

## **ORDINANCE No. 187616 As Amended**

\*Allow City Subsidized Affordable Housing Projects to utilize a Type IIX land use review procedure pursuant to PCC 33.730.025 for the duration of the Housing Emergency. (Ordinance)

The City of Portland ordains:

### **Section 1. The Council finds:**

1. On September 15, 2015 the Portland City Council conducted a study session on the high cost of affordable housing, reviewed the cost drivers of affordable housing development and discussed potential policy changes, including design review and historic resource review, which could bend the cost curve and produce more affordable housing.
2. On October 7, 2015, after hearing testimony concerning the number of persons and families experiencing homelessness citywide, the lack of affordable housing for rent or sale in the City, and the significant rent increases facing city residents, the City Council amended the city code to give the Council the authority to declare a housing emergency and also voted to formally declare a Housing Emergency in Portland.
3. In adopting the code amendments on October 7, 2015, the City Council expressly acknowledged both short-term and longer-term needs to address unmet housing needs and to modify or remove regulatory obstacles that prevent development of housing to meet these needs.
4. There is a current need for 23,845 units of housing affordable to households earning below 60 of Median Family Income (MFI). An adequate supply of this housing is necessary to address these housing needs, particularly for persons experiencing homelessness, persons transitioning from homelessness to more stable housing, and for persons at risk of being displaced from existing rental housing through significant rent increases or conversion of housing to other uses.
5. There are opportunities to remodel existing housing units or build new housing units to address this need, particularly for development on privately-owned properties that receive assistance from locally controlled public funds administered by the Portland Development Commission, Portland Housing Bureau, or other City bureaus or agencies for the purpose of creating or preserving affordable rental housing to qualifying households.
6. Much of the property within the Central City and Gateway Plan Districts is subject to a Design (d) overlay, which requires design review or historic resource review approval for many types of remodeling and new construction, including affordable housing units. Under the zoning code, many of these projects are subject to a Type III design review or historic resource review, which is the City's most time-consuming, expensive, and complicated land use review procedure. The average Type III design review takes 51 to 90 days from the date of complete application to the date of decision. The application fee

is based on the project's valuation and can range from \$9,381 to \$31,131, including infrastructure bureau review fees, and can involve multiple public hearings before the Design Commission and, if appealed, the City Council.

7. The Type III design review and historic resource review and approval process creates additional cost and delay, which can be a deterrent to the remodeling and construction of affordable housing units and frustrate efforts to address the City's urgent need for this type of housing. In contrast, where design review and historic resource review is subject to the Type IIX procedure, the review time is shorter and less costly. The Type IIX review typically takes 42 to 80 days from the date of complete application to date of initial decision. Currently, Title 33 doesn't assign a Type IIX review procedure to any design reviews or historic resource reviews, so there is no fee listed on the fee schedule. The closest fee would be the Type II design review/historic resource review fee which is based on project valuation, and ranges from \$5,255 to \$9,245 and includes the infrastructure bureau review fees. No public hearing is required for a Type IIX review unless the initial staff administrative decision is appealed to the Design Commission or Historic Landmarks Commission.
8. When the Council has declared a Housing Emergency, as it did on October 7, 2015, PCC 15.08.025.B authorizes the Council to exercise emergency powers that include directing the expeditious issuance of permits as may be necessary to protect the life, safety and health of persons and to waive city code regulations to the extent necessary to respond to the Housing Emergency.
9. In the exercise of the authority granted by PCC 15.08.025.B, the Council finds it necessary and in the public interest to authorize review of certain affordable housing projects through a Type IIX procedure, rather than a Type III procedure, in compliance with specified requirements. This authorization addresses the urgent need to create and preserve affordable rental housing as expeditiously as possible in the short-term until longer-term zoning code amendments to simplify Title 33 regulations, remove obstacles, and expedite processes for permitting and land use reviews for a affordable housing projects, mass shelters, and short-term housing projects can be developed, considered, and adopted by the Council.

NOW, THEREFORE, the Council directs:

a. Residential development within the Central City and Gateway Plan Districts that would otherwise require design review or historic resource review through a Type III procedure pursuant to Tables 825-1, 846-1, and 846-3 and PCC 33.825.025, 33.846.020 and 33.846.060 may be reviewed and approved through the Type IIX procedure specified in PCC 33.730.025 if all of the following requirements are satisfied.

(1) The development is a City Subsidy Project.

(a) As used in this ordinance, the term "City Subsidy Project" means a privately owned property with 20% or more units receiving a City Subsidy after the

effective date of Title 30.01 through one or more programs designed to create or preserve rental housing affordable at or below sixty (60) percent of Median Family Income (MFI).

