

2035 Comprehensive Plan 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.*

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**Portland
Housing Bureau**

Mayor Ted Wheeler • Director Shannon Callahan

Review of Inclusionary Housing

Background and Overview



Policy Framework for Program Design

Citywide, **calibrating** rates and incentives **by geography**

Mandatory program at 80% AMI with **supplemental incentives to reach below 60% AMI**

Prioritize **units on site** over fee-in-lieu revenue or units off-site

Requirement for **all buildings with 20 or more units**

Maintain **comparable quality, size, bedroom composition, and distribution**

Maintain **affordable units for 99 years**

Affordable Units On Site

80% MFI

In buildings with 20 or more units, 15% of the units must be affordable at **80% MFI**, except within the Central City and Gateway Plan Districts, where 20% of the units must be affordable.

60% MFI

Applicants can elect to make 10% of units affordable at **60% MFI** in buildings within the Central City and Gateway Plan Districts, or 8% of units for buildings in all other areas.

Reconfiguration

Within Options 1 and 2, applicants can provide an alternative mix of affordable units based on the total number of bedrooms. Redistributing bedrooms into affordable units of two bedrooms or more results in a building with a smaller overall number of affordable units that are greater in size.

Affordable Units Off Site

Build Off-Site

Applicants can elect to build affordable units off-site in another new development (receiving building), separate from the multifamily development that is subject to the program requirements (sending building).

Designate Existing Units

Applicants can elect to designate affordable units in an existing building (receiving building), separate from the multifamily development subject to the program requirements (sending building).

Fee Out of Requirement

Fee-in-Lieu

Applicants may pay a fee-in-lieu of providing affordable units. PHB staff calculate the fee amount due by multiplying the residential and residential related gross square feet of the new development by the Fee-in-Lieu Factor.

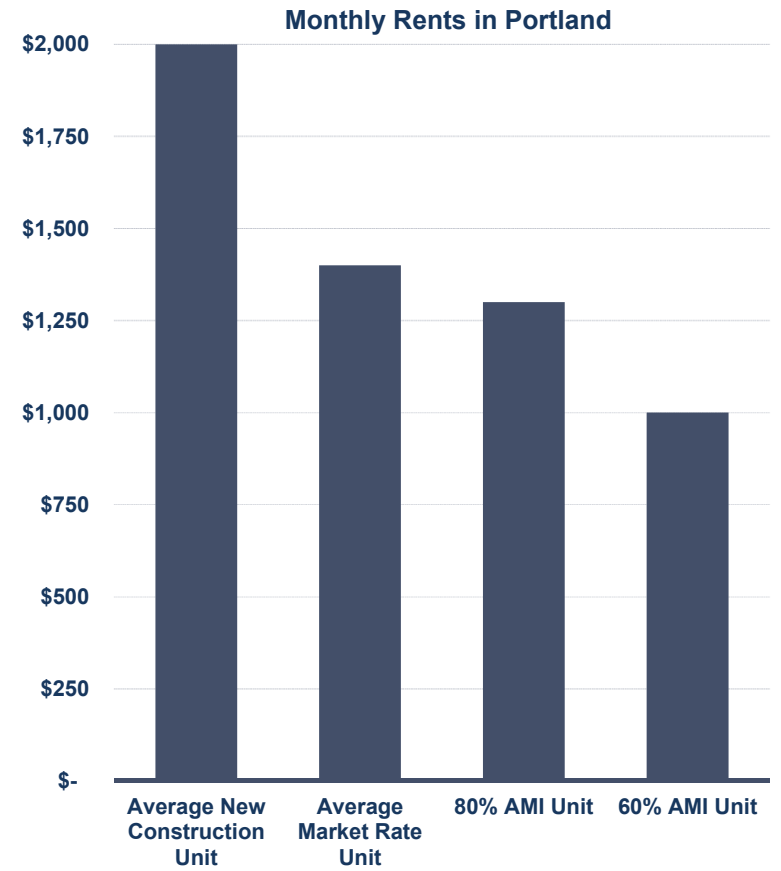
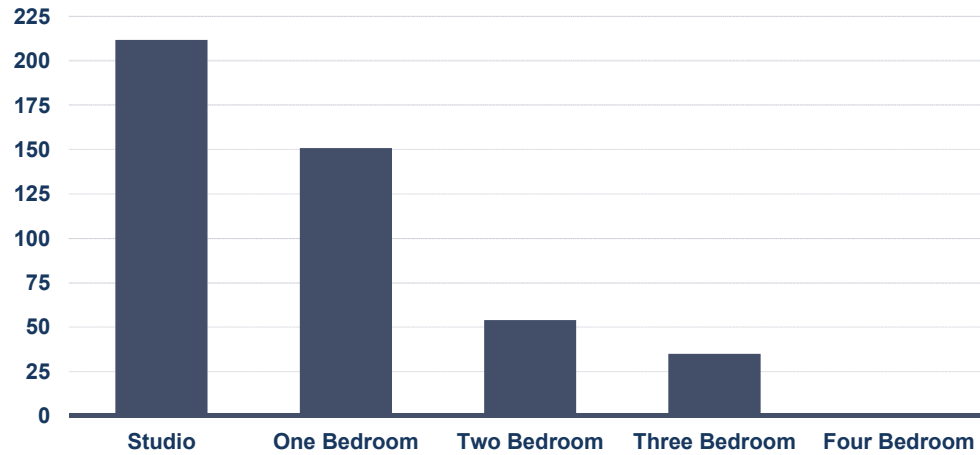
Portland's Inclusionary Housing Units

