



Middle Housing in Single Dwelling Zones

Progress Report – 2018-2024

SUMMARY OF FINDINGS

February 2025



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**PLANNING &
SUSTAINABILITY**

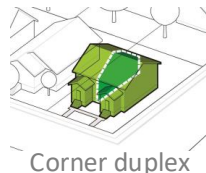


Today's Agenda

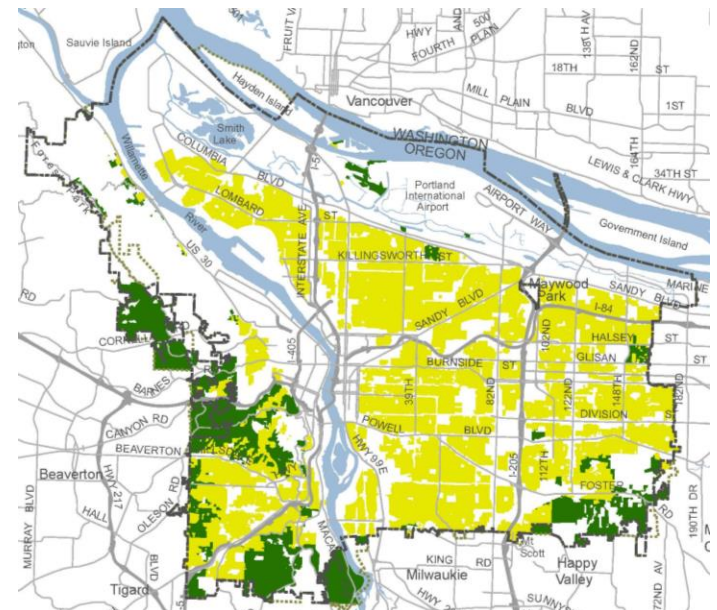
- Residential Infill Project Overview
- Findings:
 - Production
 - Location
 - Product Type
 - Cost

What is the Residential Infill Project (RIP)?

- Prior to RIP, single dwelling zoned lots allowed for a house, an accessory dwelling unit, or if located on a corner – a duplex.
- The building size was limited only by height, building coverage and setbacks. On a typical 5,000 sq ft lot – a house could be up to 6,250 sq ft.

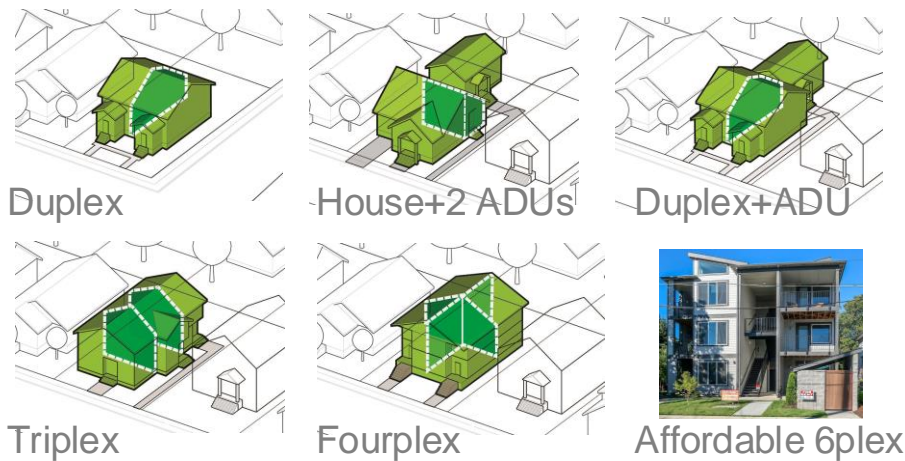


All single dwelling zones

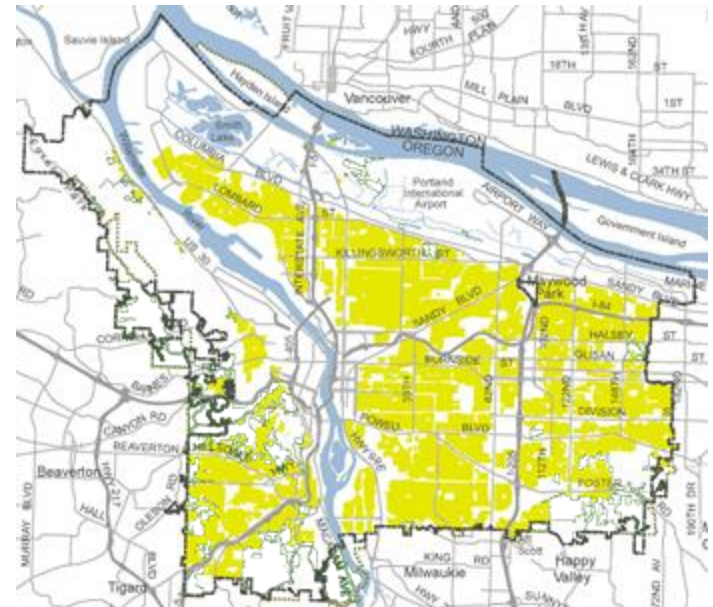


What is the Residential Infill Project (RIP)?

- In 2020, the City of Portland changed the rules that govern the types of housing permitted in single dwelling zones (the R2.5, R5, and R7 zones), allowing more housing options, more units per lot, while also limiting the size of new housing.
- RIP introduced a sliding scale floor area ratio, that limited house size, and incrementally allowed larger duplex, triplex and fourplex units.

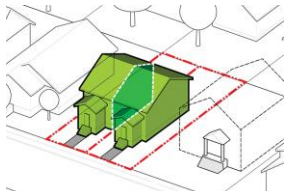


R2.5, R5, R7 zones

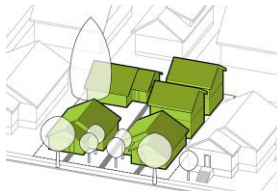


What is the Residential Infill Project (RIP)?

- In 2022, additional housing options and zones (R10 and R20) were added, along with a streamlined process for dividing lots to support fee-simple ownership of middle housing.



Attached Houses



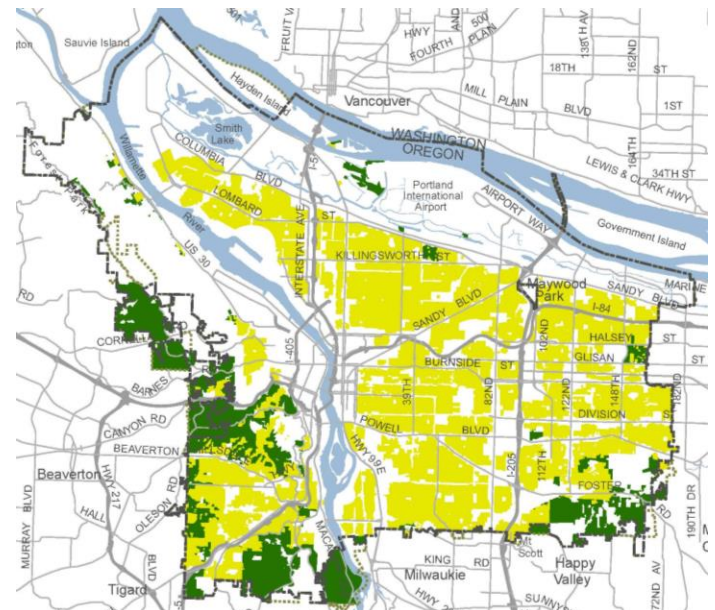
Cottage Cluster



Detached Duplex



All single dwelling zones

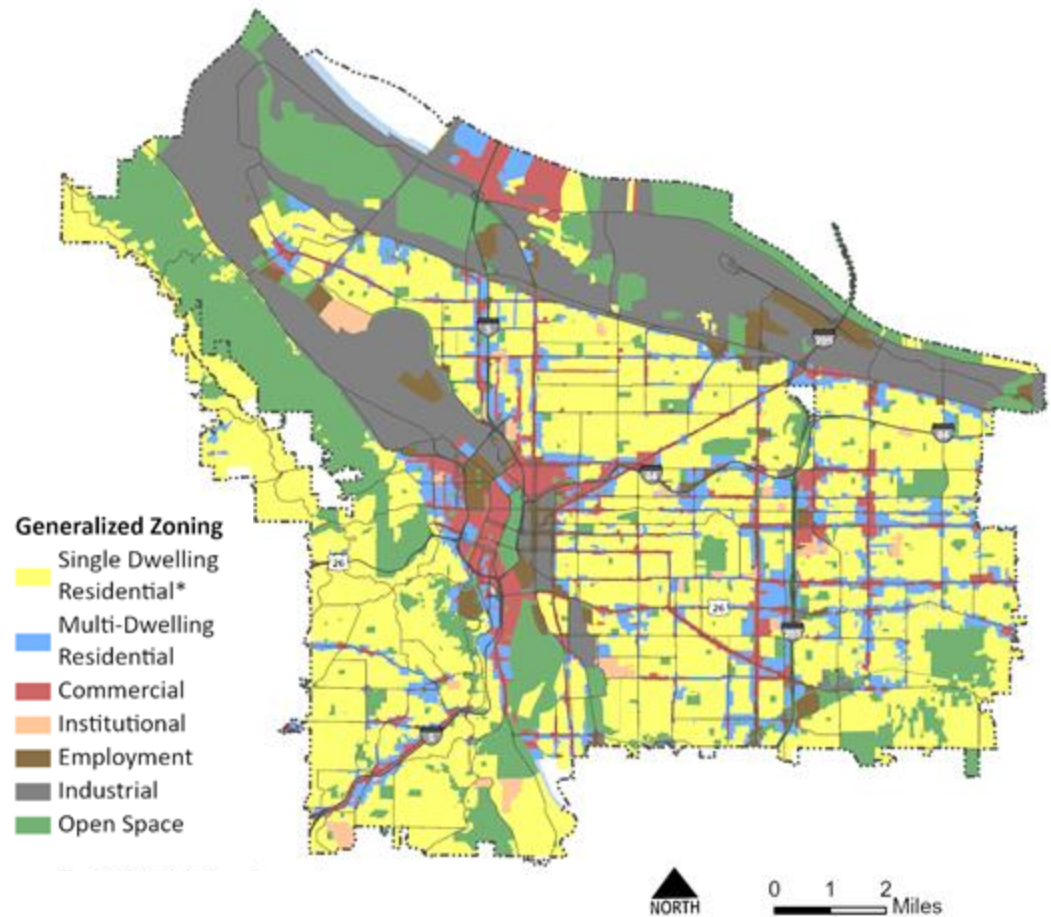


Report Context

This report analyses permitting activity in Single Dwelling Residential zones (also referred to as SD zones), with an emphasis on middle housing.

