

SUBSTITUTE

ORDINANCE No.

188163 As Amended

Provide affordable housing through an Inclusionary Housing Program and update the Multiple-Unit Limited Tax Exemption Program (Ordinance; add Code Section 30.01.120, amend Section 30.01.030 and Chapter 3.103)

The City of Portland Ordains:

Section 1. The Council finds:

1. Portland has grown by more than 80,000 people in 29,000 households since 2000, but housing supply has not come close to meeting the demand according to the City's 2015 Report on the State of Housing. The resulting low vacancy rates and price increases have been severe. Between 2006 and 2015 the Oregon Office of Economic Analysis estimated that the Portland housing market was underbuilt by approximately 23,000 units of housing - insufficient just to keep up with population growth.
2. Portland's continued population growth and ongoing economic recovery have had a significant impact on rental housing, resulting in a more than 30 percent increase in average rents over the last five years, consistently low vacancy rates between 2.6 percent and 3.2 percent over the last three years, and high occupancy rates above 96.5 percent for the last five years, as noted in the City's 2015 Report on the State of Housing in Portland. As additionally noted in the report, in the last year, average rents across the City increased between 8-9 percent, or roughly \$100 per month. At the same time, low-wage workers have experienced a decrease in inflation-adjusted wages and a reduced ability to find adequate and affordable rental housing.
3. On October 7, 2015, the Council, through Ordinance 187371, declared a housing emergency for a period of one year.
4. On February 3, 2016, the Council adopted Resolution 37187 and expressed support for considering an inclusionary housing ordinance if the Oregon Legislature eliminated the statewide statutory preemption of local inclusionary housing ordinances.
5. The 2016 Oregon Legislature passed Senate Bill 1533, which lifted the statutory preemption of local inclusionary housing ordinances and authorized local governments to require that a certain portion of housing units within a multifamily structure are sold or rented as affordable housing.
6. On September 7, 2016, the Council extended the housing emergency declared by Ordinance 187371 for one year, through October 6, 2017 (Ordinance 187793). The Council directed the Bureau of Planning and Sustainability (BPS), in coordination with the Bureau of Development Services (BDS) and the Portland Housing Bureau (PHB) to develop a legislative proposal to amend Title 33 to implement a mandatory program for inclusionary housing that is consistent with Senate Bill 1533 (2016). BPS and the

Planning and Sustainability Commission (PSC) were directed to forward to the Council the PSC's recommendation on the legislative proposal.

7. On November 8, 2016, the PSC unanimously recommended Zoning Code amendments to implement an Inclusionary Housing program. Separate and apart from this Ordinance, Council will consider amendments to the Zoning Code that require mandatory and voluntary inclusionary housing.
8. Applying clear and objective criteria, PHB will evaluate whether a proposed development meets the numerical requirements for inclusionary housing set forth in the Zoning Code.

PHB will provide land use applicants with a letter certifying that any proposed development meets the numerical standard set out in Title 33.

9. PHB has developed Administrative Rules to guide the implementation of the IH Program authorized by PCC Section 30.01.120 that are attached as Exhibit C.

NOW, THEREFORE, the Council directs:

- a. Amend PCC Title 30 with the addition of Section, 30.01.120 Inclusionary Housing, attached as Exhibit A.
- b. Amend PCC Title 30 with the addition of the following definitions to Section 30.01.030:

A. "Administrative Rules" means the program administrative rules developed by the Portland Housing Bureau and approved through City Council which set forth program requirements, processes, and procedures, and are filed through the City's publically available Portland Policy Documents (PPD).

A. through S. re-lettered to B. through T.

U. "Receiving Site" means a new or existing housing development with transferred Inclusionary Housing requirements from a Sending Site.

V. "Regulatory Agreement" means a recorded agreement between the owner and PHB stating the approval and compliance criteria of a PHB program.

Re-letter T. to W.

X. "Sending Site" means a new development project which is subject to Inclusionary Housing requirements and is opting to provide affordable units off-site.

- c. Amend PCC 3.103, attached as Exhibit B.

- d. PCC Section 30.01.120 will be implemented consistent with the Administrative Rules included as Exhibit C, developed by PHB, whose Director or designee has the authority to adopt, amend, and repeal these rules.
- e. Once a year during the annual City budget process and through the State of Housing in Portland annual report, PHB shall report to Council on outcomes of the IH Program.

Section 2. This ordinance shall be effective on and after February 1, 2017. The requirements and incentives applicable to the Inclusionary Housing Program shall apply to building permit applications submitted to the Bureau of Development Services and deemed vested on and after February 1, 2017.

Passed by the Council, DEC 21 2016

MARY HULL CABALLERO
Auditor of the City of Portland

Commissioner Dan Saltzman
Prepared by: Dory Van Bockel
Date Prepared: November 16, 2016

By 
Deputy

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INTRODUCED BY Commissioner/Auditor: Dan Saltzman	CLERK USE: DATE FILED <u>Dec. 13, 2016</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration - Hales Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman <i>Dan Saltzman</i> Position 4/Safety - Novick	Mary Hull Caballero Auditor of the City of Portland By: <u><i>Susan Parsons</i></u> Deputy ACTION TAKEN: DEC 14 2016 SUBSTITUTE PASSED TO SECOND READING As Amended <div style="text-align: right;">DEC 21 2016 9:30 A.M.</div>
BUREAU APPROVAL Bureau: Portland Housing Bureau Bureau Head: Kurt Creager	
Prepared by: Dory Van Bockel Date Prepared: November 16, 2016	
Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
City Auditor Office Approval:	
City Attorney Approval:	
Council Meeting Date December 13, 2016	

AGENDA

TIME CERTAIN
Start time: 9:00 a.m.

Total amount of time needed: 3 hours
 (for presentation, testimony and discussion)

CONSENT

REGULAR
Total amount of time needed:
 (for presentation, testimony and discussion)

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	✓	