Projected Minimum: 471 units

Confirmed 60% AMI Units: 275 units

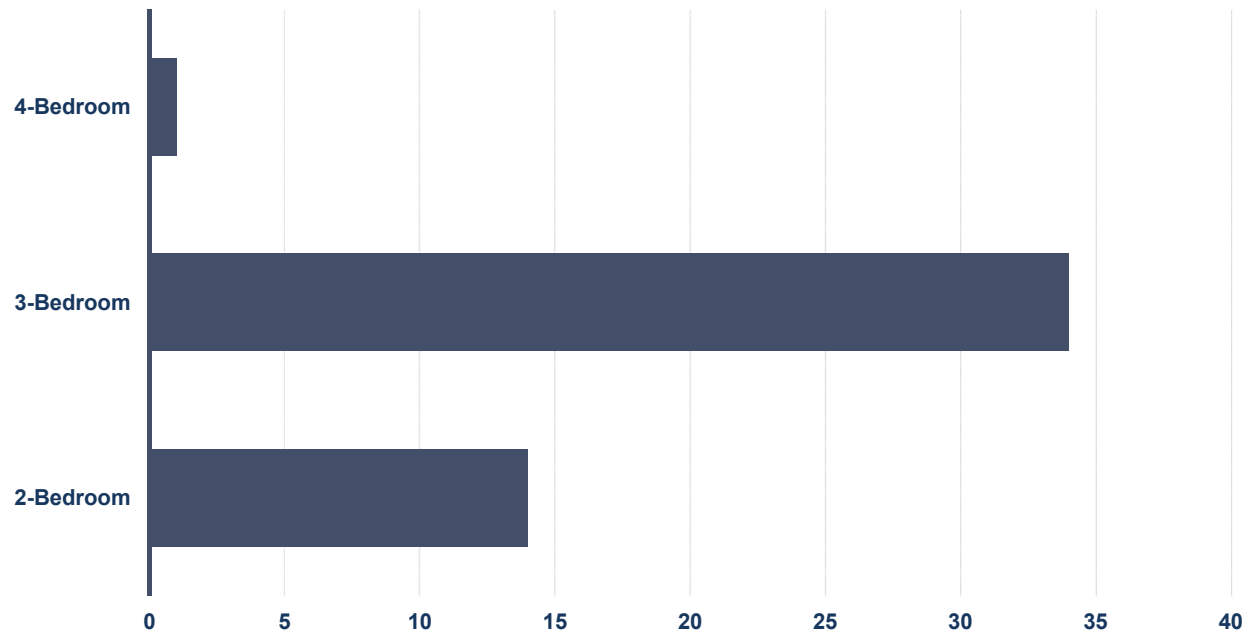
Confirmed 80% AMI Units: 178 units

Undetermined: 18 units



Reconfiguration Option Detail

Affordable Units through Reconfiguration



50% of all **4-bedroom affordable units** due to reconfiguration

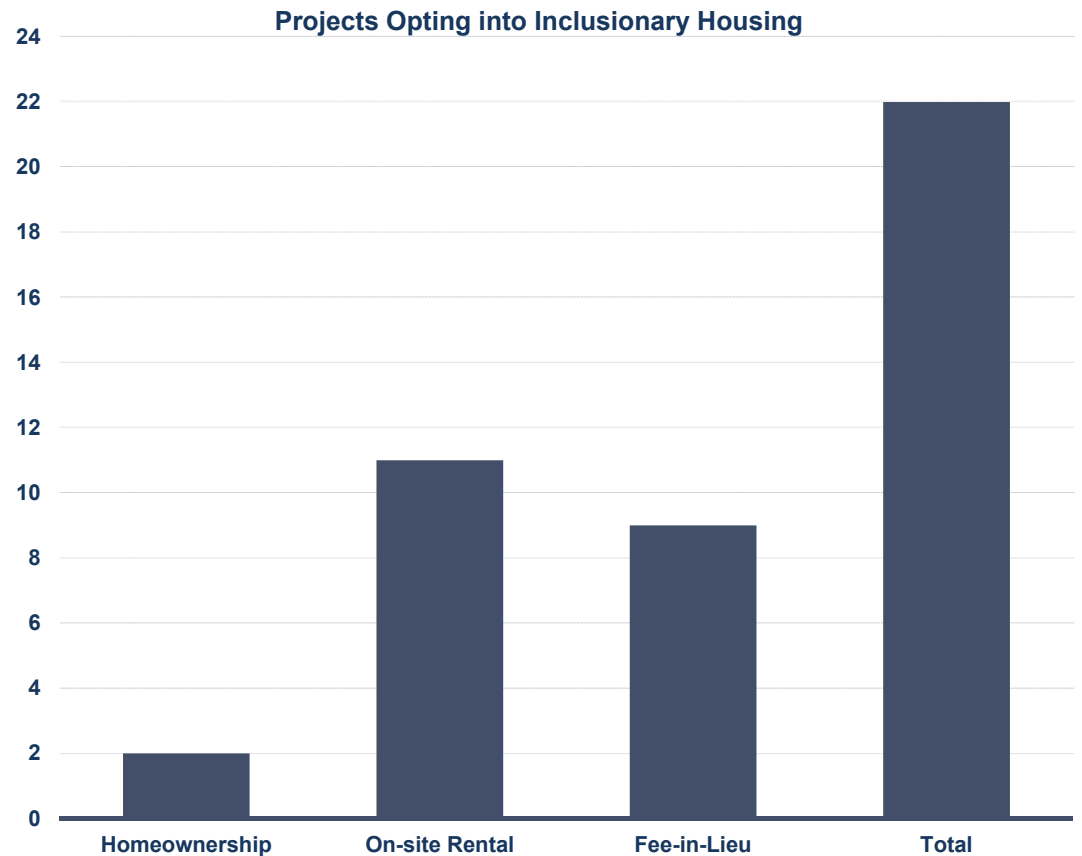
81% of all **3-bedroom affordable units** due to reconfiguration