Permitting activity was observed through the following 3 periods related to RIP:

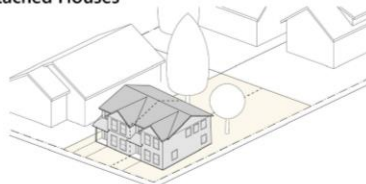
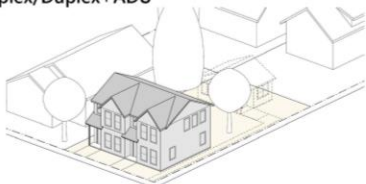




- **Pre-RIP:** January 2018 - July 2021
- **RIP 1:** August 2021 - June 2022
- **RIP 2:** July 2022 - June 2024



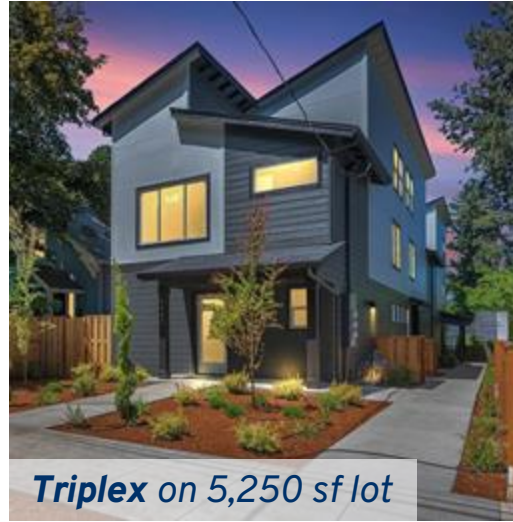
*Single-dwelling residential zones (or “SD zones”) on this map also show the RF Farm and Forest zone which is not eligible for middle housing.

Terms

- **House:** Detached single dwelling on its own lot that is not middle housing.
- **Accessory Dwelling Unit (ADU):** A self-contained living unit that is secondary to the main dwelling on a residential property.
- **Middle Housing:** For this study, middle housing refers to attached houses (i.e. townhomes), duplexes, triplexes, fourplexes, sixplexes, and cottage clusters.

<p>Attached Houses</p> 	<p>Duplex/Duplex+ADU</p> 	<p>Triplex</p> 
<p>30' maximum height; generally up to 2-3 stories 0.6:1 maximum FAR for 2 total dwelling units</p>	<p>30' maximum height; generally up to 2-3 stories 0.6:1 maximum FAR for 2 total dwelling units (1 ADU) 0.7:1 maximum FAR for 3 total dwelling units (2 ADUs)</p>	<p>30' maximum height; generally up to 2-3 stories 0.7:1 maximum FAR for 3 total dwelling units</p>
<p>Fourplex</p> 	<p>Cottage Clusters</p> 	<p>Affordable Sixplex</p> 
<p>30' maximum height; generally up to 2-3 stories 0.8:1 maximum FAR for 4 total dwelling units</p>	<p>25' maximum height; generally up to 2 stories 1400 sq. ft. maximum average floor area per dwelling unit</p>	<p>35' maximum height; generally up to 3 stories 1.2:1 maximum FAR for 6 total dwelling units</p>

Examples of middle housing

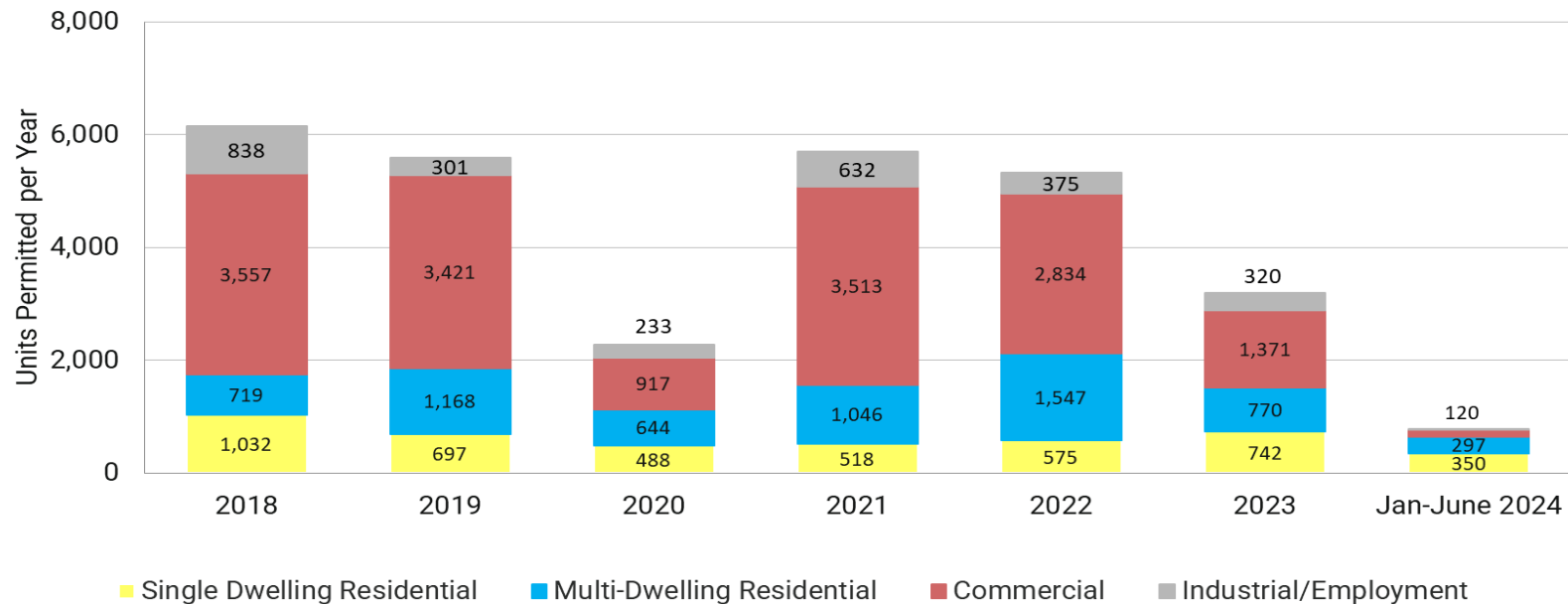


Data Sources

- **Permit Data** – AMANDA database (extensively cleaned)
 - Additional permit data was collected manually reviewing development plans
- **Home Sales Activity** - Portland's Regional Multiple Listing Service (RMLS)
 - Comprehensive data on rents are not widely available
- **Portland Housing Bureau's Affordable Homeownership Programs**
 - The Homebuyer Opportunity Limited Tax Exemption (HOLTE) program
 - Systems Development Charge (SDC) Exemption for Home Ownership program

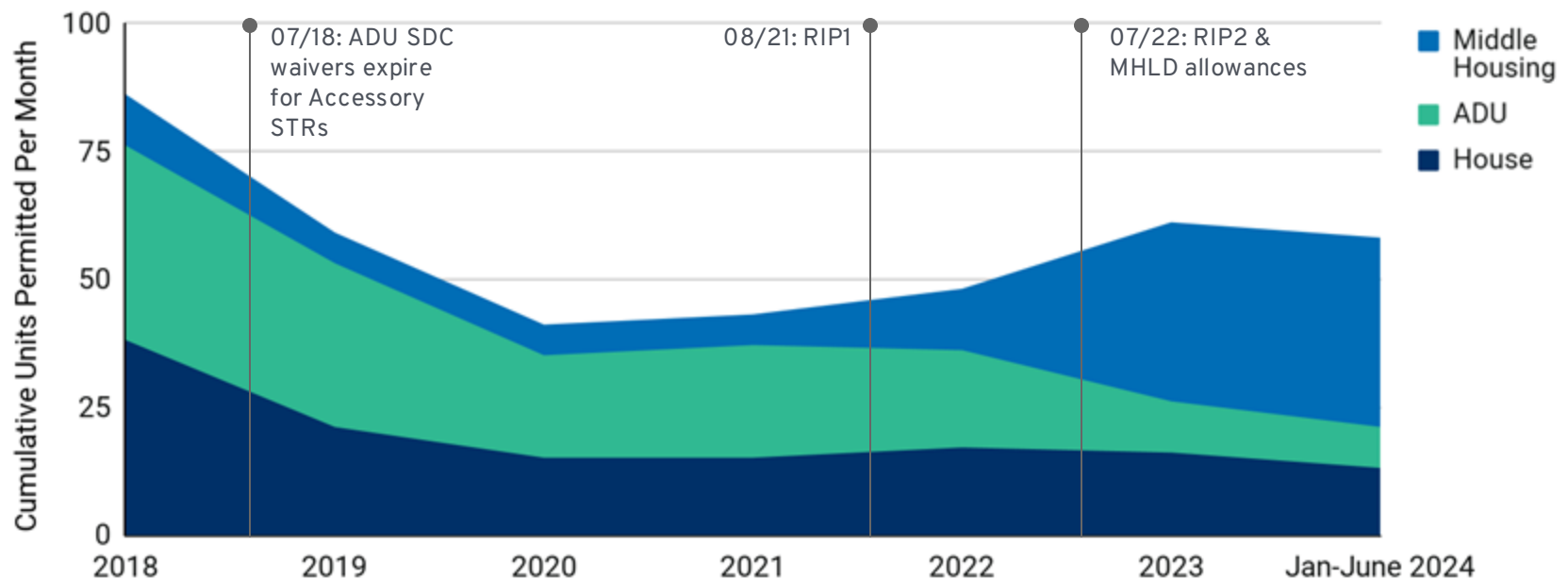
Housing production in single-dwelling zones has historically totaled under 1,000 units per year, or 10-20% of total city activity

