



Portland Housing Bureau

190260

Tax Exemption Applications under Inclusionary Housing

Willis Apartments

Matthew Tschabold, Policy & Planning Manager

Cassie Graves, Program Coordinator

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Overview of Portland's Inclusionary Housing Program

- i. **Portland Policy**
- ii. **Developer Options**
- iii. **Progress to Date**

Portlanders by Area Median Income

0-30% AMI



Annual Income: \$15,800
AMI: 17%
Affordable Rent: \$395

Couple with
Social Security



Annual Income: \$10,500
AMI: 11%
Affordable Rent: \$263

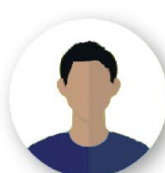
Adult on
Disability

31-60% AMI



Preschool
Teacher

Annual Income: \$37,800
AMI: 41%
Affordable Rent: \$945



Customer
Service
Representative

Annual Income: \$48,300
AMI: 52%
Affordable Rent: \$1,208

61-80% AMI



Carpenter

Annual Income: \$61,500
AMI: 67%
Affordable Rent: \$1,538

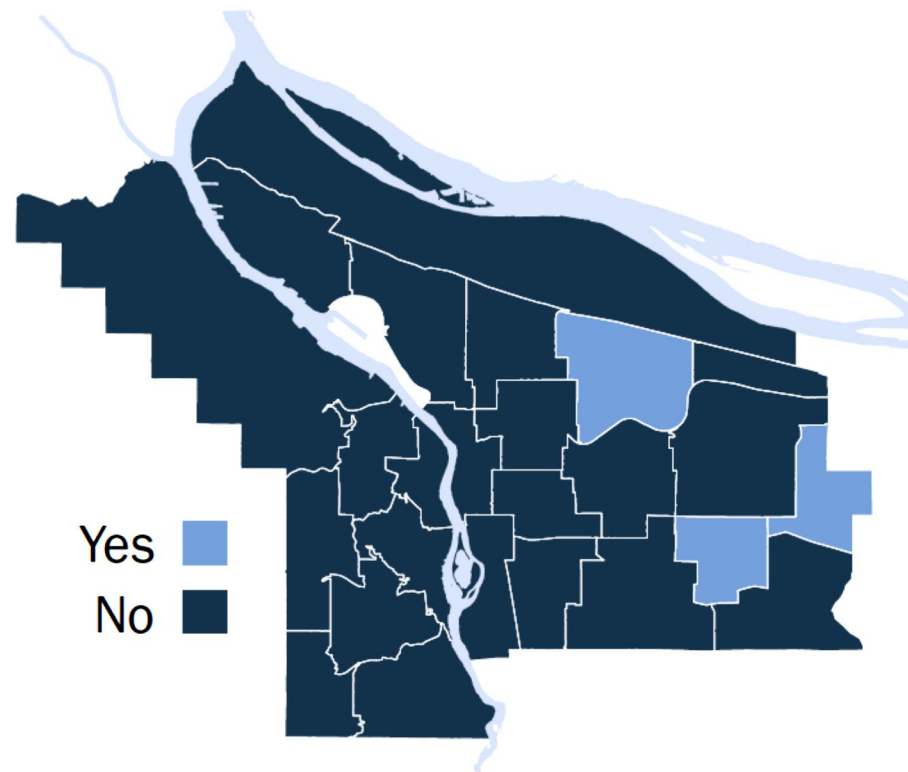


Two full-time
minimum wage
workers

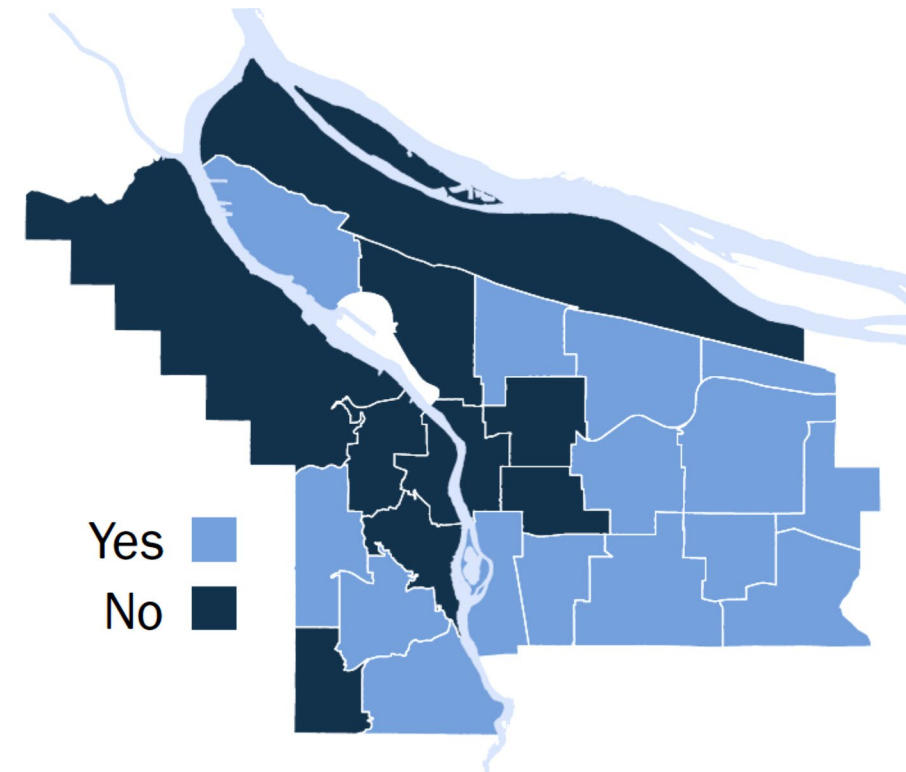
Annual Income: \$57,000
AMI: 62%
Affordable Rent: \$1,425