25% of all **2-bedroom affordable units** due to reconfiguration

Voluntarily Opting into Inclusionary Housing

**73% are
under 20 units**

**27% were
vested**



Inclusionary Housing Incentives

**Residential Property
Tax Exemption**

**\$11,500* per
affordable unit**

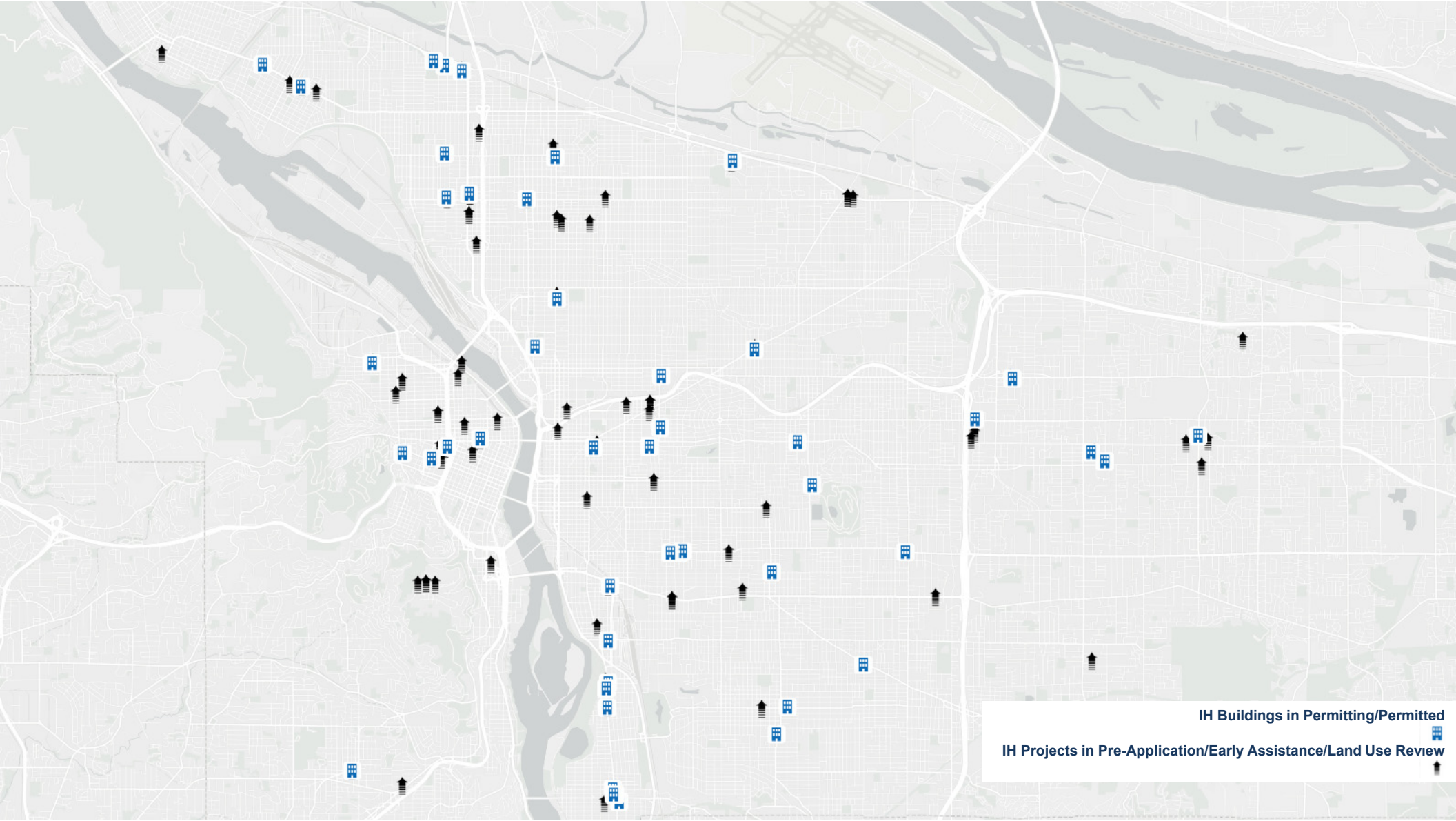
**System Development
Charge Exemption**

**\$36,900* per
affordable unit**

**Construction Excise
Tax Exemption**

**\$950* per
affordable unit**

**Cost estimates for incentives are preliminary*

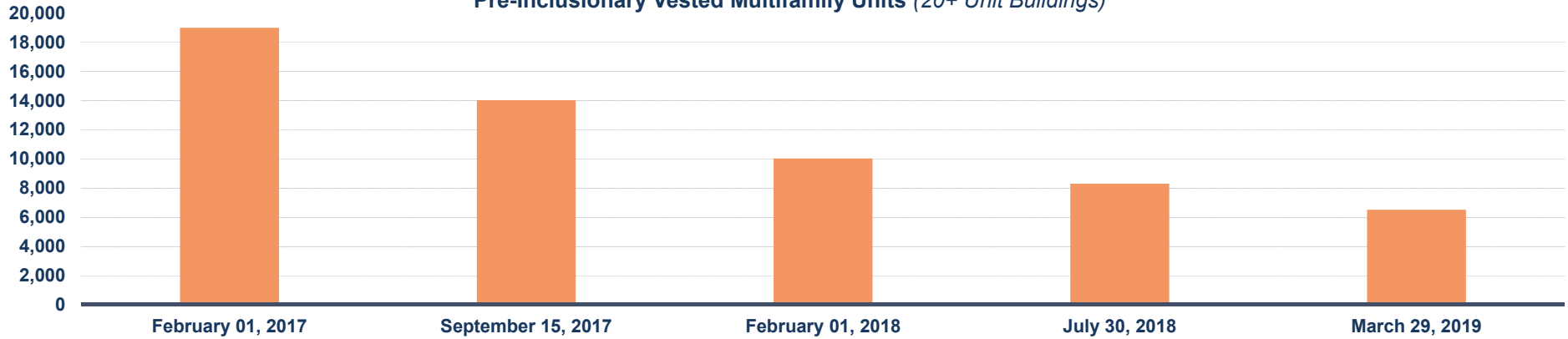


IH Buildings in Permitting/Permitted
IH Projects in Pre-Application/Early Assistance/Land Use Review

