



# Inclusionary Housing Zoning Code, October 11, 2016



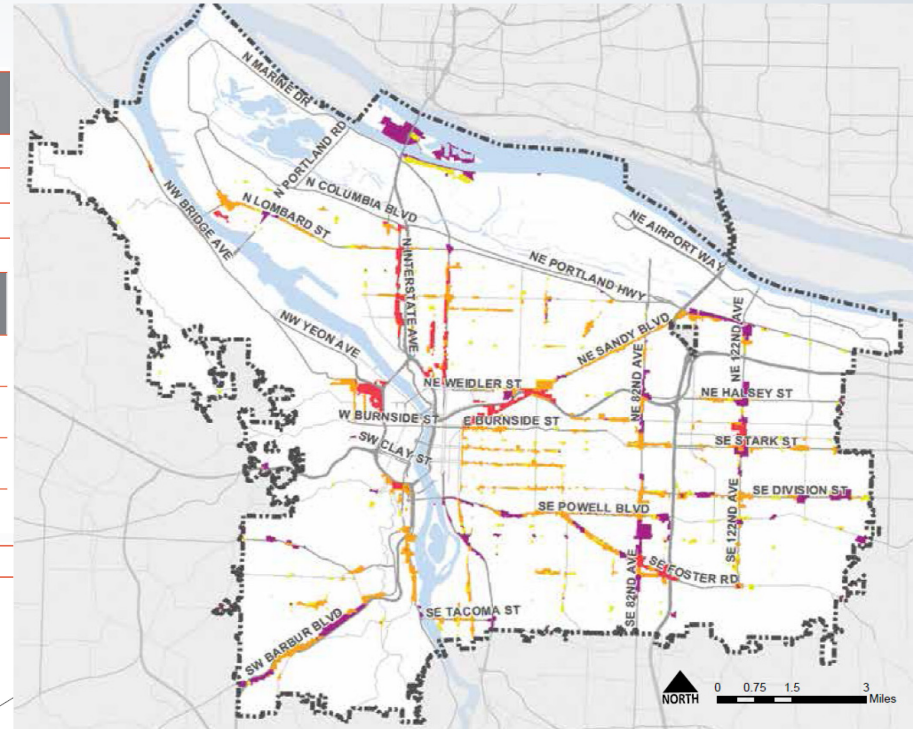
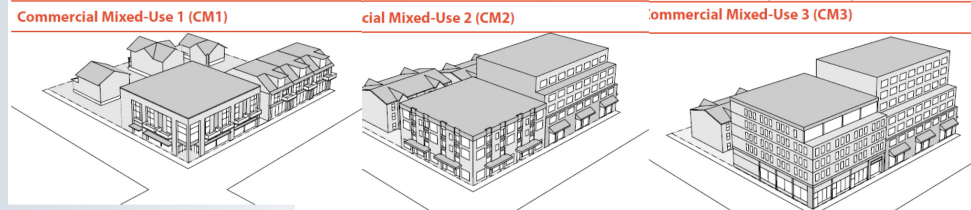
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# Program Recommendations

## Mixed Use Zones

Proposed Comprehensive Plan Designation		Future Implementing Zones					
Mixed Use Dispersed		CM1, CE					
Mixed Use Neighborhood		CM1, CM2, CE					
Mixed Use Civic Corridor		CM1, CM2, CM3, CE					
Mixed Use Urban Center		CM1, CM2, CM3					
Comprehensive Plan Designation	Current Zones						
	CN1/2	CO1/2	CM	CS	CG	EX	CX
Mixed Use Dispersed	CM1	CM1	CM1	CM1	CM1# CE#	CM1	n/a
Mixed Use Neighborhood	CM1	CM1+ CM2+	CM2	CM2	CM2# CE#	CM2	n/a
Mixed Use Civic Corridor	CM1	CM1+ CM2+	CM2	CM2	CM2# CE#	CM3	CM3
Mixed Use Urban Center	CM1	CM1+ CM2+	CM2	CM2	CM2# CE#	CM3	CM3