- (b) As used in this ordinance, the term "City Subsidy" means locally controlled public funds administered by the Portland Development Commission, Portland Housing Bureau, or other City bureau or agency, allocated for the purpose of creating or preserving affordable rental housing to households below sixty (60) percent of MFI. City subsidies may be provided to developers through direct financial assistance such as low interest or deferred loans, grants, equity gap investments, credit enhancements or loan guarantees, or other mechanisms.
- (2) The applicant for a City Subsidy Project submits with the application for a Type IIX review a letter to the Bureau of Development Services from the Portland Housing Bureau that verifies the project qualifies as a City Subsidy Project.
- (3) Before submitting an application for a Type IIX land use review, the applicant for a City Subsidy Project must participate in at least one Design Advice Request meeting with the Design Commission or Historic Landmarks Commission, as appropriate, pursuant to PCC 33.730.050.F to verify applicable infrastructure requirements and obtain preliminary comments on the project's conceptual design.

b. The application fees for Type IIX reviews of qualifying development projects as described in directive "a" above will be the fees listed for Type II design review and Type II historic resource review on the adopted Bureau of Development Fee Schedule.

Section 2. This Council declares that an emergency exists because there is a critical need to facilitate approval and development of City Subsidized Affordable Housing projects as quickly as possible to respond to the Council's declared Housing Emergency; therefore, this ordinance shall be in full force and effect on the date of passage by Council.

Section 3. This ordinance shall cease to be effective on October 6, 2016, the date the Housing Emergency declared by Ordinance No. 187371 (October 7, 2015) terminates or the date the Council adopts a resolution terminating the Housing Emergency, whichever occurs first.

Passed by the Council: MAR 09 2016

Commissioner Saltzman  
Prepared by: Kathryn Beaumont  
Date Prepared: March 9, 2016

**Mary Hull Caballero**

Auditor of the City of Portland

By

Deputy

*Susan Parsons*



Agenda No.  
**ORDINANCE NO.**  
 Title

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| <p><b>INTRODUCED BY</b> Mayor <u>Hales</u><br/>         Commissioner/Auditor: <u>Hales</u><br/>         and <b>Commissioner Dan Saltzman</b></p> <p><b>COMMISSIONER APPROVAL</b></p> <p>Mayor—Finance and Administration - Hales <u>[Signature]</u></p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish <u>[Signature]</u></p> <p>Position 3/Affairs - Saltzman <u>[Signature]</u></p> <p>Position 4/Safety - Novick</p> <p><b>BUREAU APPROVAL</b></p> <p>Bureaus:</p> <p>Prepared by: Leanne Torgerson, BDS<br/>         Date Prepared: 2/26/16</p> <p>Financial Impact &amp; Public Involvement Statement<br/>         Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>Portland Policy Document<br/>         If "Yes" requires City Policy paragraph stated in document.<br/>         Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p><b>City Auditor Office Approval:</b><br/>         required for Code Ordinances</p> <p><b>City Attorney Approval:</b> <u>Ks Beaumont</u><br/>         required for contract, code, easement, franchise, comp plan, charter</p> <p>Council Meeting Date <b>3/9/16</b></p> | <p>CLERK USE: DATE FILED <u>MAR 01 2016</u></p> <p style="text-align: center;">Mary Hull Caballero<br/>         Auditor of the City of Portland</p> <p>By: <u>[Signature]</u><br/>         Deputy</p> <p><b>ACTION TAKEN:</b></p> |
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| <p><b>AGENDA</b> <u>10F2</u></p>  |
| <p><b>TIME CERTAIN</b> <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____<br/>         (for presentation, testimony and discussion)</p>      |
| <p><b>CONSENT</b> <input type="checkbox"/></p>  |
| <p><b>REGULAR</b> <input checked="" type="checkbox"/></p> <p>Total amount of time needed: <b>15 minutes</b><br/>         (for presentation, testimony and discussion) <u>both</u></p> |

| FOUR-FIFTHS AGENDA | COMMISSIONERS VOTED AS FOLLOWS: |      |
|--------------------|---------------------------------|------|
|                    | YEAS                            | NAYS |
| 1. Fritz           | 1. Fritz ✓                      |      |
| 2. Fish            | 2. Fish ✓                       |      |
| 3. Saltzman        | 3. Saltzman ✓                   |      |
| 4. Novick          | 4. Novick ✓                     |      |
| Hales              | Hales ✓                         |      |