Portland Area Median Income = \$92,100

Portland Rental Affordability

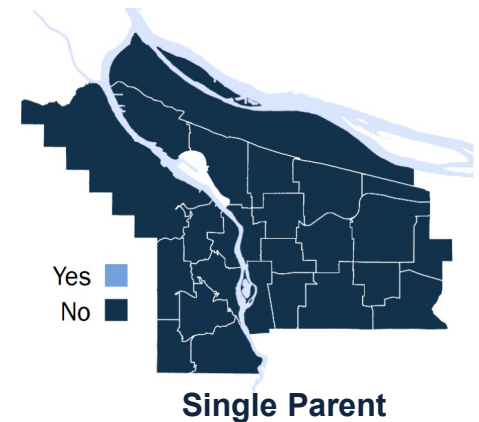
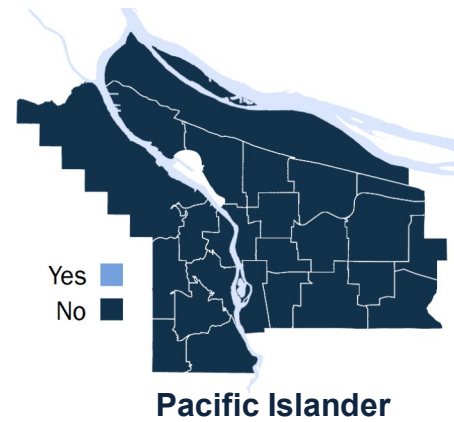
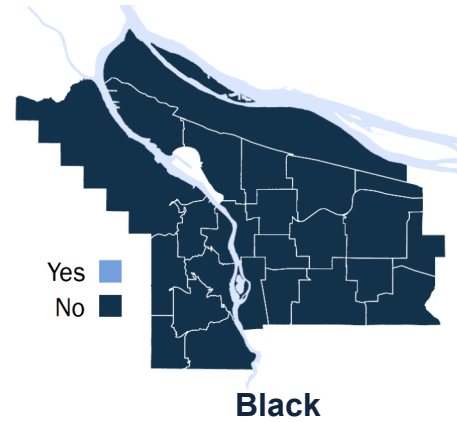
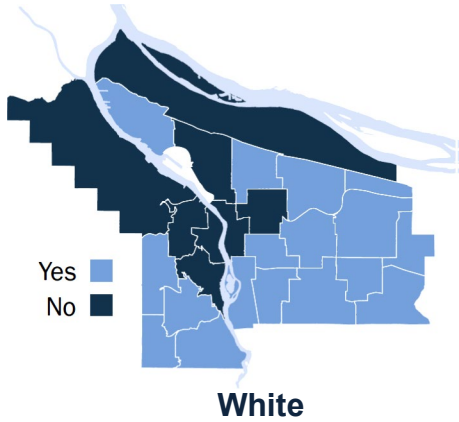
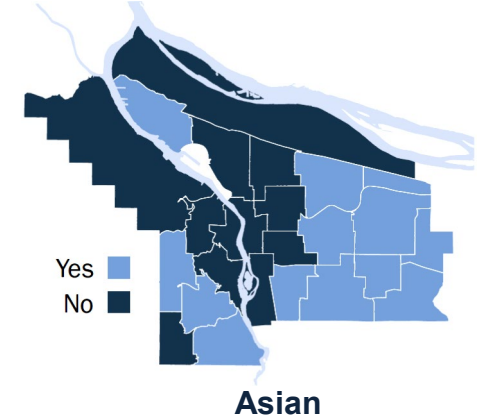
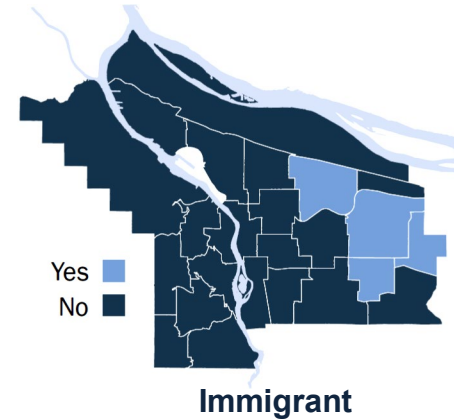
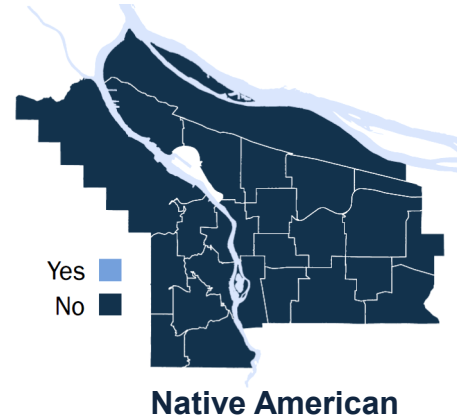
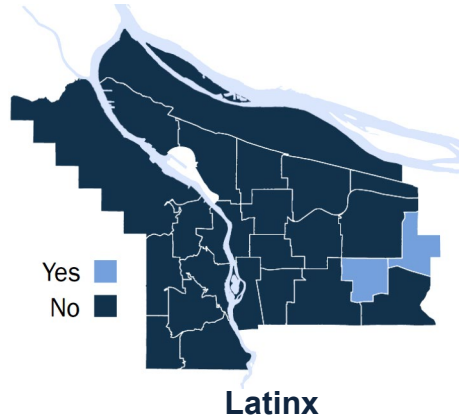
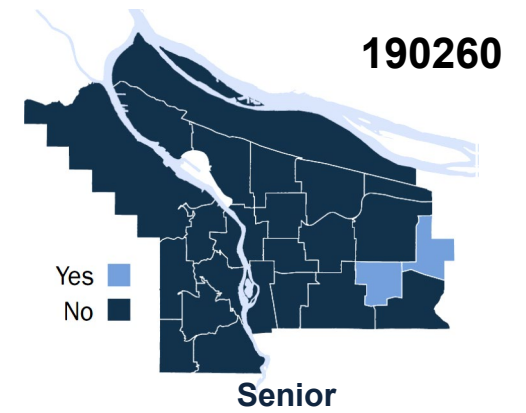


60% of Median Income



80% of Median Income

Portland Rental Affordability by Community



Portland Policy – Guidelines

- i. Citywide program, **calibrating** the inclusion rate and incentives **by geography**
- ii. Set mandatory program at 80% AMI, and develop **supplemental incentives to reach below 60% AMI**
- iii. Prioritize **units on site** over fee-in-lieu revenue or units off-site
- iv. Inclusionary housing requirement for **all buildings with 20 or more units**
- v. Inclusionary units maintain comparable size, composition, and unit distribution in the building
- vi. Maintain **affordable units for 99 years**
- vii. Develop a policy that does not impede market rate development

Incentives

Density and Height Bonuses – Available depending zoning and height restrictions

Construction Excise Tax Exemption – available units affordable at 80% AMI or below

System Development Charge Exemption – available to any units affordable at 60% AMI or below

Property Tax Exemption – Taxes assessed on the improvement value exempted for 10 years