Units permitted citywide by generalized zoning designation and year



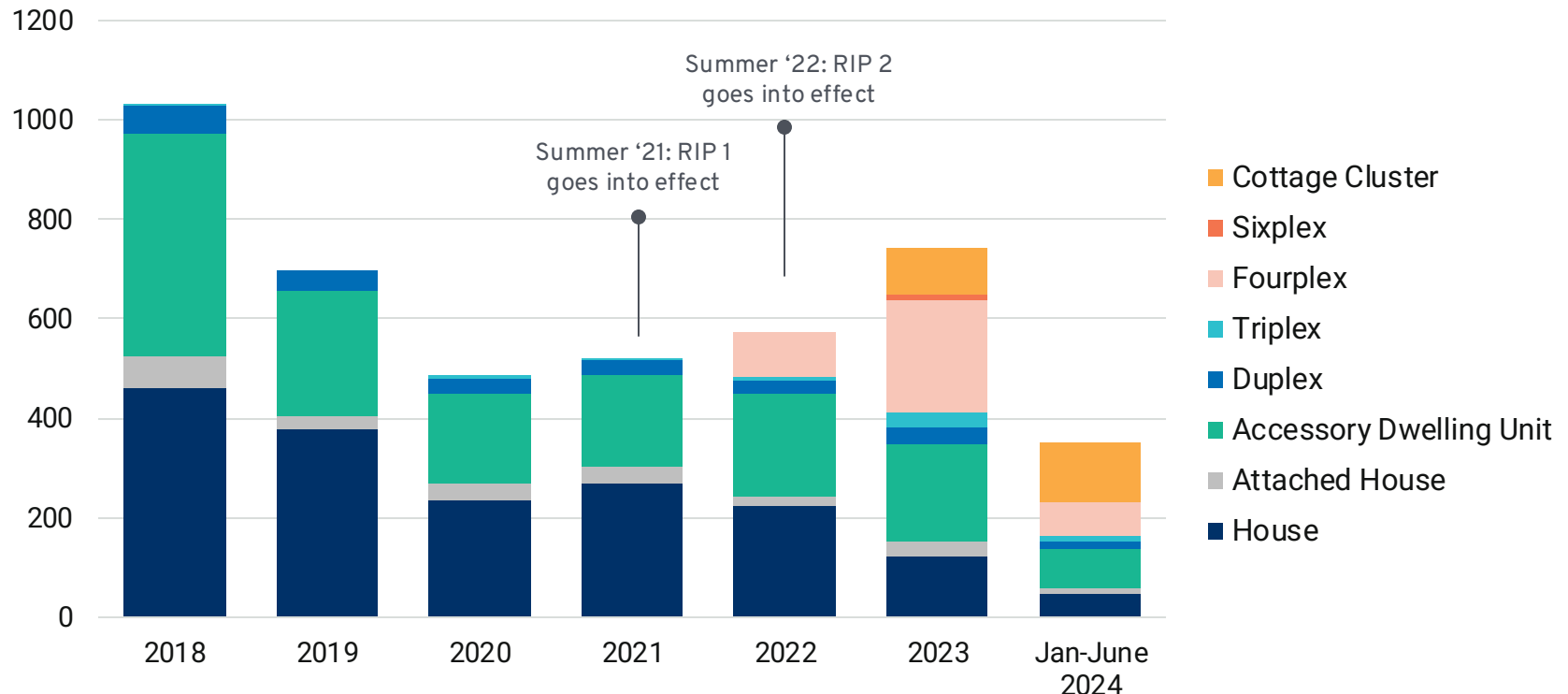
Middle housing production in SD zones has accelerated since adoption of RIP in 2021, replacing detached single dwellings as the primary housing type being built in SD zones.

Units permitted (per month) by housing type in SD zones



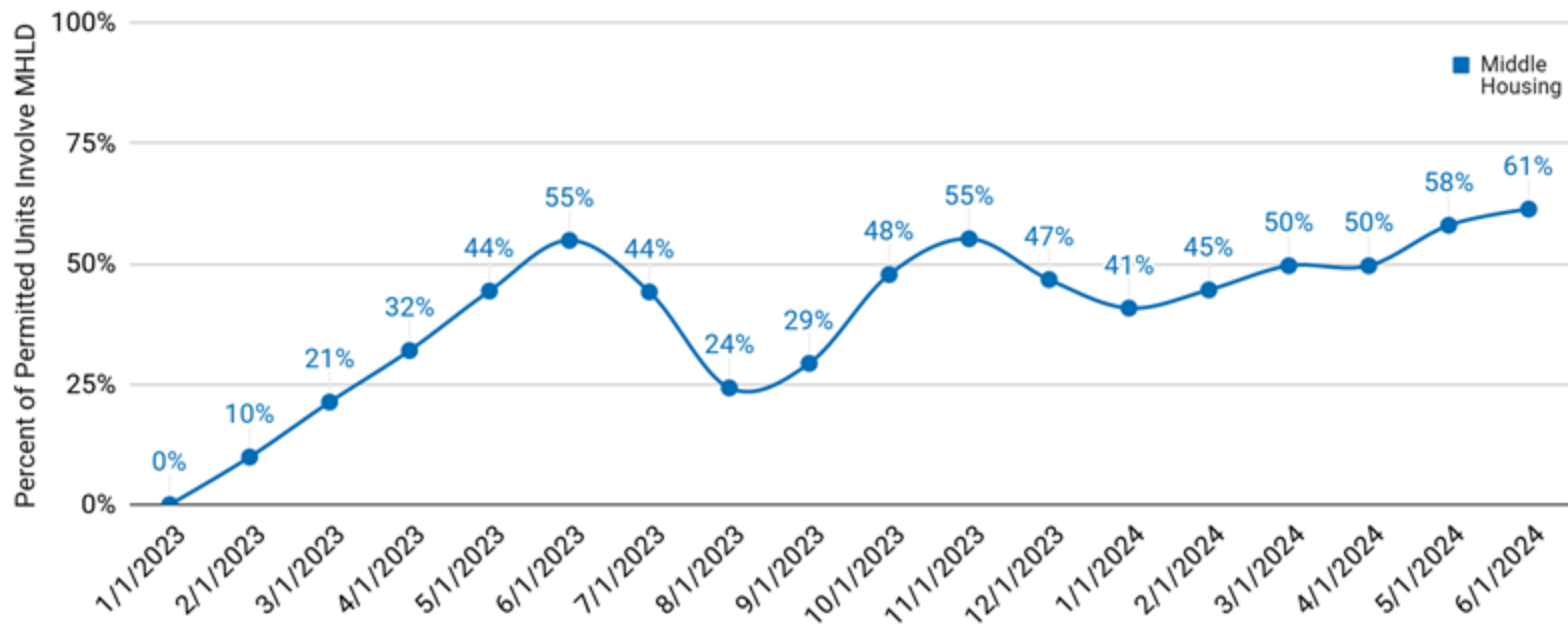
After RIP 1, fourplexes were the most common middle housing type. Cottage clusters became more common in the first half of 2024.

House, ADU and middle housing units permitted in SD zones by type and year



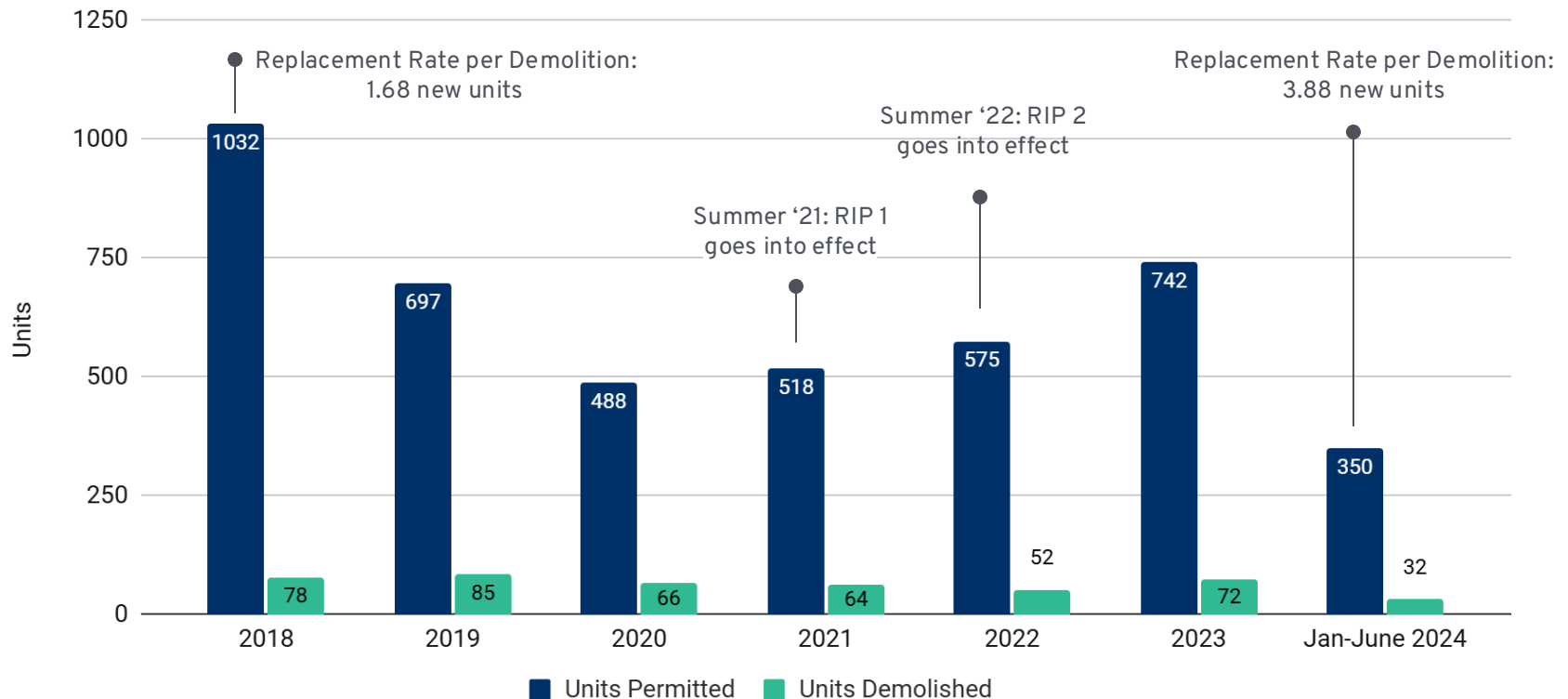
Over 50% of new middle housing units are now on their own lot due to a middle housing land division

Percent of permitted middle housing units on middle housing land division lots (3-month rolling average)



Since RIP's adoption, demolitions associated with new home construction have not risen and almost twice as many units are produced per demolition.

