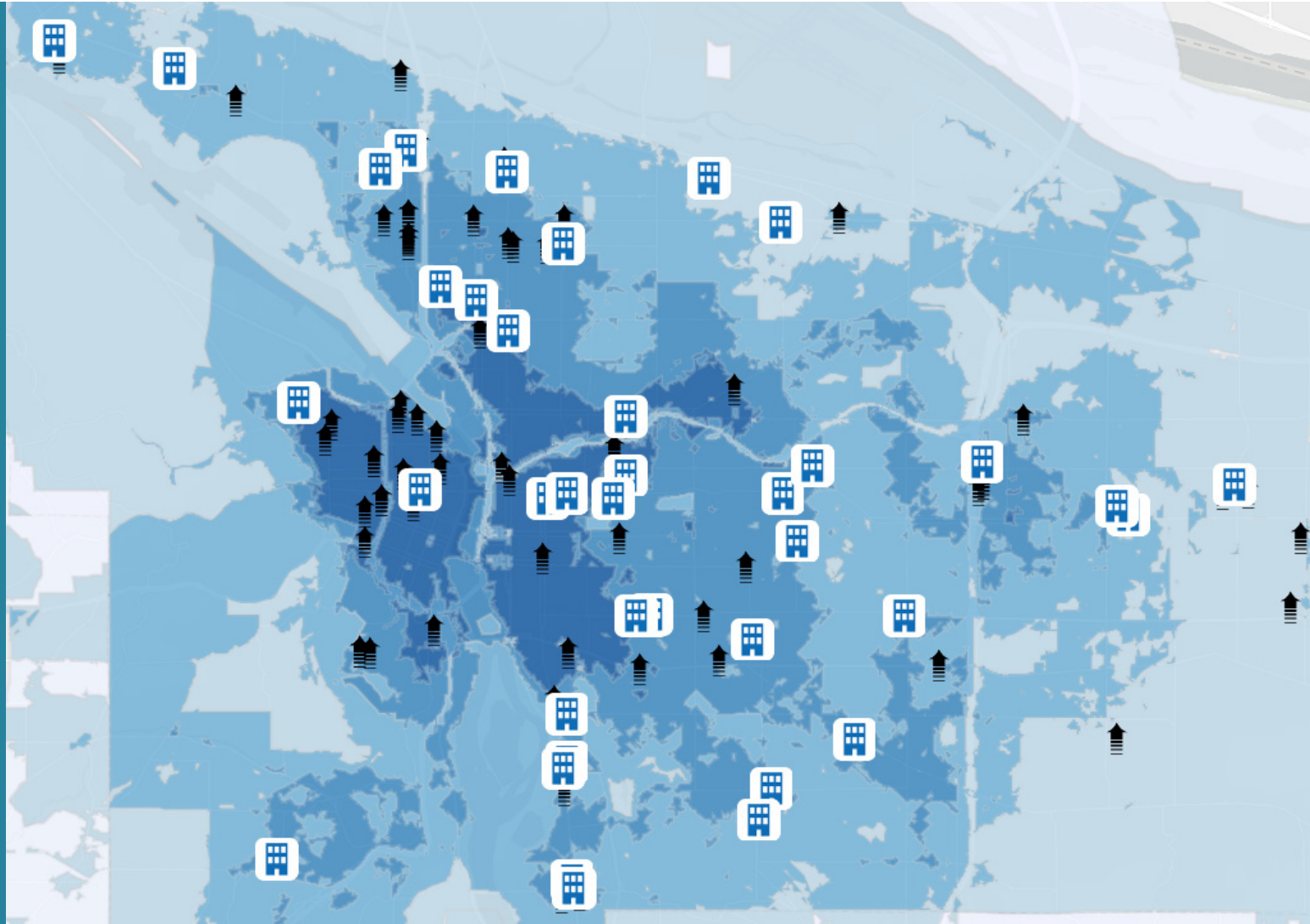


Inclusionary Housing

18-month review

Post Feb 1, 2017 Pipeline

- 100 applications
8,578 total units
- 43 in permitting
2,269 total units
- 57 in EA/pre-app
6,309 units