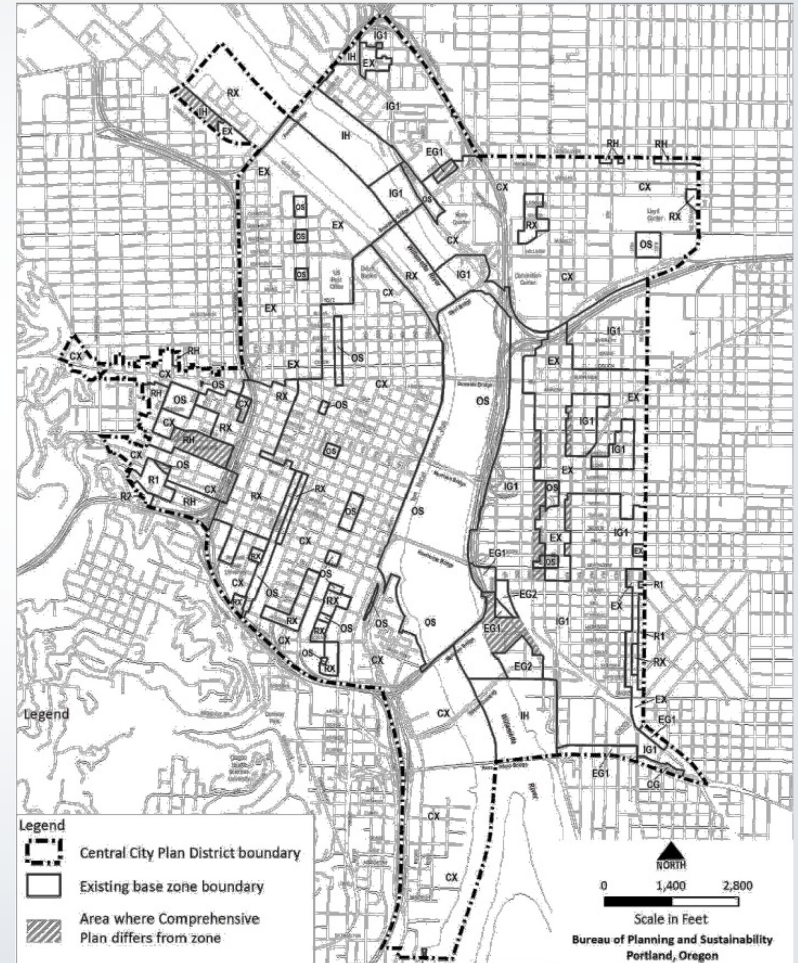
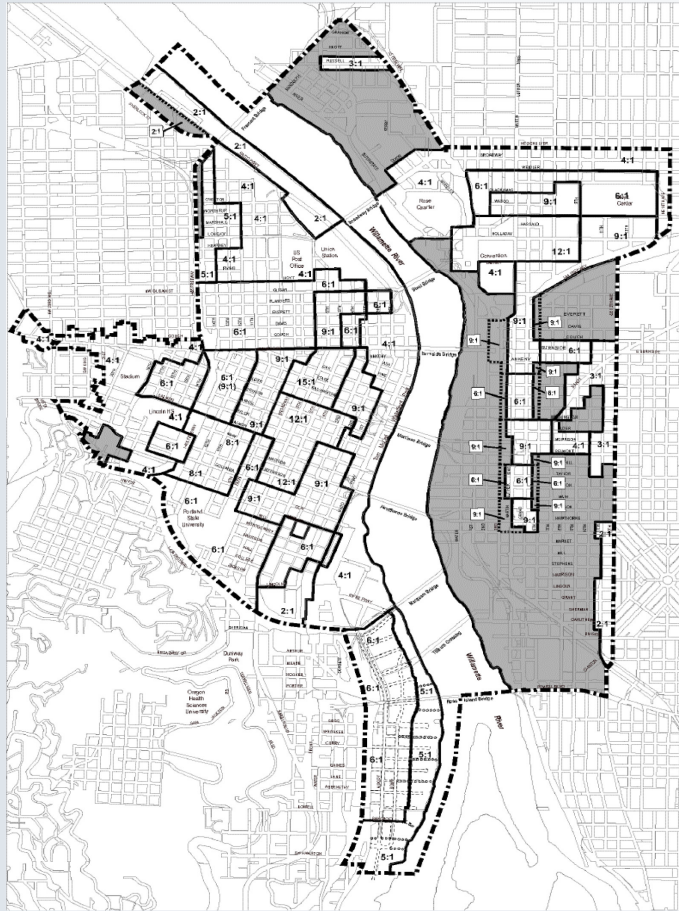
**New Mixed Use Zones**