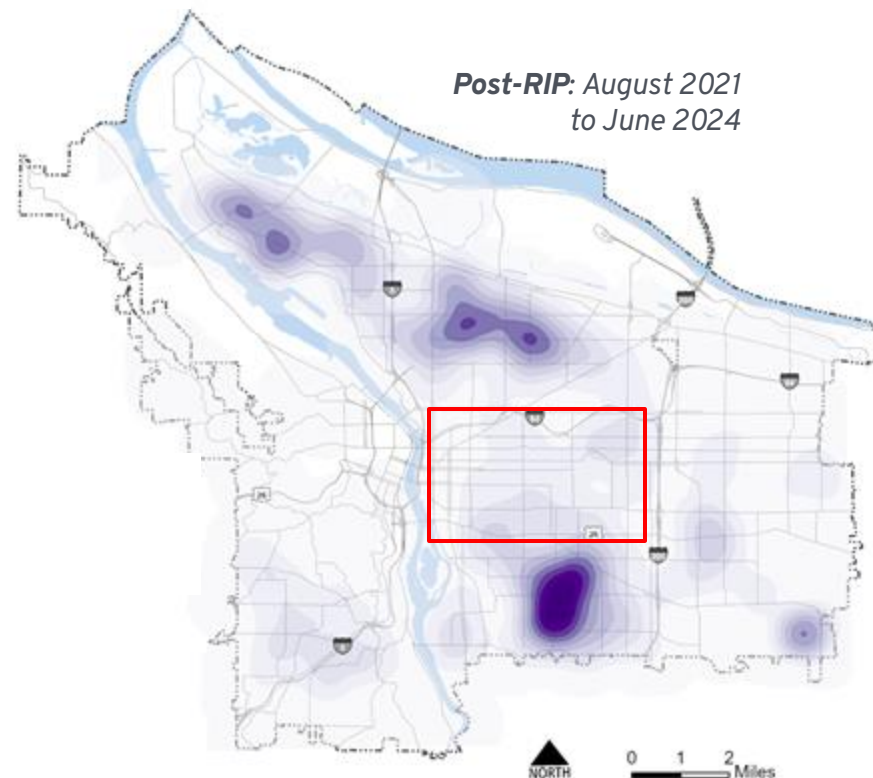
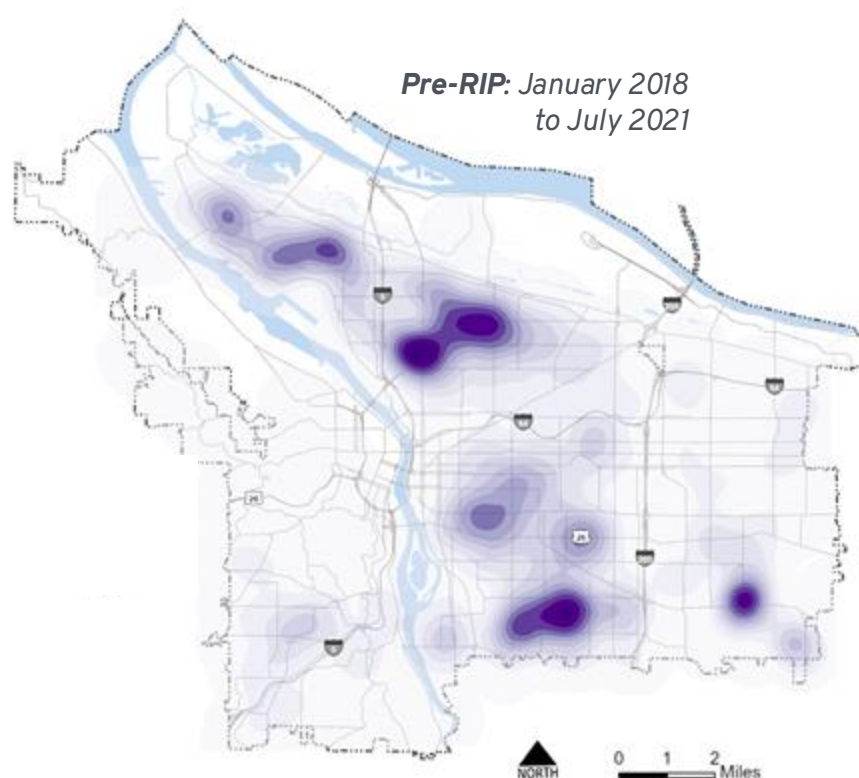
Number of demolished units and permitted units per year



Permitting activity since RIP's adoption is concentrated in the same areas where it occurred pre-adoption: inner neighborhoods, particularly in SE, NE, and N Portland