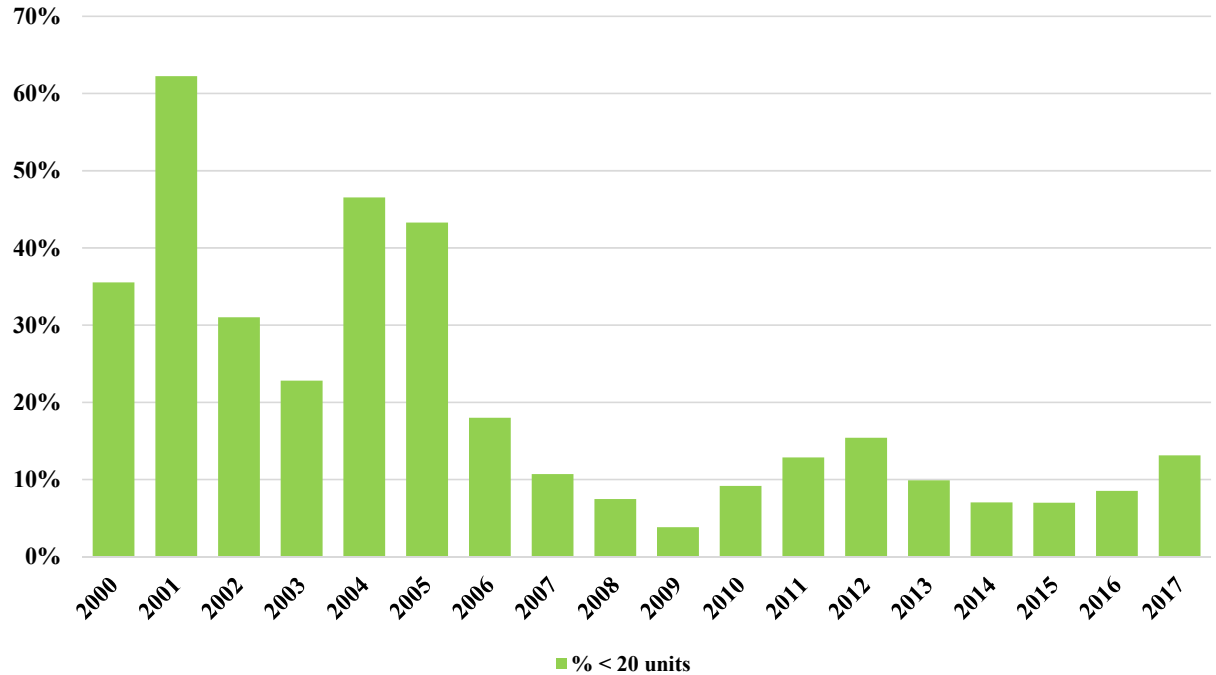


Inclusionary Housing 18-month review

Buildings under 20 units

- Cycle of development is consistent since emerging from the recession

Multifamily Permitting in Buildings with less than 20 units



Actions Taken

1. March 2017: 5-year \$15 million Multiple-Unit Limited Tax Exemption (MULTE) program cap
2. February 2018: PHB publishes draft administrative rules for IH homeownership requirements
3. March 2018: City Council adopts the Incentivizing the Pipeline MULTE program to encourage developers to provide affordable units in projects vested prior to IH
4. May 2018: PHB published revised draft administrative rules for IH homeownership requirements
5. June 2018: City Council approves a technical change to the IH fee-in-lieu and establishes that the fee applies only to residential portions of mixed use buildings
6. August 2018: PHB adopts administrative rules for IH homeownership requirements

Upcoming Actions

1. Oct 2018: Ordinance to City Council to provide the full 10-year property tax exemption for projects subject to IH in the Central City when building at 5:1+ FAR as well as zoned 5:1+ FAR
2. Oct 2018: Publish amended administrative rules addressing numerous technical issues
3. Oct - Dec 2018: Ordinance to City Council to extend the lower inclusion rate for projects outside the Central City and Gateway Plan Districts by an additional 2 years
4. Oct – Dec 2018: Develop proposal establishing full 10-year property tax exemption for projects outside the Central City (in specific geographies) when building at 5:1+ FAR
5. Jan 2019: Review Central City bonus FAR, potentially increasing bonus
6. Jan 2019: Recalibrate the IH Build Off-Site and Designate Off-Site program options

Recommended Action from PSC

Extend the current sunset for the lowered inclusion rate outside the Central City for an additional 2 years (December 31, 2020)

- Pre-IH projects continue to move through the pipeline
- Post-IH projects are increasing
- In addition to several other policy and program actions PHB is implementing
- Allows additional time for the market to adjust