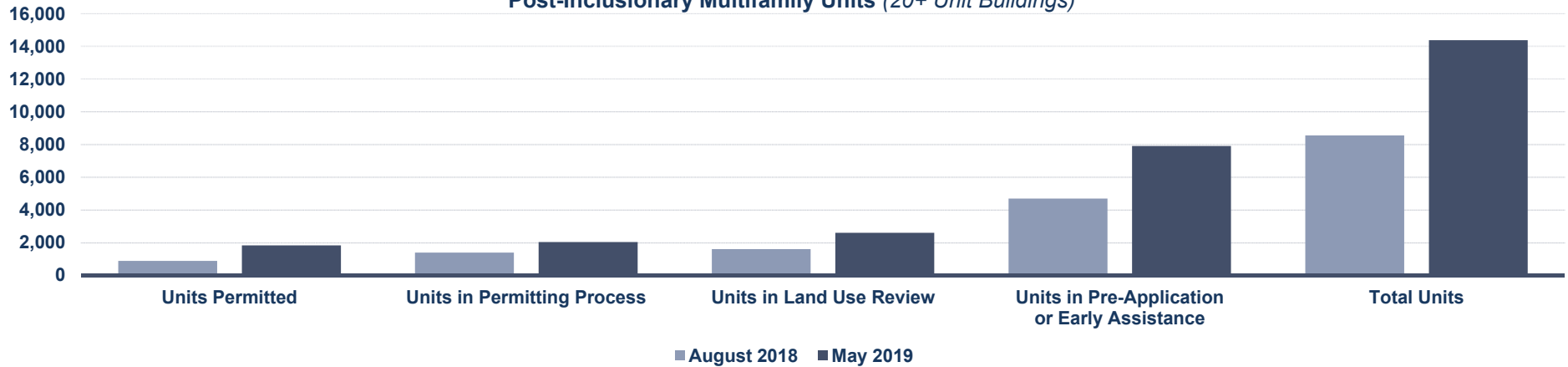
Inclusionary Housing and Permitting

Pre and Post Inclusionary Housing

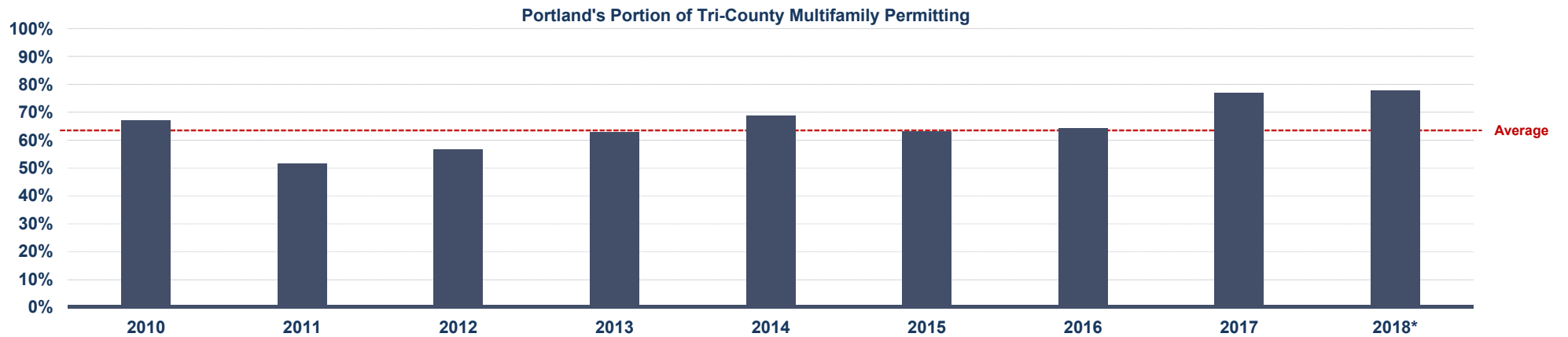
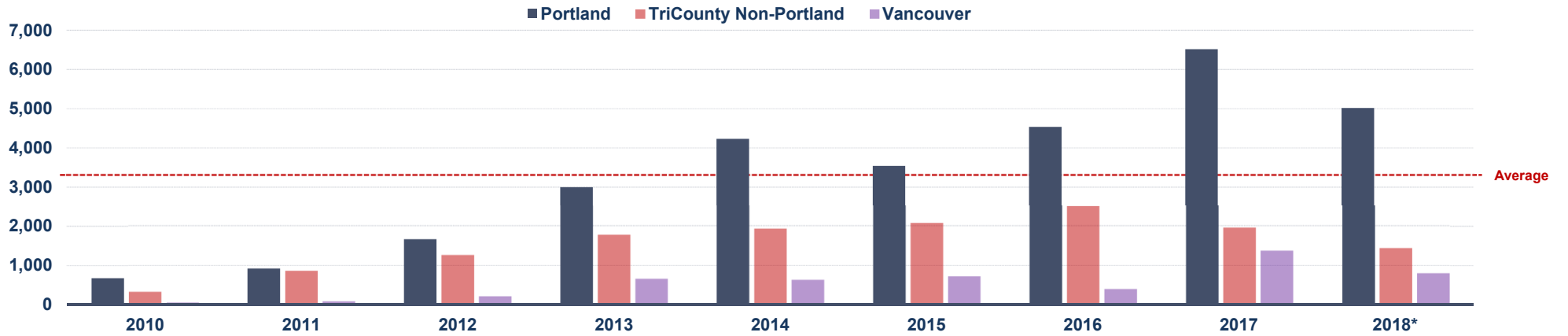