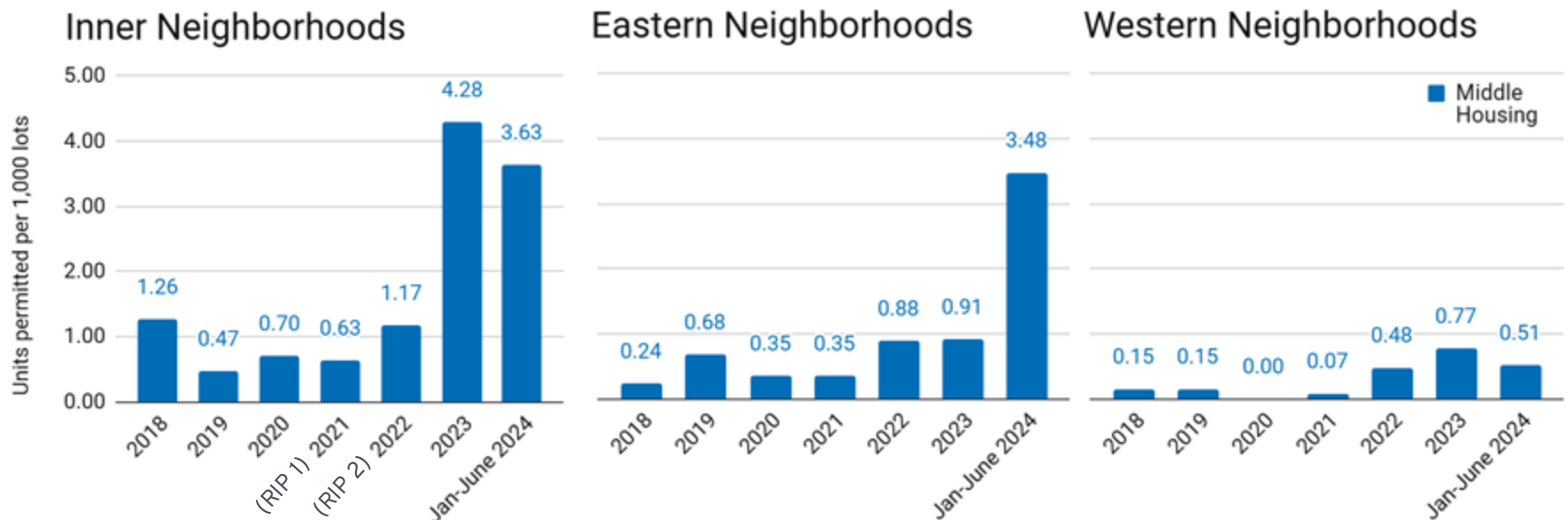
Residential Permit Activity

Less  More



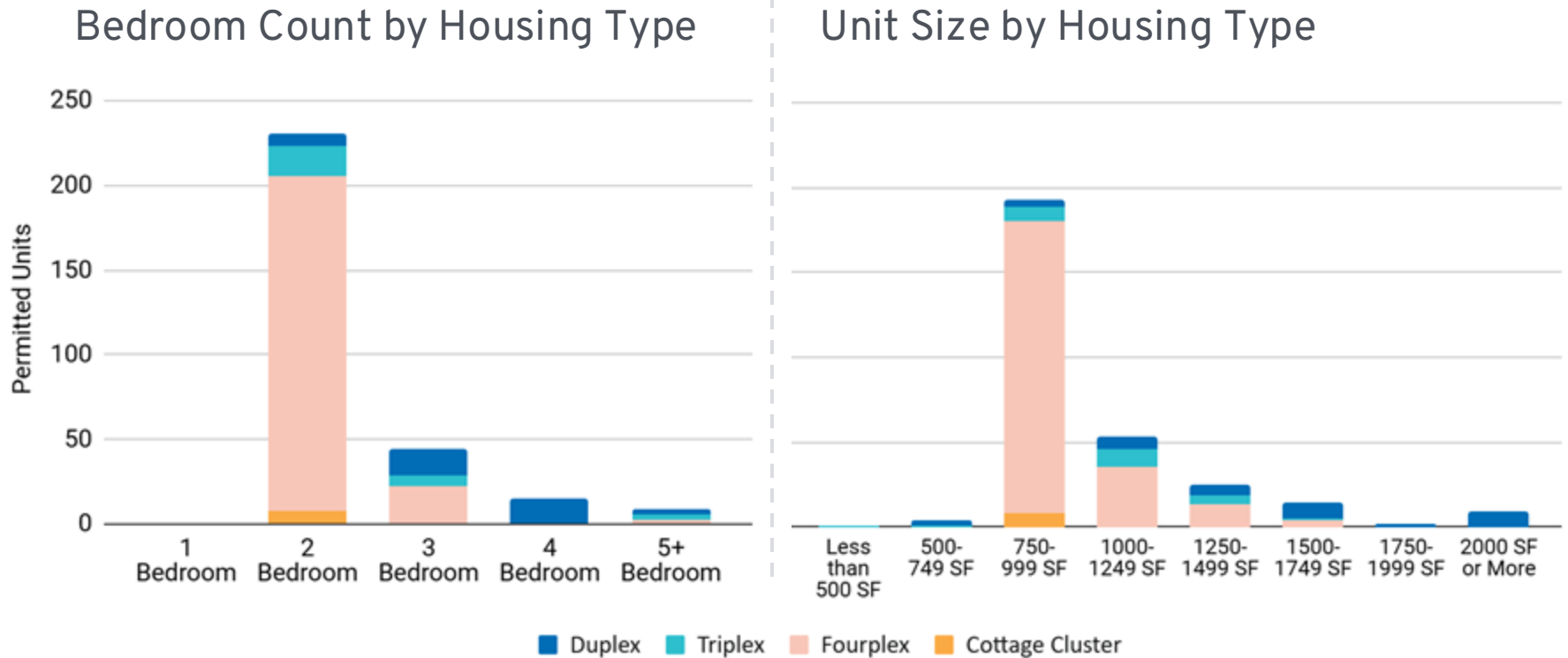
Both Eastern and Western Neighborhoods have seen increases in middle housing permits on a per lot basis

Middle housing units permitted per 1,000 lots in SD zones by year



For permits issued between August 1, 2022 and July 31, 2023 only, the first year of RIP 2.

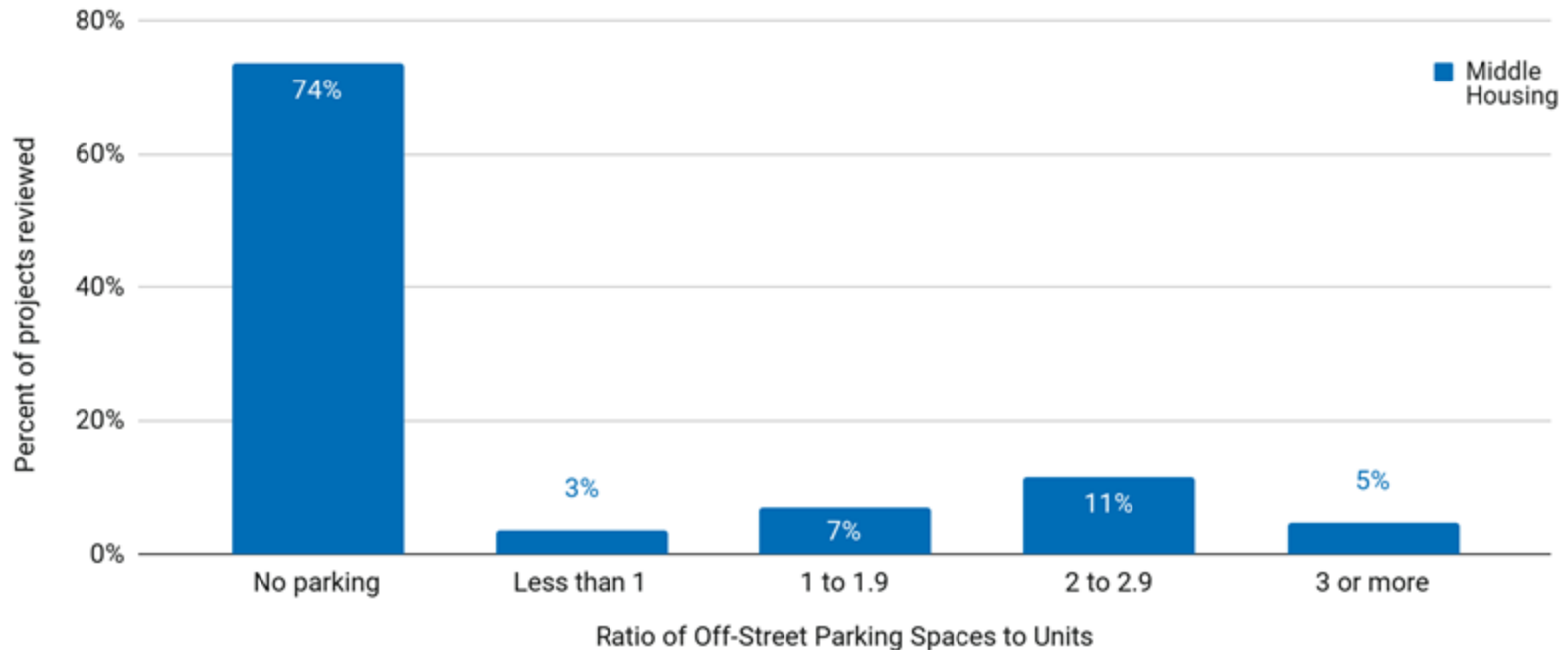
In the first year of RIP 2, 2-bedroom units at roughly 900 square feet were the most common permitted product type



For permits issued between August 1, 2022 and July 31, 2023 only, the first year of RIP 2.

Off-street parking is not provided in nearly three quarters of middle housing projects

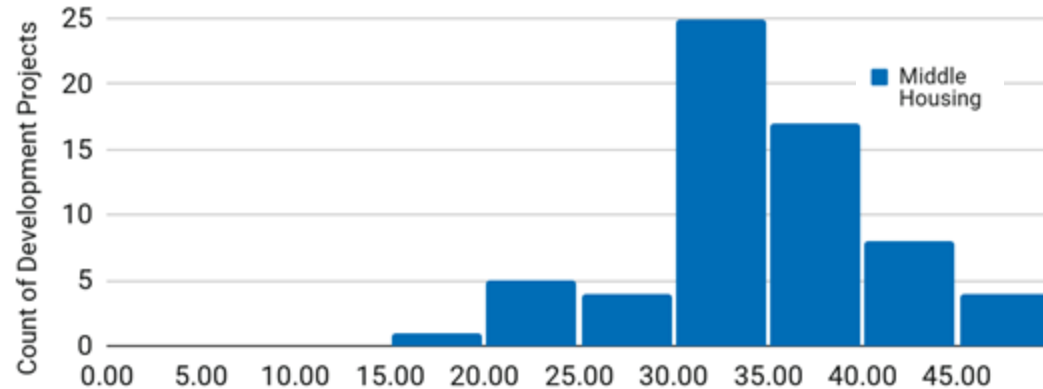
Ratio of off-street parking spaces to units



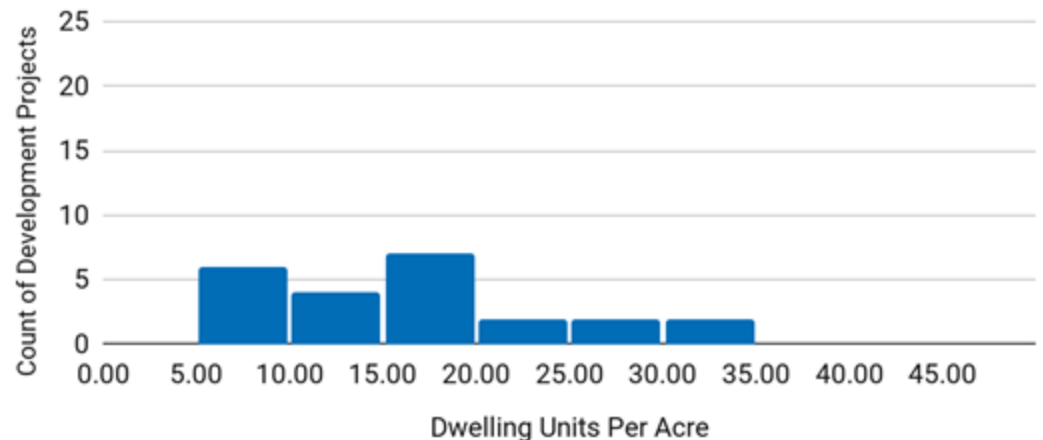
For permits issued between August 1, 2022 and July 31, 2023 only, the first year of RIP 2.

Projects that do not provide parking generally achieve a higher density of units per acre

Density of projects without off-street parking (n = 64)

