

30.01.120 Inclusionary Housing.

(Added by Ordinance No. 188163; amended by Ordinance Nos. 189071, 189213, 189302, 190145 and 190523, effective August 1, 2021.)

A. Purpose Statement~~statement~~. The purposes of the Inclusionary Housing ("IH") pProgram are is to:

- ~~1. Increase the number of units available to households earning 80 percent or less of MFI, with an emphasis on households earning 60 percent or less of MFI; Establish an IH program structured to support the production of units affordable to households' earning 80 percent of the median family income ("MFI"), with an emphasis on households earning 60 percent MFI or less.~~
- ~~2. Responsibly allocate resources to increase housing opportunities for families and individuals facing the greatest disparities; Structure the IH program to provide a variety of compliance options with an emphasis on mixed-income buildings in high opportunity areas.~~
- ~~3. Create affordable housing options in high opportunity neighborhoods, those with superior access to quality schools, services, amenities and transportation; and Provide IH program options and requirements to support the production of a variety of affordable unit types regarding unit size and bedroom count.~~
- ~~4. Promote a wide range of affordable housing options with regard to size, amenities and location. Ensure IH units are equivalent to market rate units regarding in-unit amenities and are distributed throughout the building with access to all building amenities.~~
- ~~5. Allocate IH program fee-in-lieu, fees, and charges, collected and paid into the inclusionary housing fund for housing opportunities affordable to households earning 80 percent MFI or less, with an emphasis on households earning 60 percent MFI or less.~~

B. Administration.

- ~~1. PHB will certify whether the applicant's proposed development building, as defined in PCC Section 3.103.020, meets the standards and any administrative requirements set forth in this Section.~~

2. The Director of PHB or a designee may enter into covenants and agreements, establish and charge administrative fees, prepare forms and adopt, amend and repeal ~~Administrative Rules~~ 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~~ administrative rules as is necessary to meet current City housing program requirements. PHB ~~Administrative Rules~~ administrative rules will set forth clear and objective criteria to establish minimum standards for affordable units restricted under the IH program.

3. PHB will review the ~~Inclusionary Housing~~ inclusionary housing outcomes periodically in order to determine if the IH ~~Program~~ program options and incentives in Subsection 30.01.120 C. are consistent with City goals and market conditions.

C. Financial ~~Incentives~~ incentives. The following financial incentives are provided for the respective options of IH ~~Program~~ program compliance:

1. When the proposed ~~development~~ building will include 20 percent of the units or total number of bedrooms configured into IH ~~Units~~ units at or below 80 percent MFI, ~~or for developments outside of the Central City Plan District,~~ 15 percent of the units or total bedrooms configured into IH units at or below 80 percent MFI for applications filed on or before December 31, 2021:

a. Ten-year property tax exemption in accordance with City Code PCC Chapter 3.103 for the IH Units. ~~If the development is in the Central City Plan district, as designated in City Code Chapter 33.510, and has a built or base FAR of 5:1 or greater the tax exemption applies to all residential units; and~~

b. Construction Excise Tax exemption for the IH ~~Units~~ units in accordance with PCC Subsection 6.08.060 A.2.

2. When the proposed ~~development~~ building will include 10 percent of the units or total number of bedrooms configured into IH ~~Units~~ units at or below 60 percent MFI, ~~or for developments outside the Central City Plan District,~~ 8 percent of the units or total number of bedrooms configured into IH units at

or below 60 percent MFI for applications filed on or before December 31, 2021:

- a. Ten-year property tax exemption according to ~~City Code PCC Chapter 3.103 for the IH units. If the development is in the Central City Plan District, as designated in City Code Chapter 33.510, and has a built or base FAR of 5:1 or greater, the tax exemption applies to all residential units;~~ and
- b. Construction Excise Tax exemption for the IH ~~Units~~units in accordance with PCC Subsection 6.08.060 A.2.; and
- c. SDC exemption for the IH ~~Units~~units in accordance with Section 30.01.095.

3. When the proposed ~~development~~ building elects to construct IH ~~Units~~units offsite in a building that has yet to receive a building permit issuance from Portland Bureau of Development Services:

- a. Ten-year property tax exemption according to PCC Chapter 3.103 for the building containing the IH units;
- b. Construction Excise Tax exemption for the ~~Receiving~~receiving ~~building's Site's~~ IH ~~Units~~units in accordance with PCC Subsection 6.08.060 A.2.; and
- ~~cb.~~ SDC exemption for the ~~Receiving Site's~~receiving site's IH ~~Units~~units in accordance with Section 30.01.095.

4. When the applicant elects to dedicate IH ~~Units~~units in an existing ~~development building or building that has already received a building permit issuance,~~ there are no financial incentives ~~provided under Section 30.01.120.~~

5. When the applicant elects the fee-in-lieu option, there are no financial incentives ~~provided under Section 30.01.120.~~

D. Standards. ~~Developments~~Buildings providing IH ~~Units~~units must satisfy the following standards:

Exhibit B

1. The IH ~~Units~~units must meet clear and objective administrative criteria that ensure a reasonable equivalency between the IH ~~Units~~units and the market-rate units in the ~~development~~ building;
 2. The IH ~~Units~~units ~~shall~~will remain affordable for a period of 99 years;
 3. Owners of ~~property~~ the building subject to the IH ~~Program~~program ~~are required to sign a Regulatory Agreement to be recorded~~ must execute a covenant with the City and record it with the property where the IH ~~Units~~units are located;
 4. The owner or a representative ~~shall~~will submit annual documentation of tenant income and rents for the IH ~~Units~~units to PHB;
 5. The City may inspect the IH ~~Units~~units for fire, life and safety hazards and for compliance with IH ~~Program~~program requirements and may inspect files documenting tenant income and rents of the IH ~~Units~~units; and
 6. ~~Subsequent failure~~ Failure to meet the requirements of the IH ~~program~~Program ~~previously determined applicable~~ at the time the building permit is reviewed by PHB, or anytime during the 99 year affordability restriction period, will result in penalties as detailed in the inclusionary housing administrative rules, a penalty equal to the amount of the current fee-in-lieu calculation plus accrued interest, and could result in legal action if unpaid.
 7. When the required minimum IH ~~Units~~units are reconfigured based on a percentage of the total number of bedrooms within the proposed ~~development~~ building, the IH ~~Units~~units must be provided in 2 or more bedrooms per unit.
- E.** To the extent that a financial incentive as set forth in this Section is not available to a ~~development~~ building that otherwise complies with ~~City Code PCC~~ Chapter 33.245, the IH ~~Program~~program will not be applicable to the ~~development~~ building. If the IH ~~Program~~program is not applicable to the ~~development~~ building, PHB will provide a letter certifying that the ~~development~~ building is not subject to any IH ~~Program~~program requirements.

F. Fee-In-Lieu. When the applicant elects the fee-in-lieu option, the fee-in-lieu must be paid at the time of building permit issuance. The fee-in-lieu per gross residential and residential related square foot (GSF) of the proposed ~~development~~ building is:

1. For ~~developments~~ buildings in zones outside the Central City Plan District:

Fee per GSF on or before December 31, 2020
\$19
Fee per GSF after December 31, 2020
\$23

2. For ~~developments~~ buildings in zones within the Central City Plan District:

Fee per GSF
\$27

3. For ~~Bonus~~bonus FAR in non-residential ~~developments~~buildings and for residential buildings not otherwise subject to inclusionary housing:

Fee per GSF of <u>bonus FAR</u> Schedule for Bonus FAR for non-residential occupancy/use
\$24 per square foot of Bonus FAR