- Outside Central City, only for units affordable at 60% or 80% AMI
- Within Central City, all residential units (*not just the affordable units*)

Parking Exemption or Reduction – within 1500ft of a transit station or 500ft of a frequent service line*

* *Added during legislative process, not calibrated for financial offsetting*

Developer Options – Calibrated

1. Affordable units in new development at 60% or 80% AMI
2. Pay a fee-in-lieu
3. Offsite Option
 - a. Build new units or dedicate market rate units as affordable
 - b. Location must be no more than 1/2 mile from sending site, or in an area with an equal or better opportunity mapping score
 - c. Units must be comparable in site, quality and bedroom count

The reconfiguration option (allowing a developer to provide units with more bedrooms resulting in fewer units) was an amendment adopted at City Council to encourage family size units. As a result, this option was never included in the economic calibration.

Program Outcomes to Date

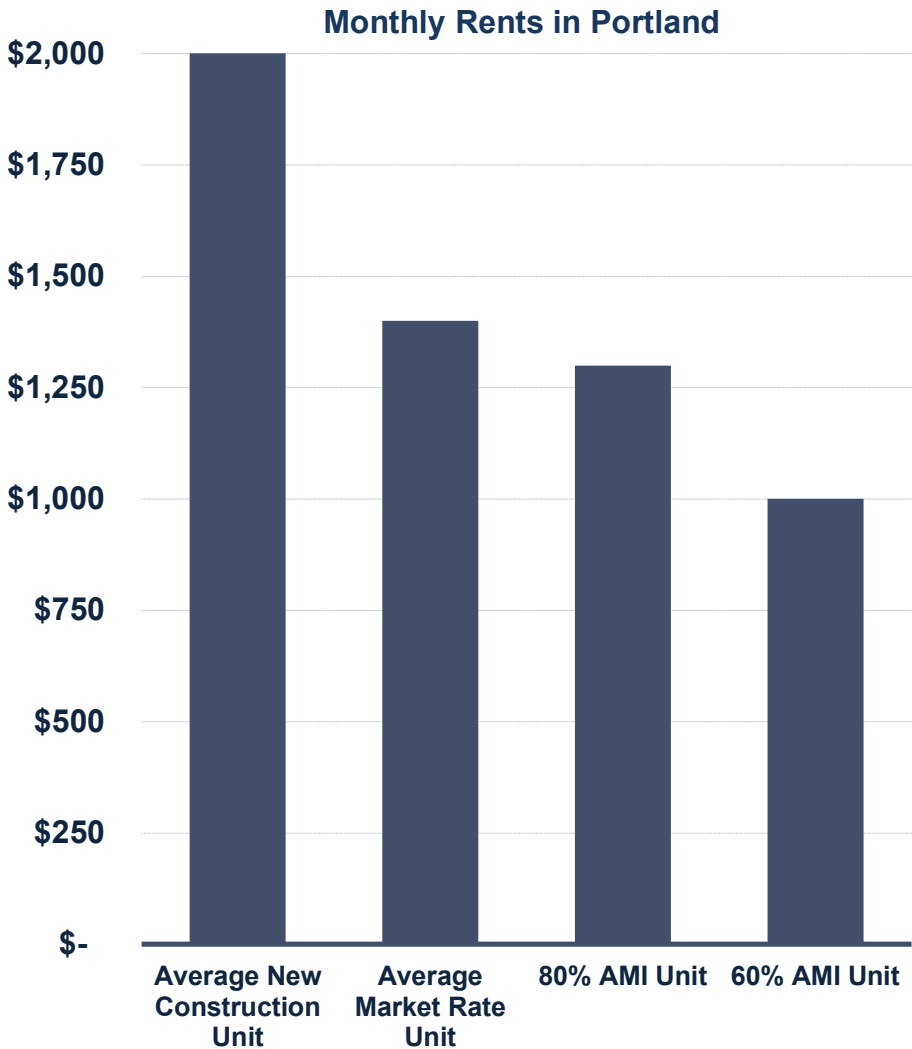
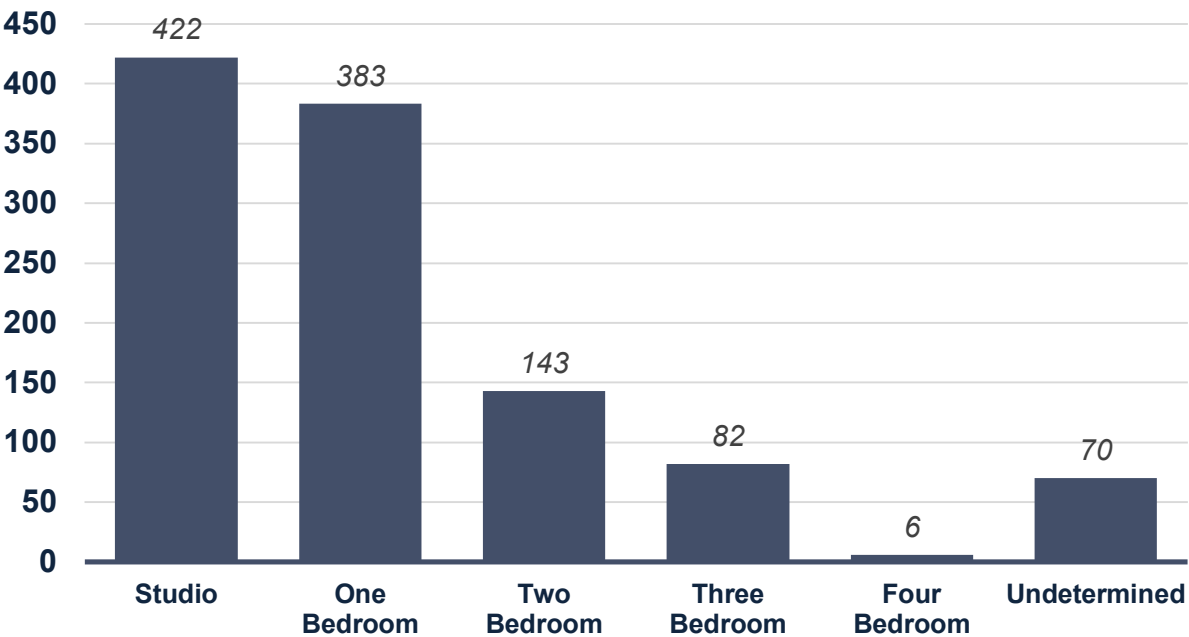
Portland's Inclusionary Housing Units