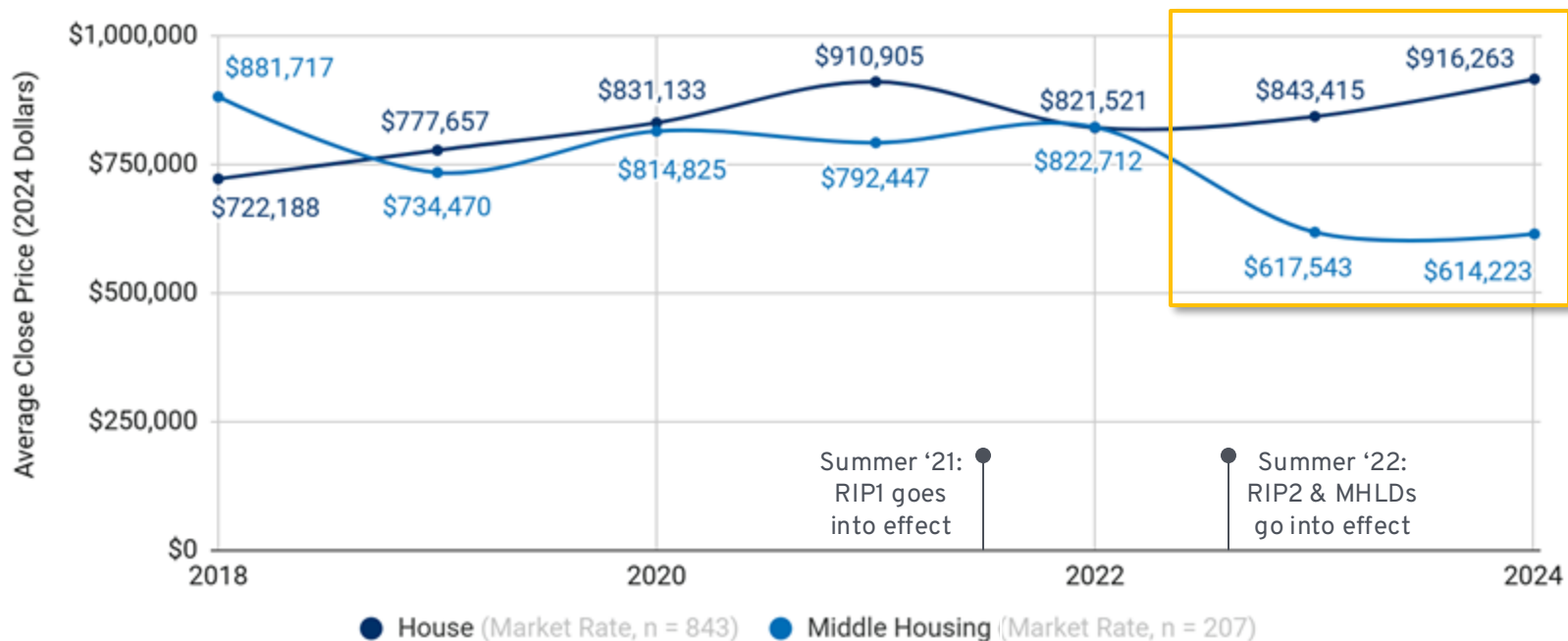


Density of projects with off-street parking (n = 22)



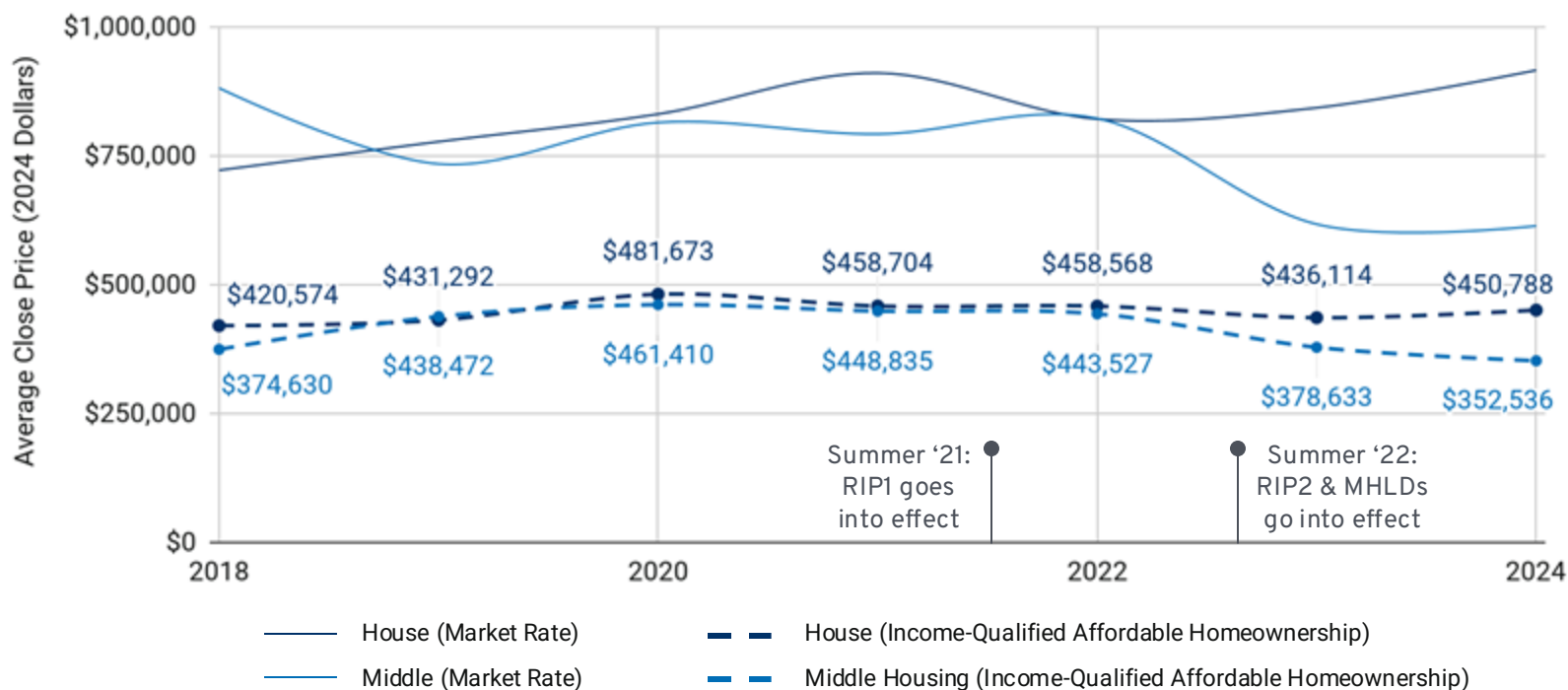
Average sales price of new market rate middle housing is now trending \$250,000 - \$300,000 less than average sale prices of new detached houses, mostly due to size differences.

Average closing price (2024 dollars) by housing type



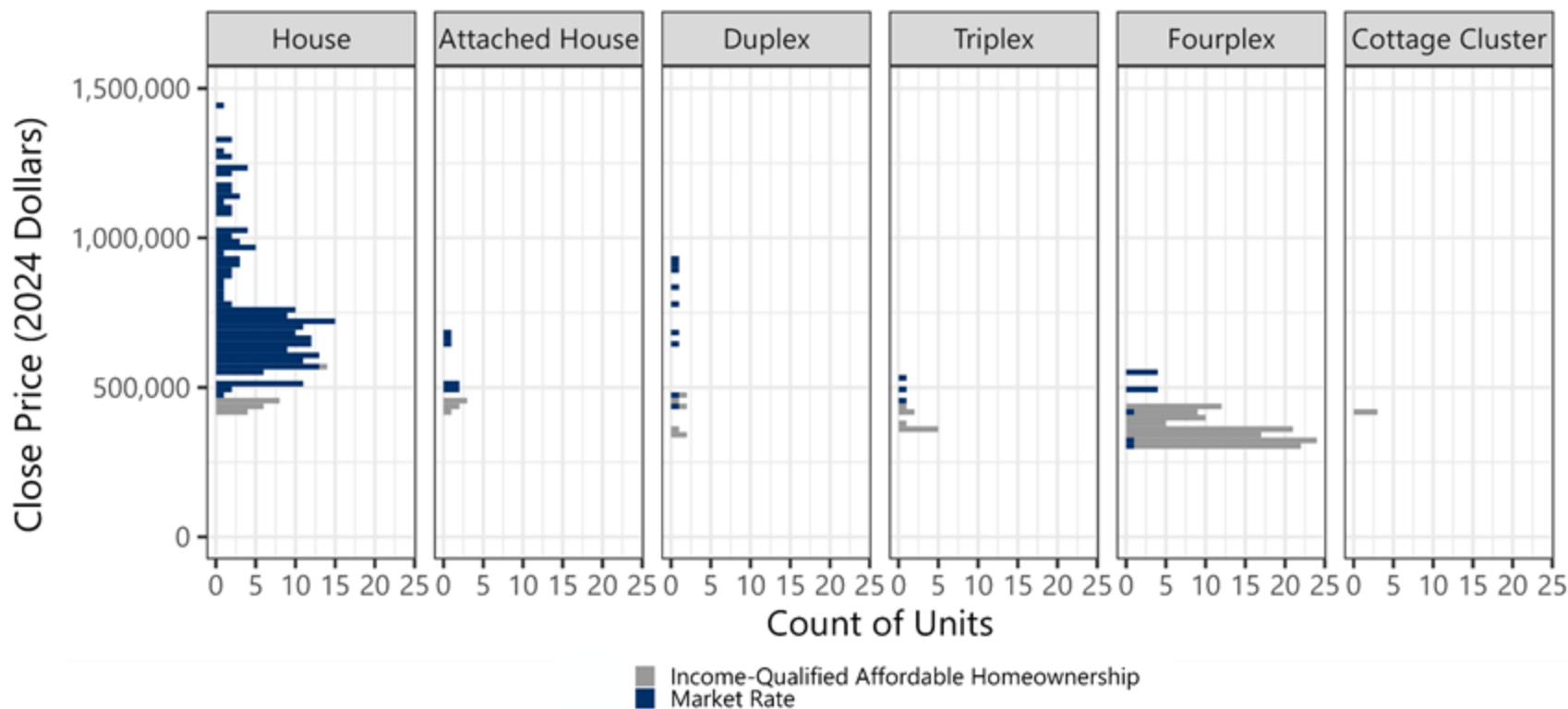
RIP also helped lower sale prices for new middle housing sold under Portland Housing Bureau's affordable homeownership programs

