



To: Design and Historic Landmarks Commission
From: Ariel Kane and Tom Armstrong
Date: April 11, 2024
Subject: Briefing on Housing Production Strategy

Purpose

This memo provides an overview of the [Housing Production Strategy Action Plan Discussion Draft](#) that will be brought before you for a briefing on April 18, 2024 and April 22, 2024. The strategy contains 35 proposed housing production or housing stabilization strategies that aim to fulfill state requirements and address the housing shortage and affordability crisis in Portland.

Introduction

Portlanders need access to high-quality affordable housing that accommodates their needs, preferences, and financial capabilities. Accordingly, future housing supply should accommodate different types, tenures, density, sizes, costs, and locations. The Housing Production Strategy identifies strategies and actions the City can take to promote housing development that meets the community's current and future needs, with a focus on more equitable and affordable housing options for a wider range of incomes, needs, and preferences. The housing production strategy is a 5 year action plan that will help us produce the needed housing need identified in the 2045 Housing Needs Analysis. In 3 years we will have to produce a mid term report to the state that details if we did or did not do what we committed to and why or why not as well as report on permitting and production

This draft presents only the strategies which are under consideration and is not yet intended to fulfill the full requirements of the state. A future draft will include all required HPS elements in [Oregon Secretary of State Administrative Rules](#) and [Oregon Revised Statutes](#).

This action plan and subsequent strategies aims to address all types of needs, types and affordability levels in addition to net new housing production. Strategies are organized into the following eight categories, based on the type of need each one aims to address:



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- A. Promote Affordable Housing (0-80% AMI)
- B. Increase Homeownership
- C. Increase Access to Opportunity
- D. Reduce Barriers to Development and Improve Processes
- E. Stabilize Current and Future Households
- F. Promote Age and Disability Friendly Housing
- G. Promote Climate Friendly and Healthy Homes
- H. Advocate at the State and Federal Level

Each strategy includes the following information:

- **Description:** What is the strategy? How can the strategy work to address identified housing needs in Portland? What are potential outcomes?
- **Affordability target:** What income levels are served by the strategy?
- **Tenure target:** Are renters or owners served by the strategy?
- **Populations served:** What specific populations are served by the strategy?
- **Magnitude of impact:** What is the anticipated impact for producing new and needed units?
- **Priority:** How important is it for the City to adopt and implement this action in the next 5 years?
High priority: 1-2 years; Medium: 3-4 years; Low: 5+ years

Proposed New Strategies By Initiative

A. Promote Affordable Housing (0-80% AMI)	B. Increase Homeownership
<ol style="list-style-type: none"> 1. Conduct Inclusionary Housing Periodic Review 2. Create New Tax Increment Financing Districts 3. Explore Replacing Housing Bonds Revenue Source 4. Explore Additional Local Revenue Sources 5. Leverage Other State and Federal Funding Sources 6. Rezone Sites For Affordable Housing 7. Incorporate Affirmatively Furthering Fair Housing Into City Code 8. Develop A Comprehensive Citywide Land Banking Practice 	<ol style="list-style-type: none"> 1. Create New Middle-Income Financial Incentives 2. Update Land Division Code 3. Explore Expanding Homeownership Programs 4. Improve Middle Housing Permit Process
C. Increase Access To Opportunity	D. Reduce Barriers to Development and Improve Processes
<ol style="list-style-type: none"> 1. Study Multi-dwelling Zoning Changes in Inner Centers & Corridors 	<ol style="list-style-type: none"> 1. Implement Regulatory Reform Project 2. Improve User Experience Within Permitting



<p>2. Study Zoning Bonuses and Incentives</p>	<p>Systems</p> <ol style="list-style-type: none"> 3. Explore Development Services Funding Models 4. Explore Infrastructure Investments and Strategies 5. Study System Development Charges (SDC) Revisions
<p>E. Stabilize Current and Future Households</p> <ol style="list-style-type: none"> 1. Preserve Existing Affordable Housing 2. Study Tenant Opportunity to Purchase Policies 3. Identify Funding to Support Existing Affordable Housing 	<p>F. Promote Age and Disability Friendly Housing</p> <ol style="list-style-type: none"> 1. Explore Accessible Housing Production Strategies 2. Educate on Opportunities for Aging in Place & Community
<p>G. Promote Climate Friendly and Healthy Homes</p> <ol style="list-style-type: none"> 1. Develop Low Carbon Building Policies and Support 2. Support Mass Timber and Modular Innovation 3. Promote Commercial to Residential Conversion / Adaptive Reuse 	<p>H. Advocate at the State and Federal Level</p> <ol style="list-style-type: none"> 1. Advocate for preservation of expiring regulated affordable units 2. Support changes to condo liability regulations 3. Advocate for State Rehabilitation Tax Credit 4. Support changes to increase accessible housing 5. Advocate for all electric housing production 6. Support exploration of single stair buildings 7. Advocate for and support middle income development funding sources/tools 8. Advocate for changes in federal tax credits

Items of interest

There are several other areas that may be of interest to commissioners. More details on these topics can be found in the Discussion Draft.