- Commercial Mixed Use 1 (CM1)
- Commercial Mixed Use 2 (CM2)
- Commercial Mixed Use 3 (CM3)
- Commercial Employment (CE)

# Mixed Use Zones

<p><b>Mandatory Inclusionary Requirement</b></p>	<ul style="list-style-type: none"> <li>• <b>20% of Units at 80% Area Median Income</b></li> </ul>
<p>Incentives</p>	<ul style="list-style-type: none"> <li>• Density Bonus</li> <li>• 10-Year Property Tax Exemption <u>on Affordable Units</u></li> <li>• CET Exemption <u>on Affordable Units</u></li> <li>• Bonus Units Exempt from Parking Requirements</li> </ul>
<p><b>Deeper Affordability Option</b></p>	<ul style="list-style-type: none"> <li>• <b>10% of Units at 60% Area Median Income</b></li> </ul>
<p>Incentives</p>	<ul style="list-style-type: none"> <li>• Density Bonus</li> <li>• 10-Year Property Tax Exemption on Affordable Units</li> <li>• CET Exemption <u>on Affordable Units</u></li> <li>• Bonus Units Exempt from Parking Requirements</li> <li>• SDC Waivers <u>on Affordable Units</u></li> </ul>

# Program Recommendations Central City



# Zones with Base FAR below 5.0

<p><b>Mandatory Inclusionary Requirement</b></p>	<ul style="list-style-type: none"> <li>• <b>20% of Units at 80% Area Median Income</b></li> </ul>
<p>Incentives</p>	<ul style="list-style-type: none"> <li>• Density Bonus of 3.0 FAR</li> <li>• 10 Year Property Tax Exemption <u>on Affordable Units</u></li> <li>• CET Exemption <u>on Affordable Units</u></li> </ul>
<p><b>Deeper Affordability Option</b></p>	<ul style="list-style-type: none"> <li>• <b>10% of Units at 60% Area Median Income</b></li> </ul>
<p>Incentives</p>	<ul style="list-style-type: none"> <li>• Density Bonus of 3.0 FAR</li> <li>• 10 Year Property Tax Exemption <u>on Affordable Units</u></li> <li>• CET Exemption <u>on Affordable Units</u></li> <li>• SDC Waivers <u>on Affordable Units</u></li> </ul>

# Zones with Base FAR above 5.0

<p><b>Mandatory Inclusionary Requirement</b></p>	<ul style="list-style-type: none"> <li>• <b>20% of Units at 80% Area Median Income</b></li> </ul>
<p>Incentives</p>	<ul style="list-style-type: none"> <li>• Density Bonus of 3.0 FAR</li> <li>• 10 Year Property Tax Exemption <u>on All Residential Units</u></li> <li>• CET Exemption <u>on Affordable Units</u></li> </ul>
<p><b>Deeper Affordability Option</b></p>	<ul style="list-style-type: none"> <li>• <b>10% of Units at 60% Area Median Income</b></li> </ul>
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# Build Off Site Option #1: New Units Off-site

