



Portland Housing Bureau

Planning Commission Meeting: Housing Regulatory Relief Project

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Housing Needs Analysis and Housing Production Strategy

Current Environment

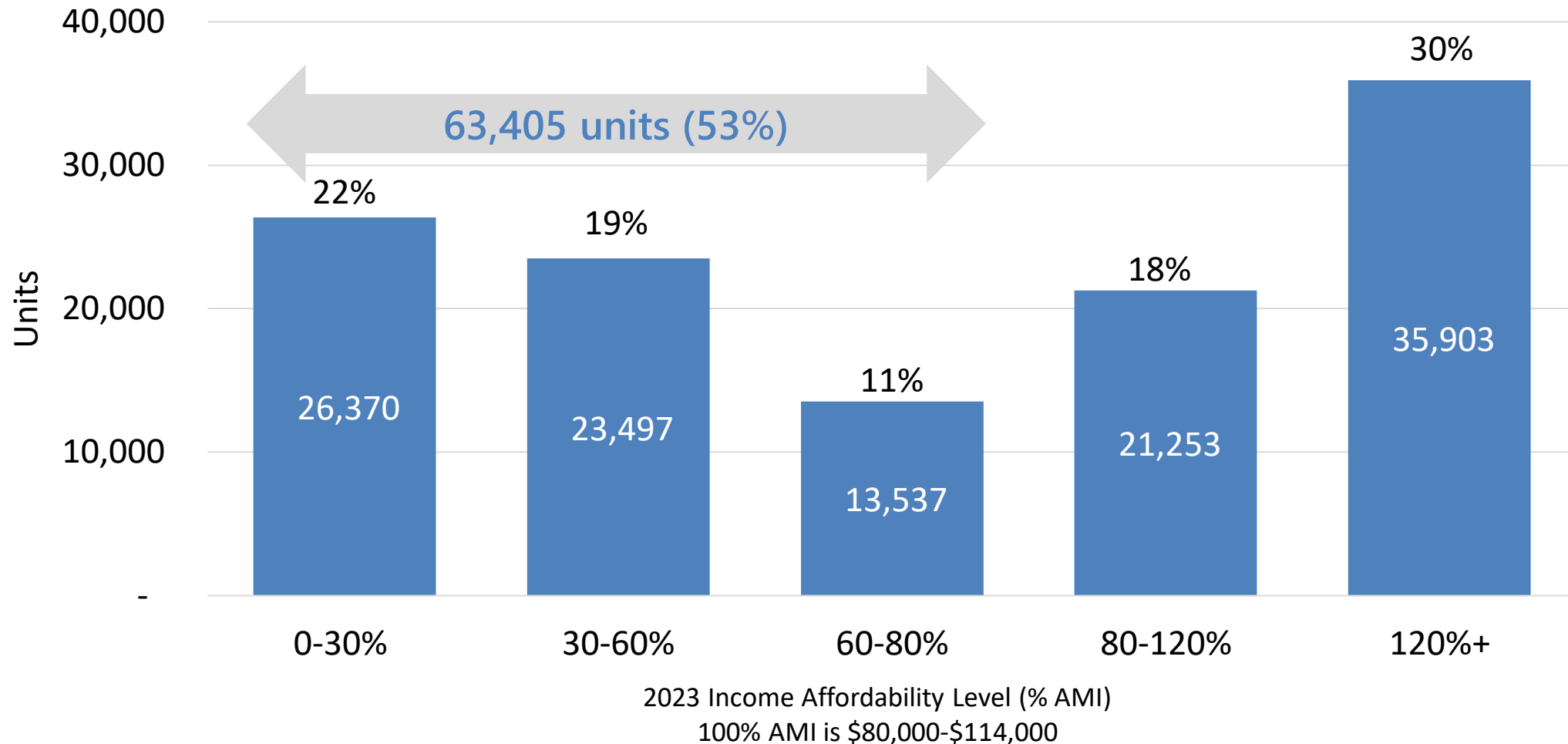
Challenges

Impact & Next Steps



New Housing Units by Income Level

Over the next 20+ years, we will need over 60,000 affordable housing units with over 120,000 total new units of housing -> Need over 5200 units per year