Pre-Inclusionary Vested Multifamily Units (20+ Unit Buildings)



Post-Inclusionary Multifamily Units (20+ Unit Buildings)

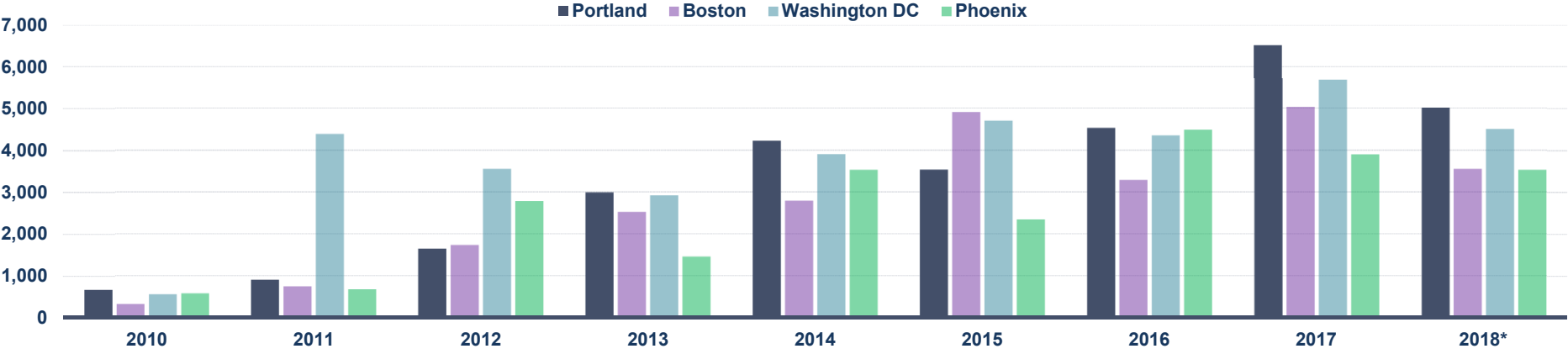
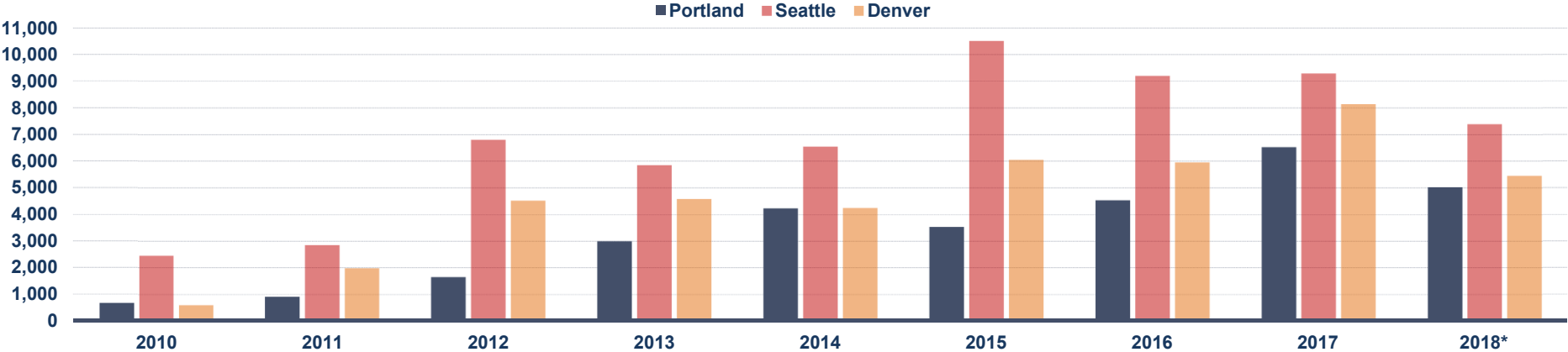