1. # of Affordable Units Required Off-Site
  - *Either, 20% of the total units in sending site at 60% AMI*
  - *Or, 10% of the total units in sending site at 30% AMI*
2. Units of comparable size, quality, bedroom count units in sending site
3. Sending site retains FAR bonus, no other incentives
4. Receiving site affordable units receive CET exemption, and SDC waivers on units at and below 60% AMI
5. Receiving site must fulfill its own inclusionary housing requirement
6. Affordable units must be under construction, or have CO, prior to approval of use as off-site option
7. Affordable units must be no more than 1/2 mile from sending site, or in an area with an equal or better opportunity mapping score
8. Housing Bureau must approve off-site plan
9. No supplemental city subsidy can support the off-site units themselves

# Build Off Site Option

## Option #2: Off-site Dedication of Existing Units

1. # of Affordable Units Required Off-Site
  - *Either, 25% of the total units in sending site at 60% AMI*
  - *Or, 15% of the total units in sending site at 30% AMI*
2. Comparable size, quality, and bedroom count as the units in sending site
3. Sending site retains FAR bonus, no other incentives
4. Affordable units must be available prior to approval of use as off-site option
5. Affordable units must be no more than 1/2 mile from sending site, or in an area with an equal or better opportunity mapping score
6. Housing Bureau must approve off-site plan
7. No supplemental city subsidy can support the off-site units themselves



# *Fee-in-Lieu Calibration*

## **1. Calculation of Maximum Justifiable Fee-in-Lieu**

- a) Difference in the capitalized market value between 100% market rate building and a 20% at 80% AMI building with units on site
- b) Calculate on a \$ per gross square foot of building

## **2. Calculation of Portland Fee-in-Lieu Recommendation**

- a) Opting out of affordable units on site requires City to build units
- b) Current city subsidy per affordable unit is \$100,000
- c) Impute the fee per gross square foot based on number of affordable units required
- d) Compare with maximum justifiable fee-in-lieu to ensure no fees exceeds the cap

# Fee-in-Lieu Option

Zone/FAR	Maximum Justifiable Fee-in-Lieu per GSF Residential	Recommended Fee-in-Lieu per GSF Residential Based on City Cost to Build Affordable Units
<b>Mixed Use Zones</b>		
CM 1 at Base FAR	\$23.83	\$23.83
CM 1 with Bonus FAR	\$26.48	\$25.79
CM 2 at Base FAR	\$26.48	\$25.79
CM 2 with Bonus FAR	\$40.49	\$26.50
CM 3 at Base FAR	\$43.49	\$26.03
CM 3 with Bonus FAR	\$54.00	\$28.58
<b>Central City</b>		
3.0/4.0 FAR	\$43.49	\$27.39
3.0/4.0 Base with Bonus FAR	\$44.31	\$28.57
5.0/6.0 FAR	\$44.31	\$28.57
5.0/6.0 Base with Bonus FAR	\$57.37	\$28.99
8.0 FAR	\$58.92	\$28.99
8.0 Base with Bonus FAR	\$58.54	\$29.81
9.0 FAR	\$57.37	\$29.81
9.0 Base with Bonus FAR	\$58.13	\$29.42
12.0 FAR	\$58.13	\$29.42
12.0 Base with Bonus FAR	\$58.09	\$29.85
15.0 FAR	\$58.09	\$27.39
15.0 Base with Bonus FAR	\$58.64	\$28.57

# Comprehensive Plan Policies for Inclusionary Housing Zoning Code Project

## **Policy 5.35 Inclusionary housing**

Use inclusionary zoning and other regulatory tools to effectively link the production of affordable housing to the production of market-rate housing. Work to remove regulatory barriers that prevent the use of such tools.

## **Policy 5.1 Housing supply.**

Maintain sufficient residential development capacity to accommodate Portland's projected share of regional household growth.

**Policy 5.2 Housing growth.** Strive to capture at least 25 percent of the seven-county region's residential growth (Multnomah, Washington, Clackamas, Yamhill, Columbia, Clark, and Skamania counties).