Portland's Construction Cost Compared to Other Cities

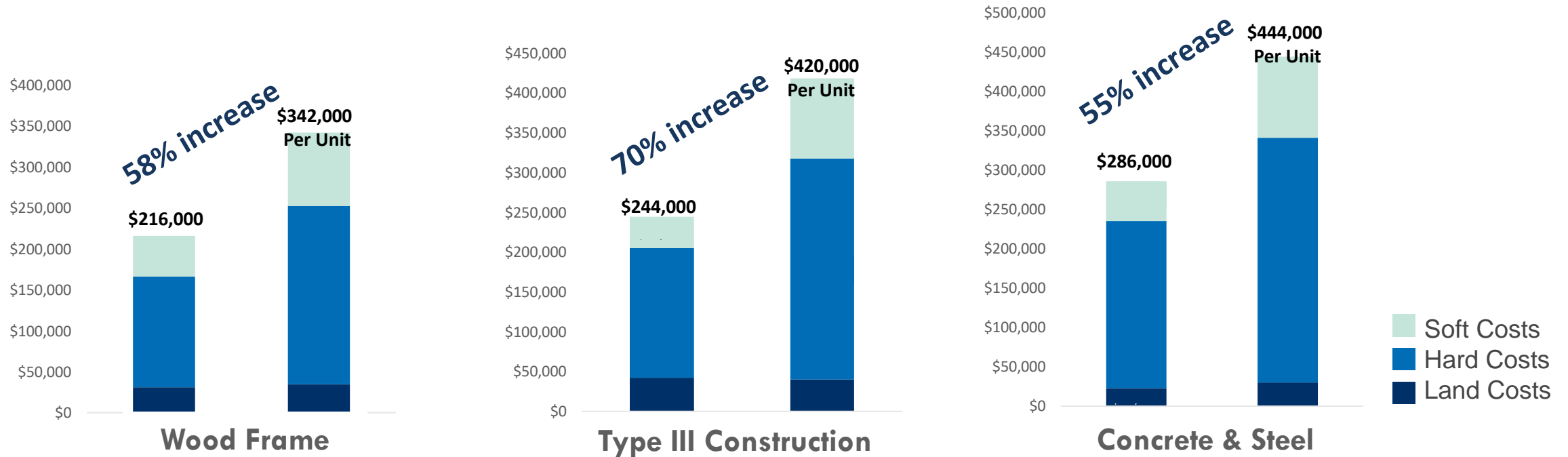
Peer cities also faced significant cost increases, creating financial feasibility challenges

- **Cost to build a 6-story apartment in Portland: \$422,000 per unit**
- **Seattle** – Higher land and hard costs, no SDCs. Higher-income renters make development more feasible. More expensive - \$494k/unit
- **Sacramento** – Land costs similar, soft costs/SDCs much higher. More expensive - \$473k
- **Denver** – Higher land costs, similar SDCs. Cost about same - \$409k



Construction Costs are Rising Dramatically

Costs have risen by more than 50% since 2016, which is more than twice the increase in incomes and rents



Portland median income increased by 29%, high-end rental rates increased by 24%

How Does the City Influence Housing Development?