Average closing price (2024 dollars) by housing type



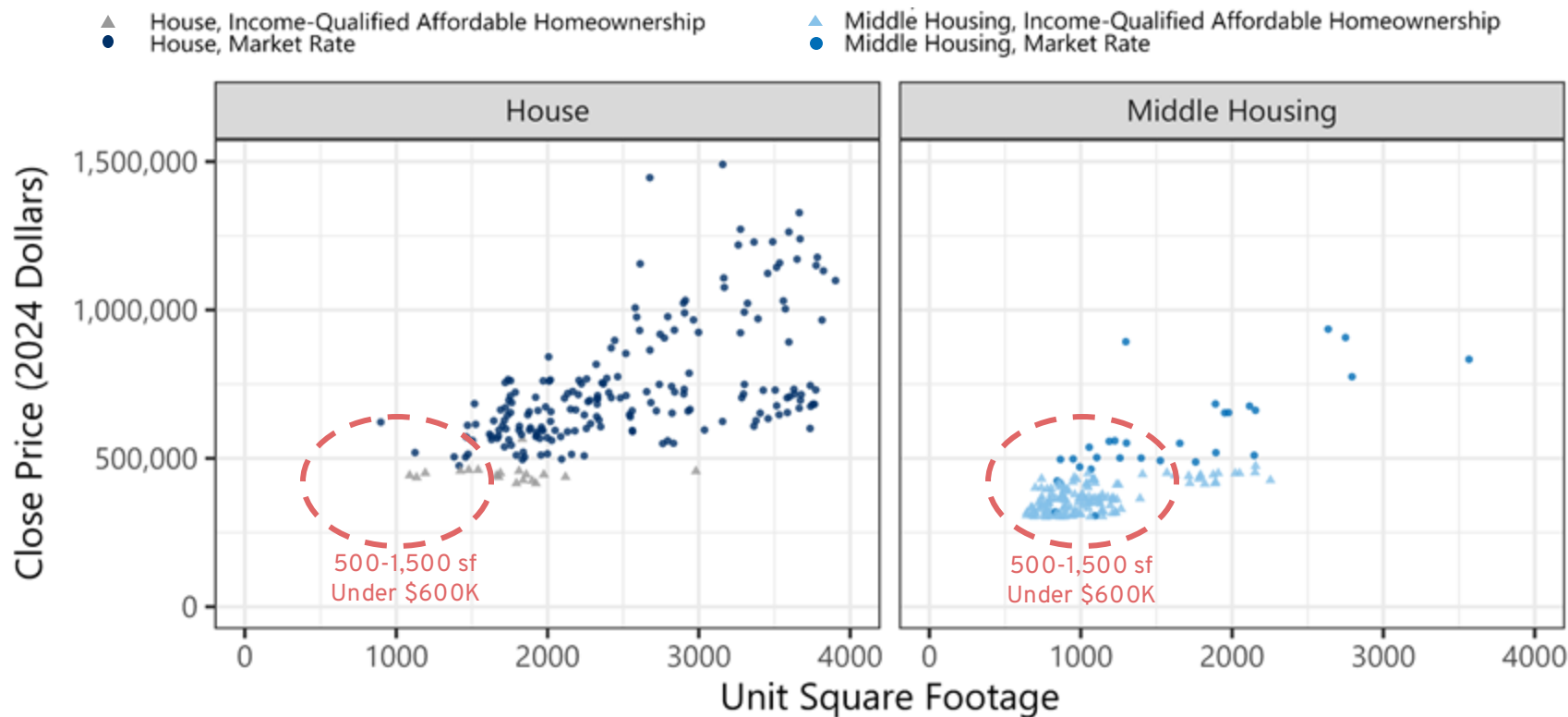
Sales prices for newly built single detached houses tend to be considerably higher than sale prices for middle housing

Closing price (2024 dollars) by housing type (Jan. 2018-June 2024 permits)



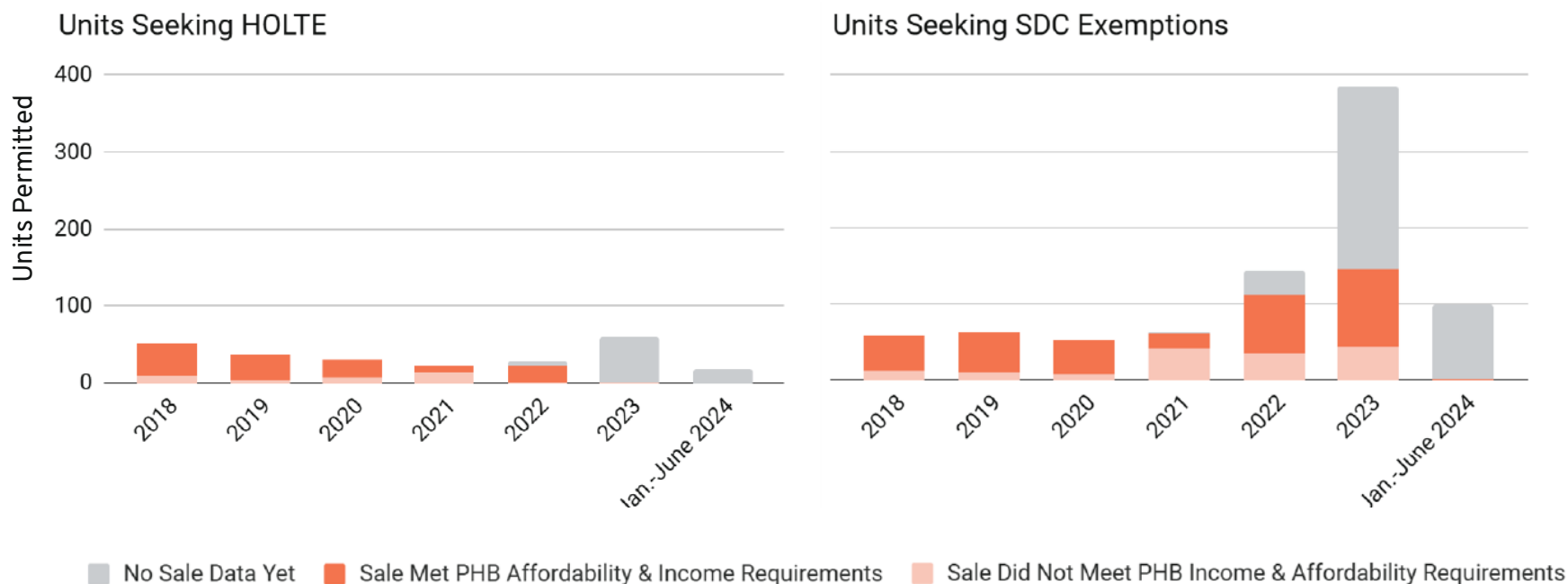
Market rate and income-qualified middle housing produced after RIP's adoption hits a lower average price

Closing price (2024 dollars) by housing type and unit size, post-RIP permits



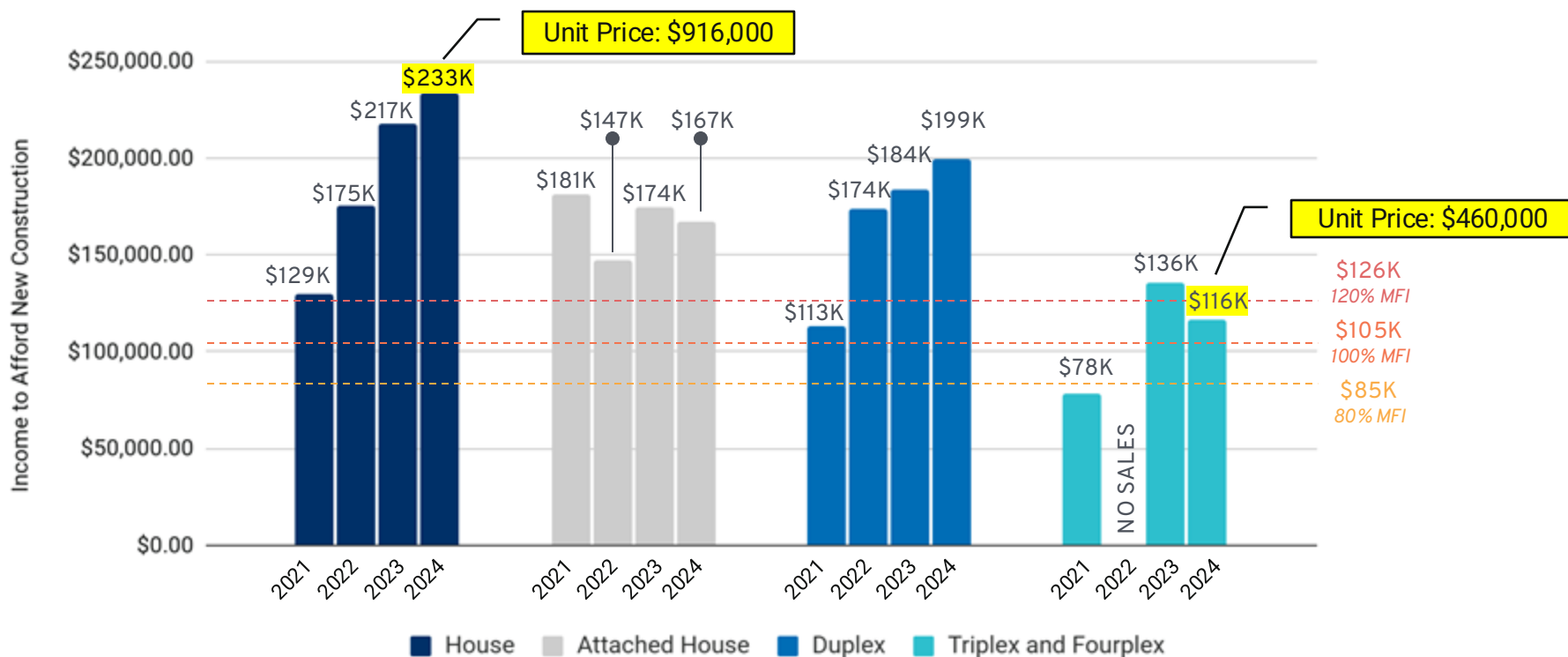
Since RIP, participation in one of PHB's affordable homeownership incentive programs skyrocketed in SD zones

Applications for PHB's affordable homeownership programs by program type



Expanding middle housing allowances enabled more households to afford new homes as interest rates rose

Income (2024 dollars) required to afford average monthly mortgage, taxes, insurance for market-rate new home sales



Questions?