Regional Multifamily Unit Permitting



HUD SOCDS Building Permit Database
 *2018 data is preliminary

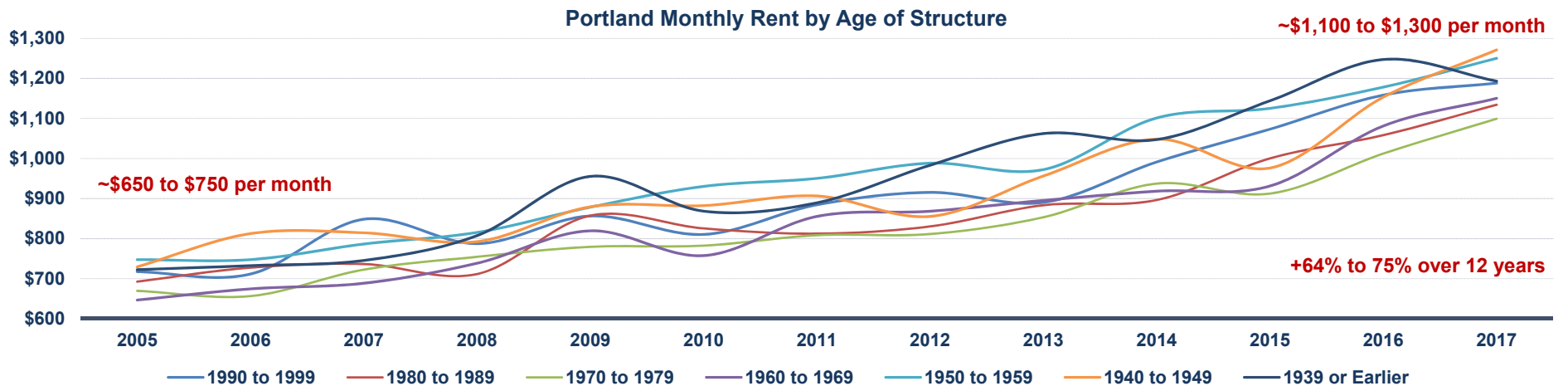
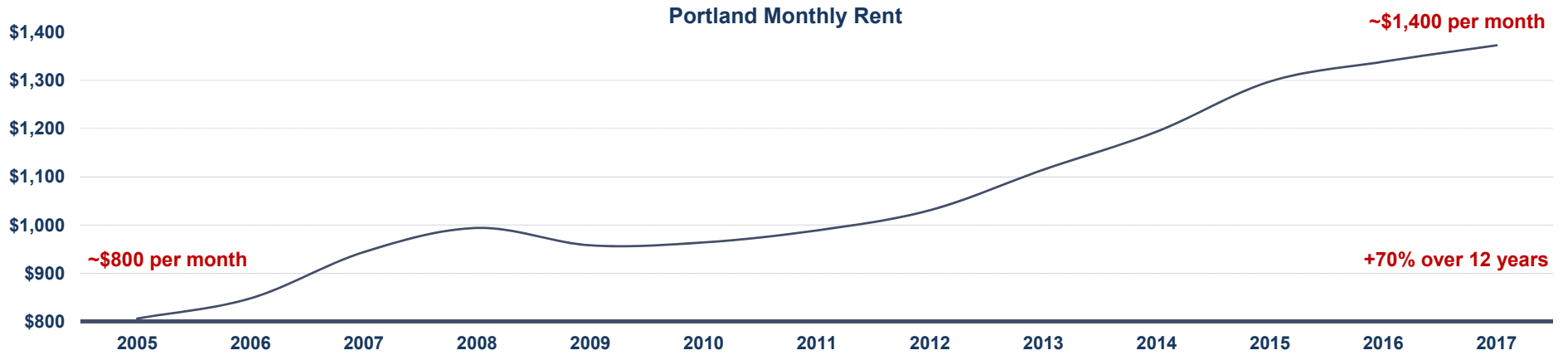
National Multifamily Unit Permitting