Ground Floor



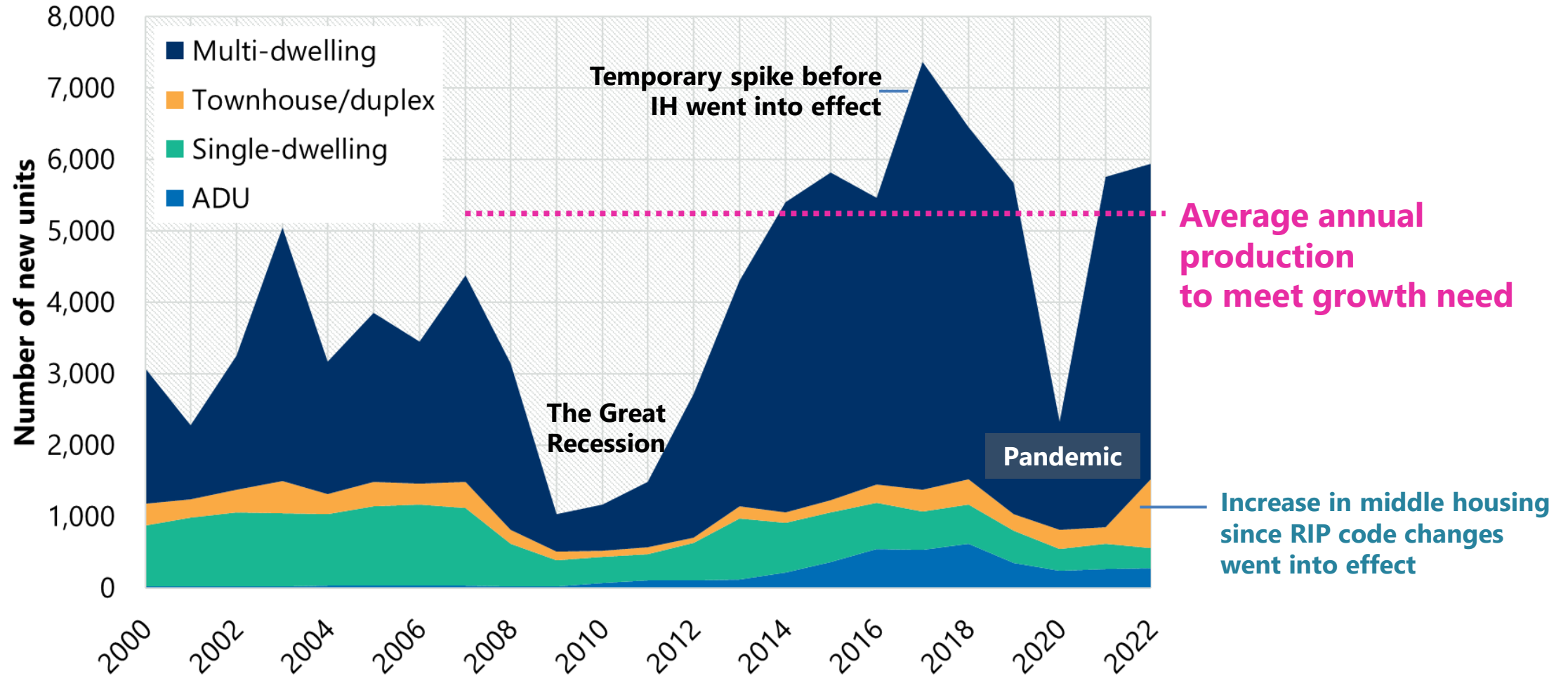
Bike Parking





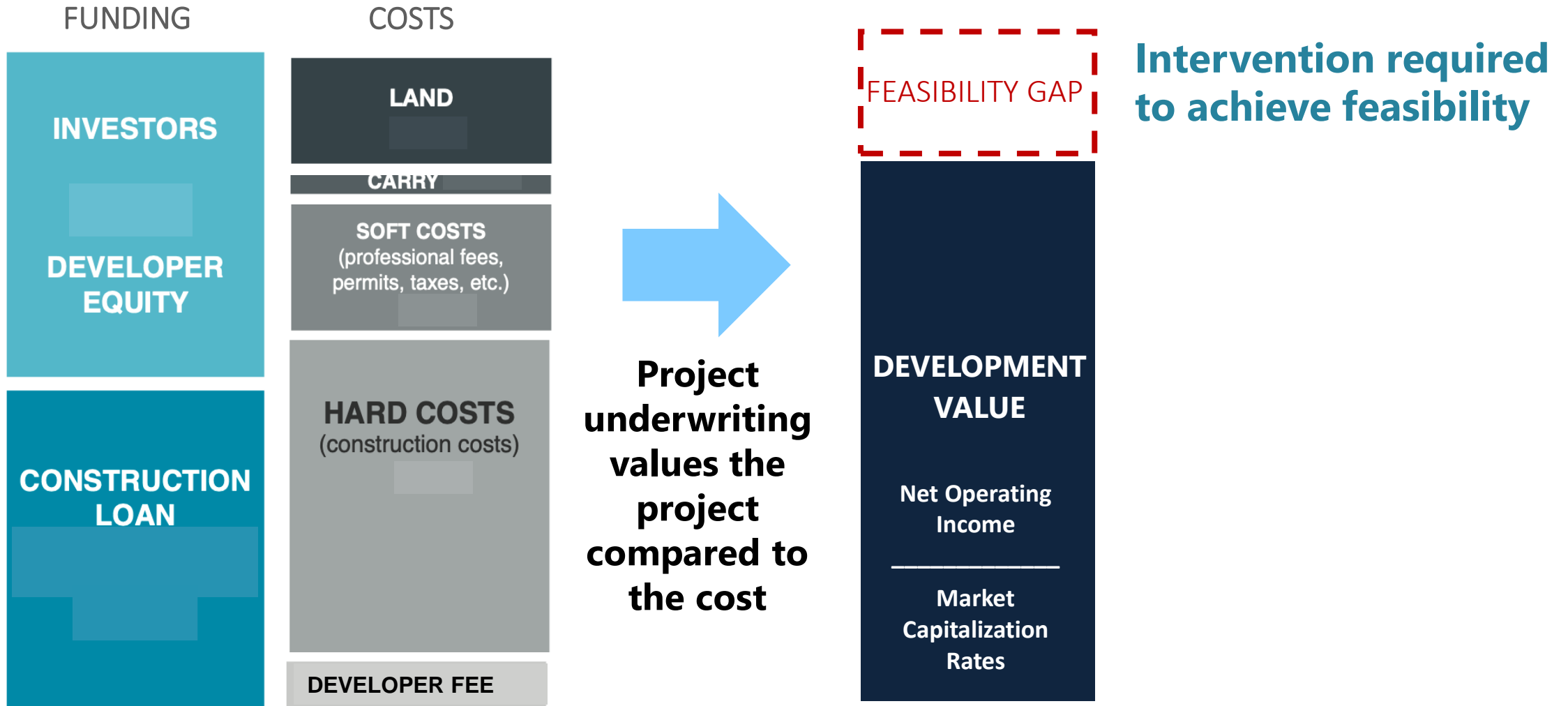
Thank You & Questions

Recent Housing Production



Market Rate Housing Development

Projects aren't feasible when the value is less than the cost



Impact of Local Regulations

Interviews with developers informed how specific local requirements contribute to the cost of construction

Townhome



Surface Parked MFR



Tuck-Under MFR



Podium MFR



High-Rise MFR



Local policies/requirements

- Selected based on input from BDS survey in Feb 2023 and other stakeholder feedback
- Address direct fees/charges, development standards, and permit process

Prototypical Cost of Portland Housing

Characteristics	Prototype 1 Townhome		Prototype 2 Surface Parked MFR		Prototype 3 Tuck-Under MFR		Prototype 4 Podium MFR		Prototype 5 High-Rise MFR	
Project Example										
	Total Cost	Per Unit	Total Cost	Per Unit	Total Cost	Per Unit	Total Cost	Per Unit	Total Cost	Per Unit