Case Studies



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Two Townhomes, Each with a Rear ADU

4 Units | 849-1,252 SF per Unit

R2.5 Zone | 5,750 SF Lot | 0.73 FAR

2-3 Bedrooms | 2.5 Bathrooms

Sold: \$755K per Townhome/ADU Pair

This project has four homes. It is comprised of 2 townhomes discreetly adjoined at the rear, where they are each further attached to an ADU. While the homes are technically all attached, they share few walls, and likely function more as detached units for the residents. The primary townhomes have 3-bedrooms and 1,250 sf. The rear ADUs have 2-bedrooms and 850 sf.

This project offers an excellent example of how developers are experimenting with middle housing designs and sales models to maximize their appeal and buyer pool. The project offers a mix of 2- and 3-bedroom homes, which may attract different buyers. Furthermore, homes can be sold either individually or in townhome-ADU pairs. Put another way, the design offers a modular sales approach, where units can be bought individually or as a package.

Ultimately, the developer found two buyers that each wanted two units. As of this report's publication, one set of buyers has the ADU unit listed for rent at \$3,850 per month. The other set of buyers either already rented their ADU, occupy it themselves, or has family or friends that occupy it.



Image Source: NW Natural Street of Dreams 2024.

Two Townhomes, Each with a Rear ADU (Floorplans)





Three-Story Triplex in North Portland

3 Units | 1,550 SF per Unit

R2.5 Zone | 5,250 SF Lot | 0.89 FAR

3 Bedrooms | 2.5 Bathrooms

Sold: \$435K-\$490K

This project has three attached homes with 1,550 sf and 3-bedrooms apiece. Each home sits on its own ~1,700 sf lot with a private yard, subdivided from an original 5,000 sf lot. The three homes do not have an HOA.

As shown in this report, 800-sf two-bedroom home are the most common type built under RIP to date, typically within an attached two-story fourplex. This triplex experimented with a different approach by including a third story and subtracting one home from the allowed total to attract buyers seeking more space. The second story includes a walk-in closet with a window that could also function as a small home office. The homes do not have off-street parking, but are a 5- to 10-minute walk from a park and neighborhood commercial center with a grocery, hardware store, restaurants, bars, and transit.

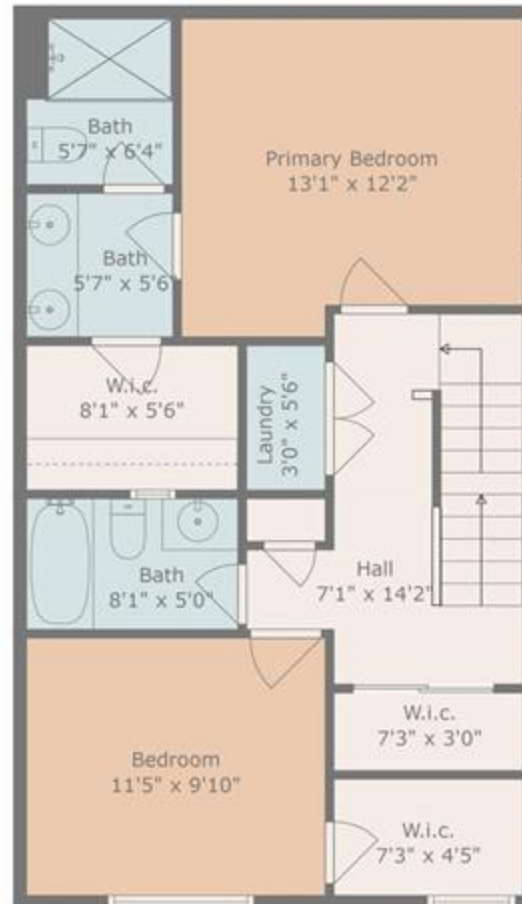
The homes sold 3-6 months after initial listing for between \$435-\$490K.

Image Source: NW Natural Street of Dreams 2024.

Three-Story Triplex in North Portland (Example Floor Plan)



Floor 1



Floor 2



Floor 3

Image Source: NW Natural Street of Dreams 2024.



Concordia Cottage Cluster

4 Units | 1,200 SF per Unit

R5 Zone | 7,000 SF Lot | 0.69 FAR

3 Bedrooms | 2.5 Bathrooms

List Price: \$550K-600K Per Unit

This project has four detached homes with 1,200 sf and 3-bedrooms apiece. Each home sits on its own ~1,750 sf lot with a patio and private yard, subdivided from an original 7,000 sf lot. The homes are clustered along a community walkway where each has access to a raised garden bed to add individual personality to the shared space and landscaping. The homes do not have off-street parking, but are situated a 5- to 10-minute walk from two commercial corridors with a grocery, pharmacy, restaurants, gyms, schools, and transit.

The homes intend to respond to the needs of first-time buyers, young couples, and downsizers, particularly those who prefer a detached home but still want to be in a walkable or bikeable area. For the developer, cottage clusters help them reach more buyers by diversifying their portfolio, which includes custom homes but also more compact, attached home types like stacked-flat condominiums and townhomes.

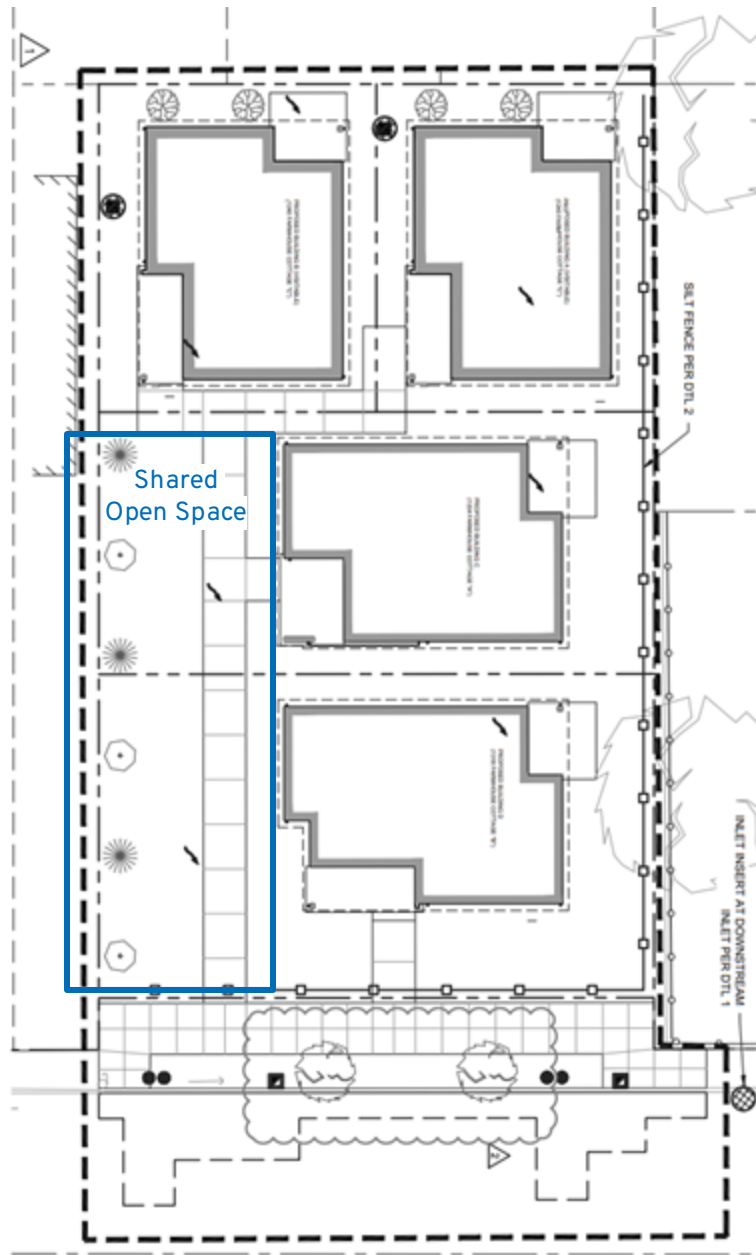
Image Source: Zillow. This photo shows an already completed 3-unit cottage cluster with a similar design by the same developer.

Concordia Cottage Cluster (Site Plan Commentary)

The developer noted that this site plan includes a lot of what they hear buyers asking for: starter homes that feel spacious, that are located in a walkable neighborhood, and that have private patio and yard space. The site plan also meets the code's shared open space requirements through community garden beds along the shared, landscaped walkway.

The developer also noted that cottage clusters like this one offer the advantage that they can sometimes preserve existing structures that are well positioned on the original lot to allow building on the remainder of the site. When preserving existing homes, however, the developer noted that complying with visitability requirements becomes a challenge, because preservation necessarily means the builder has less site area, flexibility, and fewer new structures in which to provide a visitable unit. The alternative – retrofitting the preserved existing home for visitability – tends to be complicated and costly, and can sometimes yield clunky floorplans. These realities mean sites where preservation is an option (or financial necessity) aren't as workable as they could be. The developer suggested that a one-unit exemption from the visitability standard for each home preserved on a site could balance the desires to grow the visitable housing stock and preserve existing homes, making it feasible to build cottage clusters on as many sites as possible.

Image Source: PortlandMaps.com. Via submitted permit planset.





Cully Affordable Homeownership

Strategy for Using New Residential Infill Project Allowances to Deliver Affordable Homeownership

Since the 1990s, Habitat for Humanity has built and repaired over 100 homes in Portland's Cully neighborhood. While Habitat's model usually requires sites larger than a half-acre and follows a traditional subdivision process, RIP's adoption provides a new avenue for delivering affordable homeownership: acquiring and developing adjacent (or even scattered) sites in existing residential neighborhoods.

For one of its next investments in the Cully community, Habitat for Humanity is exploring a 16-home development on $\frac{3}{4}$ acres of R7 land, leveraging RIP allowances. The Habitat team works to provide the deepest affordability to its buyers as possible. They will make use of any flexibility available in zoning and development code that helps them access affordable land and develop with minimal infrastructure costs – which can be significant under Portland's subdivision regulations.

Image Source: Habitat for Humanity Portland. This photo shows a 10-home community in Cully already completed by Habitat for Humanity prior to RIP's adoption. For more information on Habitat's work to date in Cully, visit: <https://habitatportlandregion.org/donate/build-an-inclusive-cully/>



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