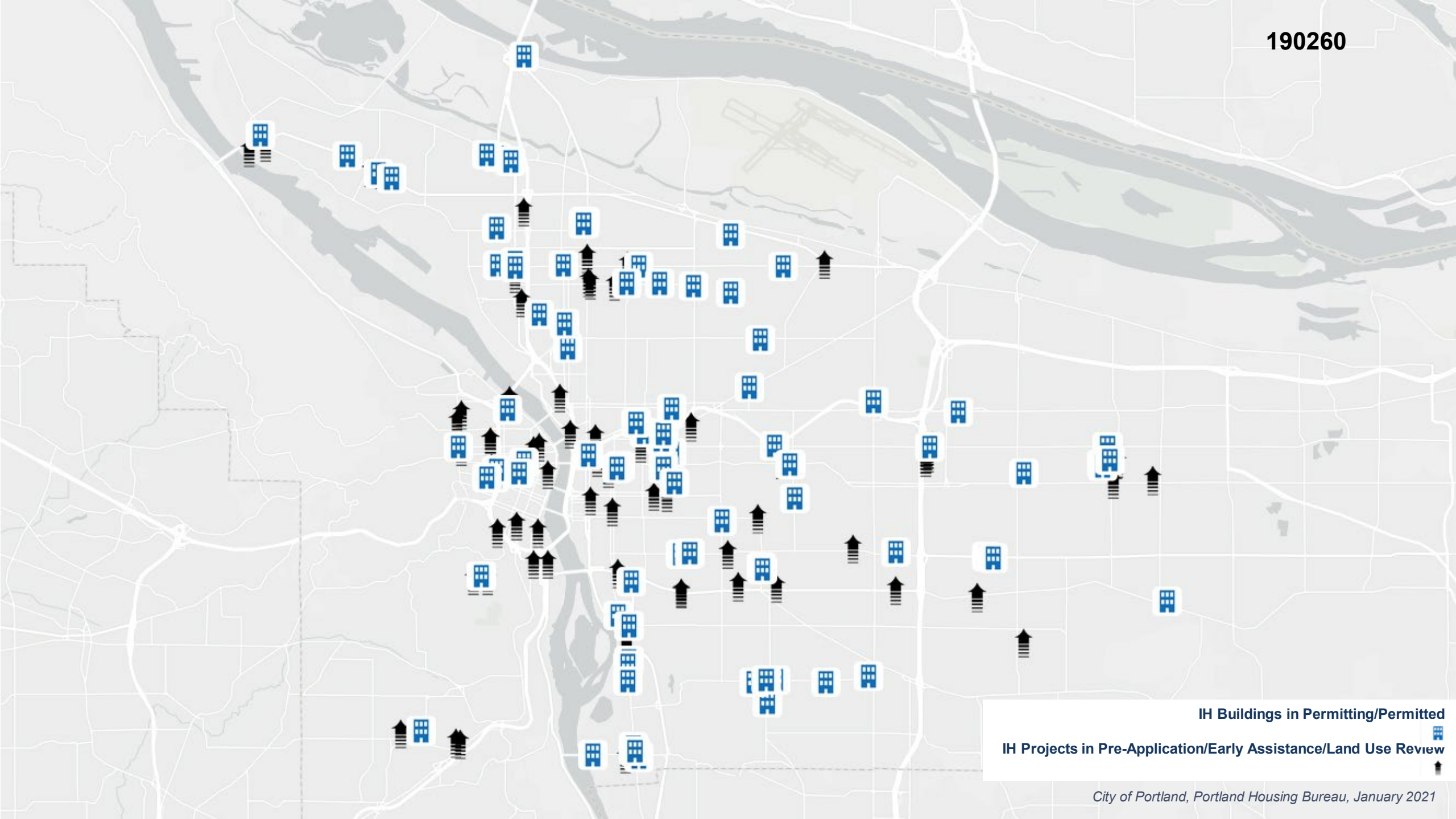
Projected Minimum: 1,106 units

Confirmed 60% AMI Units: 687 units

Confirmed 80% AMI Units: 384 units

Undetermined: 70 units





IH Buildings in Permitting/Permitted

IH Projects in Pre-Application/Early Assistance/Land Use Review

Proposed Changes

Reasonable Equivalency & Reconfiguration

- Proposed administrative rule changes to publish week of 1/18
- Rule process includes, public comment, hearing, 60-day review

Proposed Changes:

- Unit Sizes.** Increasing size reasonable equivalency requirement from 90% to 95%
- Reconfiguration.** To be eligible, at least one Market Rate Unit that has two or more Bedrooms per reconfigured unit with three bedrooms, and at least one Market Rate Unit that has three or more Bedrooms per reconfigured unit with four bedrooms.

IH MULTE Project

Willis Apartments

Project Overview

1575 N Willis Blvd

Building description:

- 5 stories
- Residential Only
- 44-unit apartment building

Unit Composition:

(39) Studio (Average SF: 268)

(5) Three-Bedroom (Average SF: 741)

Market Rate Units: 0

Affordable Units: 44* @ 60% MFI

*Restricting all units at 60% MFI under Inclusionary Housing voluntarily.

Willis Apartments

Tax Benefit & Rent Discount

TAX BENEFIT			
	Per Year for 10 Years	Total After 10 Years	Per Year for 99 Years of Affordability
Tax Exemption per Affordable Unit	\$664	\$6,636	\$67
Tax Exemption for Total Building	\$29,196	\$291,958	\$2,949
RENT DISCOUNT			
	Monthly	Annually	
Studio Market Rate Rents	\$1,269	\$15,228	
Studio Affordable Rents	\$967	\$11,604	
Three-bedroom Market Rate Rents	\$3,139	\$37,668	
Three-bedroom Affordable Rents	\$1,437	\$17,244	
Average Rent Discount	\$461	\$5,532	

Willis Apartments

Tax Benefit & Rent Discount Comparison

AVERAGE VALUE OVER 99 YEARS OF AFFORDABILITY			
	Monthly	Annually	Total Projected
Rent Discount per Affordable Unit	\$461	\$5,532	\$547,668
10-Year Tax Exemption per Affordable Unit	\$6	\$67	\$6,636
Rent Discount for Total Building	\$20,284	\$243,408	\$24,097,392
10-Year Tax Exemption for Total Building	\$246	\$2,949	\$291,958

Questions?