

## 3.102.040 Exemption Requirements.

(Amended by Ordinances 186700 and 190926, effective July 13, 2022.)

In order to be considered for an exemption under this Chapter, an applicant must verify by oath or affirmation in the application that the proposed construction will meet the following requirements and public benefits upon completion of construction:

### A. Property

1. Single-unit housing must be located within the City of Portland;
2. Each qualified dwelling unit in the single-unit housing must have a market value at the time of completion of no more than the amount determined annually by Portland Housing Bureau according to ORS 307.651(3) and 307.661;
3. Construction of the single-unit housing must be completed according to ORS 307.651(3)(b), except as provided in ORS 307.677;
4. Each qualified dwelling unit must have at least three bedrooms unless built within an approved transit-oriented area as determined by the Portland Bureau of Planning and Sustainability and included on the map defining eligibility areas where two bedroom homes are allowed, which is available as an appendix to the Administrative Rules; and
5. The single-unit housing must comply with all other planning and zoning requirements under the Code of the City of Portland.

### B. Affordability

1. Each dwelling unit of the single-unit housing must be sold to a household with an annual gross household income not greater than one hundred percent of the area median income for a family of four as determined annually for the Portland Metropolitan Area by the United States Department of Housing and Urban Development, which income may be adjusted upward for households with more than four persons.

**2.** For applications received by PHB prior to March 1, 2024, each dwelling unit of the single-unit housing must be sold to a household with an annual gross household income not greater than one hundred twenty percent of the area median income for a family of four as determined annually for the Portland Metropolitan Area by the United States Department of Housing and Urban Development, which income may be adjusted upward for households with more than four persons so long as the single-unit housing sells to a qualified homebuyer prior to July 1, 2026.

**3.** For the purposes of this program, household income is the annual gross income of the titleholder who will occupy the dwelling unit.

### C. Owner-Occupancy

**1.** Once sold to the initial buyer, the dwelling unit shall remain owner-occupied as the principal residence of the titleholder receiving the tax exemption during the tax exemption period;

**2.** Hardship exception to the owner-occupancy requirement may be granted by the Portland Housing Bureau in accordance with its policies. Such hardship exceptions may include, but are not limited to, the following circumstances:

**a.** Active military duty outside of the area;

**b.** Temporary relocation to care for an ill or dying family member;  
or

**c.** Temporary relocation caused by an employer; and

**3.** The single-unit housing may not be rented at any time during the exemption period.

### D. Equity

**1.** Applicant must acknowledge familiarity with Portland Housing Bureau's Minority, Women, and Emerging Small Businesses (MWESB) guidelines and contracting opportunity goals, and report on past contracting relationships.

- 2.** Applicant must acknowledge awareness and understanding of Portland Housing Bureau's Guiding Principles on Equity and Social Justice and Strategic Priority of Helping Portlanders from Communities of Color buy a home and agree to partner with Portland Housing Bureau to assure that communities of color are aware of properties for sale with exemptions.
- E.** Green Building. The new construction must be built to meet healthy and resource efficient environmental building standards.
- F.** Application Fee. The applicant must pay an application fee determined by the Portland Housing Bureau as described in ORS 307.674 (5).

## **30.01.095 Partial and Full Exemptions of System Development Charges for Affordable Housing Developments.**

(Added by Ordinance No. 183448; Amended by Ordinance Nos. 186712, 186744, 187380, 187975, 189323 and 190523, effective August 1, 2021.)

- A.** The purpose of this Section is to reduce the costs of developing permanent affordable housing by exempting system development charges for qualified affordable housing developments. This section advances a Council-recognized public policy goal to provide for a diversity of housing types to meet the needs of the citizens of the City.
- B.** The City will exempt qualified affordable housing developments from paying all or part of system development charges required by Code. The Applicant must apply for exemptions under this Section prior to the date the City issues the permit on the new development. Where new development consists of only part of one or more of the uses described in this Section, only that portion of the development that qualifies under this Section is eligible for an exemption. The balance of the new development that does not qualify for any exemption under this Section is subject to system development charges to the full extent authorized by Code or general ordinance. The Applicant has the burden to prove entitlement to exemptions so requested.