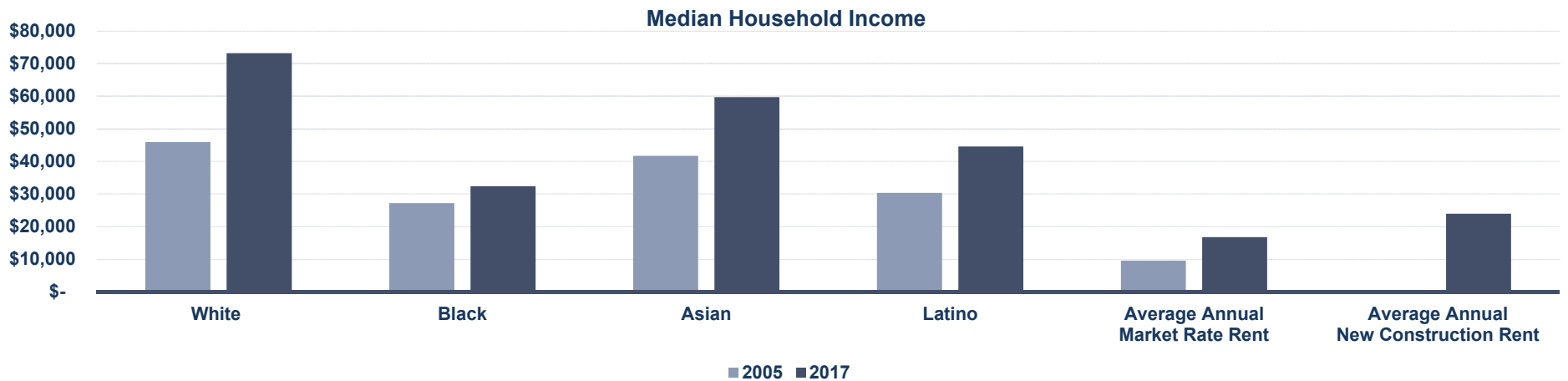
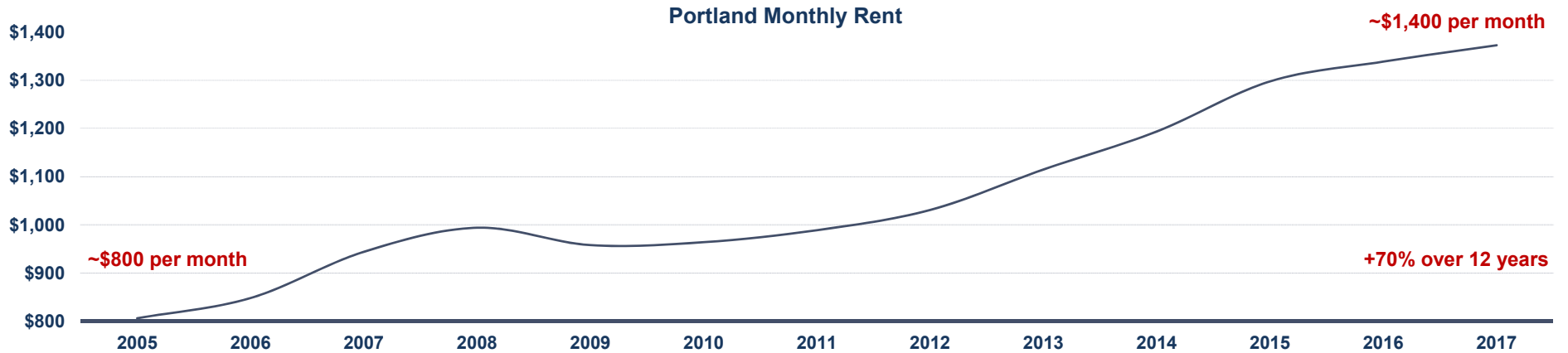
HUD SOCDS Building Permit Database
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Rental Housing Affordability and Portland Households