# Amendments to the Zoning Code

## Title 33 - Zoning Code

- 33.245 -New chapter that implements inclusionary housing program
- Project size threshold that triggers the Inclusionary Housing Program (20 units)
- Inclusion rate
- Mandatory - 20% of units at 80% MFI
- Voluntary - 10% of units at 60% MFI
- FAR/Height Bonuses
- Mixed Use Zones
- Multi-Dwelling Zones
- Plan Districts
- Periodic calibration through in coordination with PHB on inclusion rate

## Title 30 - Housing Code and Administrative Rule

- Incentive Packages for Mandatory and Voluntary Programs
- Central City
- Mixed Use Zones
- In-lieu fee
- Off-site option
- Distribution, composition, quality of affordable units
- Program administration and monitoring
- Periodic calibration of program though structure of incentive packages

# Implementation of Inclusionary Housing

## Comprehensive Plan Goals and Policies



- Central City Plan District
- Gateway Plan District
- Commercial Zones
  - CX, CS, CM, CN2, CN1, CO1, CO2, CG
- Multi-Dwelling Zones
  - RX, RH, R1, R2, R3
- Employment Zones
  - EX, EG



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Adopted October 1980

Includes Amendments Adopted Through Nov. 2011

# Implementation of Inclusionary Housing

## 2035 COMPREHENSIVE PLAN



- Central City 2035
- Mixed Use Zones
  - CR, CM1, CM2, CM3, CE
- Multi-Dwelling Zones
  - RX, RH, R1, R2, R3
- Employment Zones
  - EX, EG
- All Plan Districts