**C.** The City shall calculate exemptions in the manner authorized for calculating system development charges for rented and owner-occupied residential properties. Non-residential properties or the non-residential portion of mixed-use developments are not eligible for exemptions provided by this Section. Exemptions are applicable to the portions of residential properties that are directly used in providing housing for its low-income residents such as on-site manager units and shared space including but not limited to restrooms, community rooms and laundry facilities.

**D.** To obtain the exemption, the applicant must present to the City, at the time of Application, documentation from PHB that the development qualifies for the exemption pursuant to this Chapter. Applicant must also pay an administration fee per unit on rental and/or owner-occupied units as determined by PHB.

**E.** The City shall require the recording of real property covenants in the deed records for properties receiving exemptions under this Section in order to ensure compliance, or to provide remedies for failure to restrict units, or both. Deed restrictions may be used by PHB in order to restrict sale prices and rents charged for exempt units, or to provide remedies for failure to restrict units, or both.

**F.** Applicants shall meet the following affordable housing qualifications to be exempt from paying all or a portion of system development charges based on the type of housing provided:

**1. Rental Units.**

**a.** For purposes of this Section, "affordable" for rental housing means that the rent and expenses associated with occupancy such as utilities or fees, does not exceed 30 percent of the gross household income at the level of the rent restrictions.

**b.** The units receiving an exemption shall be affordable to households earning 60 percent or less of MFI at time of occupancy and shall be leased, rented or made available on a continuous basis to persons or households whose incomes are 60 percent or less of MFI, as adjusted by household size and as determined by HUD for the Portland Metropolitan Area, except as provided for below. Such units shall remain affordable for a period of 60 years.

c. Effective July 1, 2014, developments of new buildings in Old Town/Chinatown shall be eligible for exemption subject to the following conditions:

(1) Units must be located in the Old Town/Chinatown Action Plan Focus Area;

(2) Financial need must be verified through project pro forma underwriting conducted by the PDC;

(3) All units shall remain affordable for a period of not less than 10 years, to persons or households whose incomes are 100 percent or less of MFI, as adjusted by household size and as determined by HUD for the Portland Metropolitan Area, and for not less than 5 years thereafter shall continue to remain affordable to persons or households whose incomes are 120 percent or less of MFI, as so described; and

(4) The exemption granted by this Subsection shall not be available to developments for which a building permit application is filed on or after July 1, 2019, or after permit applications have been filed for development of 500 qualifying units, in the aggregate, whichever occurs first.

## 2. Owner-Occupied Units.

a. For the purposes of this Section, "Affordable" means that:

(1) ~~e~~Ownership units are sold to persons or households whose incomes are at or below 100 percent of MFI for a family of four as determined annually for the Portland Metropolitan Area by HUD, which income may be adjusted upward for households with more than four persons; ~~and~~or

(2) For applications received by PHB prior to March 1, 2024, ownership units are sold to persons or households whose incomes are at or below 120 percent of MFI for a household of four as determined annually for the Metropolitan Area by HUD, which income may be adjusted upward for households with

[more than four persons so long as the units sell to qualified homebuyers prior to July 1, 2026.](#)

**b.** The ownership units sell at or below the price limit as provided by Subsection 3.102.090 D.

**G.** The Director of PHB or a designee may enter into covenants and agreements, prepare forms and adopt, amend and repeal Administrative Rules which establish procedures, policies, program requirements, compliance monitoring standards, and penalties, for implementation, administration, and enforcement of a program consistent with the provisions of this Section. The Director of PHB, or a designee, has authority to make changes to the Administrative Rules as is necessary to meet current City housing program requirements. PHB Administrative Rules will set forth clear and objective criteria to establish minimum standards for affordable units restricted under the Partial and Full Exemptions of System Development Charges for Affordable Housing Developments program.

In the event that an applicant violates the covenants, agreements or other requirements that were established by the City as a condition of approval of an exemption application, or the owner of the property wants to remove the affordability covenants of Subsection 30.01.095 F., the City shall terminate the exemption and make due and payable all previously exempt portions of system development charges based on rates in effect on the date of the submittal of a complete building permit application, plus accrued interest from the date of the issuance of the building permit to the date of the termination of the exemption calculated with the interim interest rate in effect on the date of the termination of the exemption as set by general ordinance pursuant to Section 17.12.140, and a processing fee of \$250 due to each City bureau exempting system development charges and to PHB as the administrator. The City may collect reinstated system development charges, processing fees, carrying charges and the actual costs of collections by recording a property lien pursuant to Title 22.