Land Cost	\$400,000	\$100,000	\$800,000	\$20,000	\$1,920,000	\$30,000	\$7,150,000	\$50,000	\$39,900,000	\$75,000
Hard Cost	\$1,110,000	\$277,500	\$7,410,000	\$185,250	\$11,797,500	\$184,336	\$34,779,150	\$243,211	\$150,968,700	\$283,776
Parking Cost	<i>Incl. above</i>	n.a.	\$100,000	\$2,500	\$480,000	\$7,500	\$4,320,000	\$30,210	\$15,960,000	\$30,000
Soft Costs	\$222,000	\$55,500	\$1,652,200	\$41,305	\$2,701,050	\$42,204	\$7,819,830	\$54,684	\$30,047,166	\$56,480
SDC / Impact Fees	\$132,628	\$33,157	\$752,240	\$18,806	\$1,167,232	\$18,238	\$2,332,293	\$16,310	\$8,333,518	\$15,665
Financing Costs	\$82,230	\$20,558	\$472,507	\$11,813	\$796,701	\$12,448	\$2,487,296	\$17,394	\$10,813,734	\$20,327
Developer Fee	\$77,343	\$19,336	\$311,608	\$7,790	\$508,274	\$7,942	\$1,552,157	\$10,854	\$6,483,694	\$12,187
Total Development Cost	\$2,024,201	\$506,050	\$11,498,555	\$287,464	\$19,370,757	\$302,668	\$60,440,726	\$422,662	\$262,506,812	\$493,434