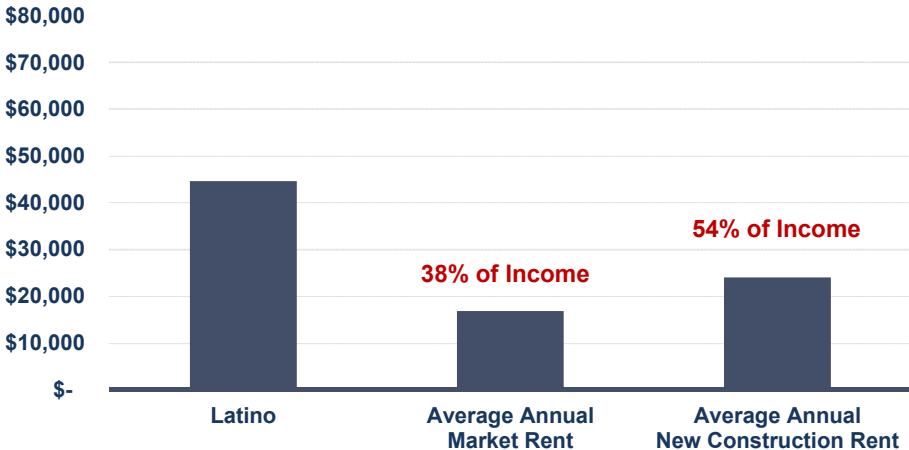
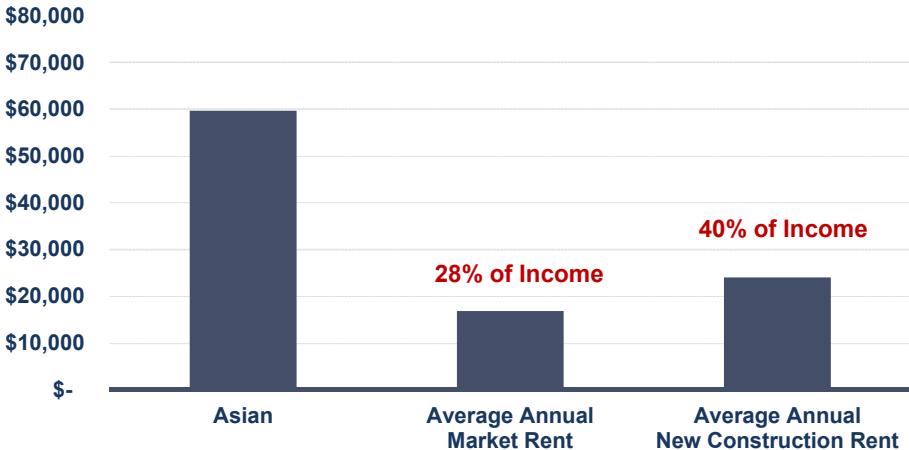
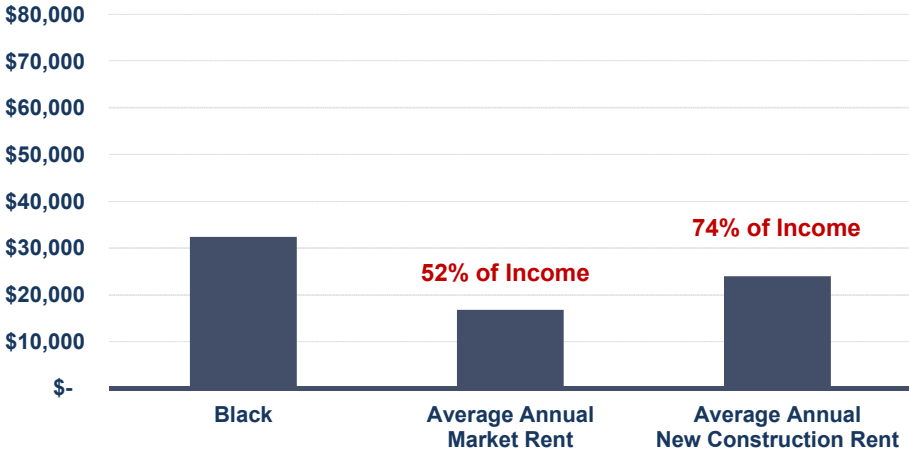
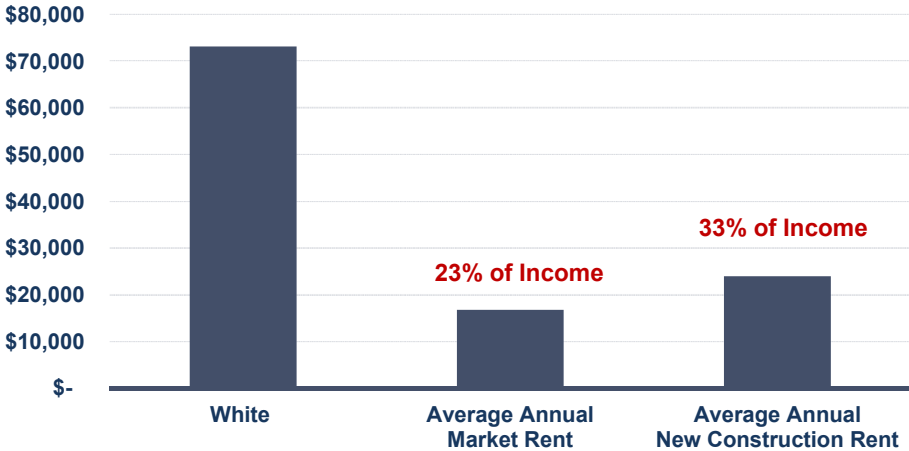
Change in Rent and Affordability



Change in Rent and Affordability



Affordability by Community in 2018



CoStar, ACS
 Native American Alaska Native and Asian Pacific Islander not included due to insufficient data

Next Steps

Program Adjustments to Date

March 2017 **Approved rolling \$15 million property tax exemption cap**

September 2018 **Simplified and lowered the fee-in-lieu option**

October 2018 **Expanded full property tax exemption in the Central City**

November 2018 **Approved incentivizing the pipeline program**

December 2018 **Extended the lower inclusion rate outside Central City**

Upcoming Inclusionary Housing Analysis

No major program changes anticipated

- **Study to focus on, at a minimum:**
 - Calibration of off-site options, including an 80% option
 - Calibration of reconfiguration option
 - Review of calibration for homeownership
 - Option for full tax exemption outside Central City at 5:1+
 - Impact of Opportunity Zones
 - Impact of increasing regulated rents in last 2 years
 - General calibration and adjustments as necessary

Questions?

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