JUNE 2016

CITY OF PORTLAND, OREGON

ORDINANCE NO: 187832

*to gaze upon Portland*

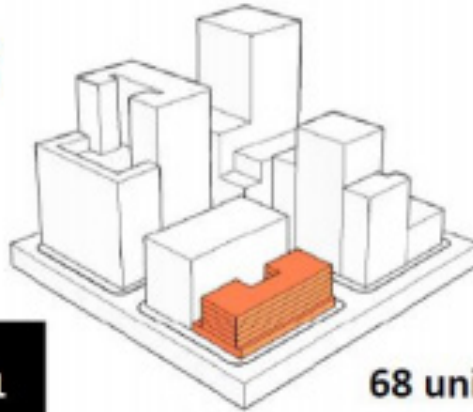


# Central City Density Bonus

20,000 sf. Site

**BASE**

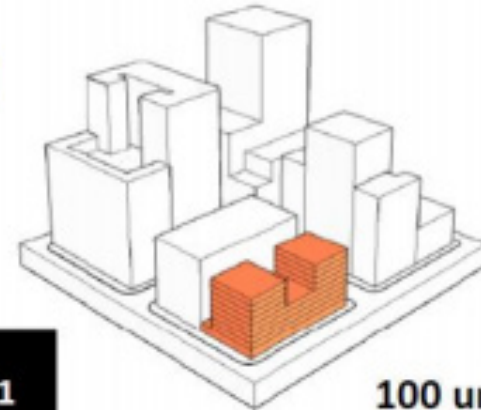
4:1



68 units

3:1  
Bonus

6:1

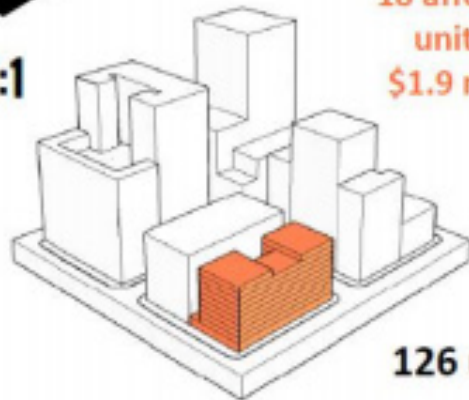


100 units

3:1  
Bonus

**BONUS**

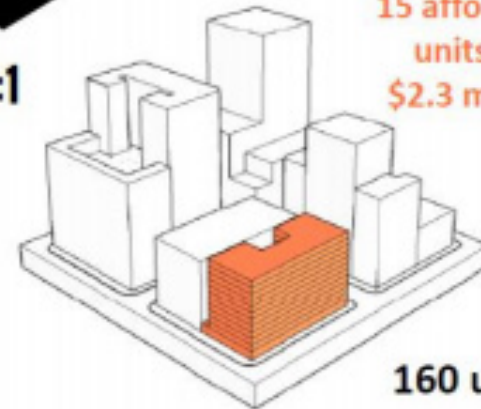
7:1



18 affordable  
units OR  
\$1.9 million

126 units

9:1



15 affordable  
units OR  
\$2.3 million

160 units

# Mixed Use Zones Bonus

	CR	CM1	CM2	CM3	CE
Base Height Limit <sup>†</sup> (stories)	30' (2-3)	35' (3)	45' (4)	65' (6)	45' (4)
Base FAR	1:1	1.5:1	2.5:1	3:1	2.5:1
Maximum Height Limit with Bonus <sup>‡</sup> (stories)	n/a	35' (3)	55' (5)*	75' (7)	45' (4)
Maximum FAR with Bonus	n/a	2.5:1	4:1	5:1	3:1