Items that may be of specific interest to the Design Commission

There are several areas that may be of specific interest to commissioners. More details on these topics can be found in the Housing Production Strategy Action Plan, Discussion Draft.



- **C1. Study Multi-dwelling Zoning Changes in Inner Centers & Corridors:** Particularly related to expanding commercial mixed-use and multi-dwelling zoning in centers and corridors in the inner neighborhoods, as these locations typically overlap with areas with a design overlay.
- **C2. Study Zoning Bonuses and Incentives:** Particularly related to assessing the floor area ratio (FAR) density and building height bonuses, and how the denser areas with d overlays can better accommodate this.
- **D2. Improve User Experience Within Permitting Systems:** Particularly related to making the permitting process more user-friendly. The current BDS Permit Improvement Team’s mission aligns with this, as it aims to improve policies and processes for receiving construction permits citywide.
- **D3. Explore Development Services Funding Model:** Particularly related to reforming current funding and staffing model for development permitting. This aligns with the 2023 DZC State of the City address (pages 6 & 7).
- **F2. Educate on Opportunities for Aging in Place & Community.** Particularly related to establishing clear guides to incremental improvements that would enhance aging in place and support sense of community. The HUB housing was awarded the 2023 DC Desing Excellence Award in the 2023 DZC State of the City address (pages 20-22) and was highlighted as an example of providing affordable housing and also creating a sense of place that contributes to community.
- **G1. Support Mass Timber and Modular Innovation:** Particularly related to exploring opportunities to update zoning and building codes to facilitate the construction of mass timber and modular housing. Members of the Commission have expertise with these building systems.
- **G2. Develop Low Carbon Building Policies:** Particularly related to policies that lower carbon of new development through project design and material selection before construction. As practicing architects and developers, members of the Commission have practical expertise with these approaches.
- **G3. Promote Commercial to Residential Conversion/Adaptive Reuse:** Particularly related to opportunities to repurpose vacant commercial buildings into much needed housing.
- **H. Advocate at the State and Federal Level.** Particularly related to exploration of single stair buildings.

DZC - [2023 DZC State of the City](#)

Items that may be of specific to the Historic Landmarks Commission

There are several areas that may be of specific interest to commissioners. More details on these topics can be found in the Housing Production Strategy Action Plan, Discussion Draft

- **C1. Study Multi-dwelling Zoning Changes in Inner Centers & Corridors:** Particularly related to expanding commercial mixed-use and multi-dwelling zoning in centers and corridors in the



inner neighborhoods, especially when these locations overlap with Historic or Conservation districts.

- **C2. Study Zoning Bonuses and Incentives:** Particularly related to assessing the floor area ratio (FAR) density and building height bonuses. Current Historic *Preservation Incentives* (33.445.400) relate generally to relaxing use allowances only, however, there are also options for increasing FAR and Density allowances for residential infill.
- **D2. Improve User Experience Within Permitting Systems:** Particularly related to making the permitting process more user-friendly. The current BDS Permit Improvement Team’s mission aligns with this, as it aims to improve policies and processes for receiving construction permits citywide.
- **D3. Explore Development Services Funding Model:** Particularly related to reforming current funding and staffing model for development permitting. This aligns with the 2023 DZC State of the City address, see HLC SOC *Section 3.4 Permanent Funding for BDS Staffing* (page 7).
- **E1. Preserve Existing Affordable Housing:** Particularly related to:
 - Prioritizing retrofitting existing assets rather than investing in new construction whenever possible. See HLC SOC *Section 3.2 Portland Clean Energy Fund - Allocation to Retrofit and Reuse Projects* (page 5).
 - Exploring unreinforced masonry seismic funding and code changes to stabilize existing affordable housing. See HLC SOC *Section 6.3 Unreinforced Masonry (URM) Buildings* (page 15).
- **E3. Identify Funding to Support Existing Affordable Housing.** Particularly related to exploring funding opportunities to support maintaining existing housing structures.
- **F2. Educate on Opportunities for Aging in Place & Community.** Particularly related to establishing clear guides to incremental improvements that would enhance aging in place and support sense of community, such as adaptable housing.
- **G2. Develop Low Carbon Building Policies.** Particularly related to development of policies that reduce the carbon content of building materials and construction emissions through the use of adaptive reuse and whole-building life-cycle assessments (LCAs).
- **G3. Promote Commercial to Residential Conversion/Adaptive Reuse:** Particularly related to opportunities to repurpose vacant commercial buildings into much needed housing.
- **H. Advocate at the State and Federal Level.** Particularly related to advocating for State Rehabilitation Tax Credit. This aligns with the 2023 DZC State of the City address, see HLC SOC *Section 3.0 Recommended Council Action Items* (page 4).



Additional Information

The discussion draft can be found on the project website <https://www.portland.gov/bps/planning/housing-production/>. A public presentation and opportunity for comment will be held with the Planning Commission on May 28, 2024.

Requested Commission Action

The Commissions are welcome to submit comment on the project at portlandmaps.com/bps/mapapp.