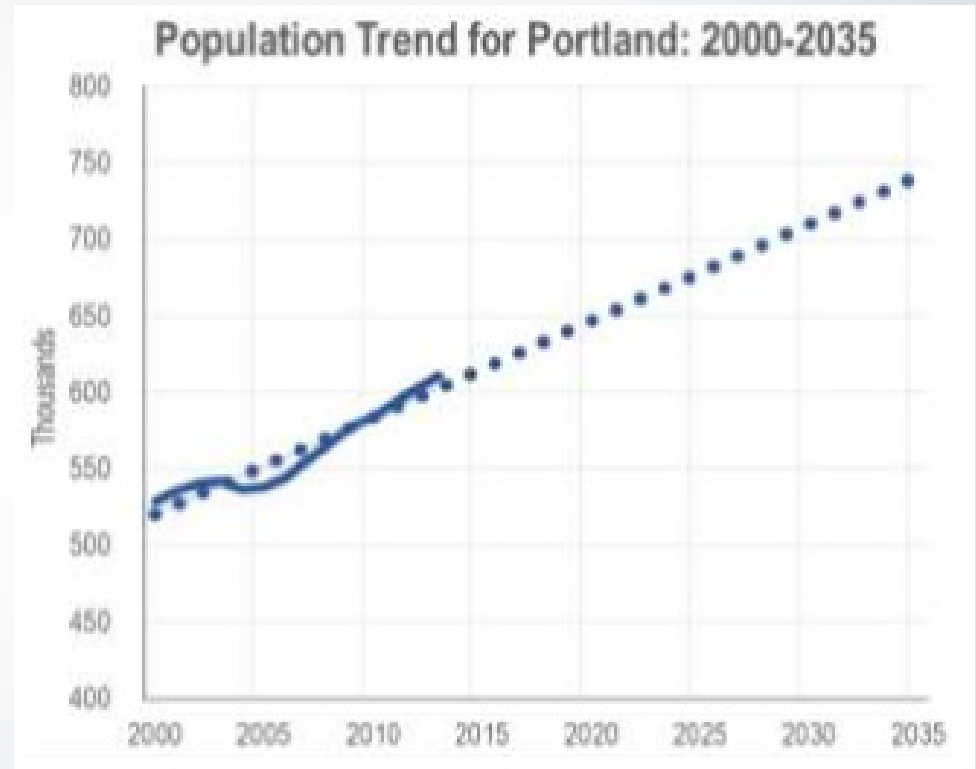
CM2 Base



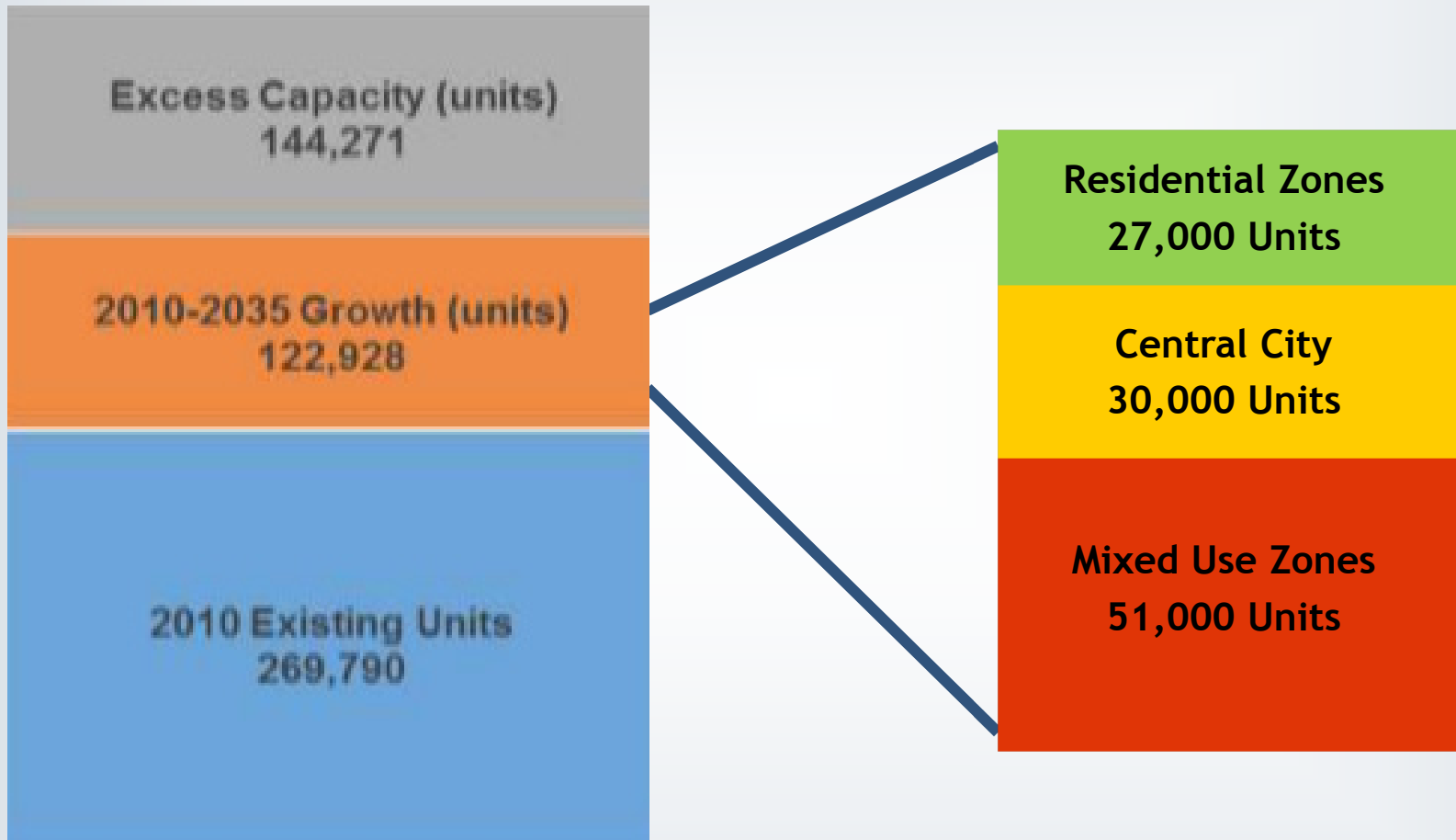
CM2 Bonus



# Growth Projections and Housing Supply



# Growth Projections and Housing Supply



# Next Steps

- October 25 - PSC Hearing
- November 8 - PSC Recommendation
- December TBD - City Council
- Anticipated Effective Date - Feb 1, 2017



# Questions and Comments

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