



# PORTLAND HOUSING PRODUCTION STRATEGY (HPS)

City Council Briefing  
August 28, 2024

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**PLANNING &  
SUSTAINABILITY**

# Today we'll cover...

1. Background
  - Housing Needs
  - Current Market Realities
2. Housing Production Strategy
  - Engagement Process
  - Strategies and Actions
3. Next Steps: Implementation

# Proposed Action

Staff recommends that City Council adopt the Housing Production Strategy

# Legislative Record

Written testimony in the Map App:

<https://www.portlandmaps.com/bps/testimony/#proposal=hps>

The full record of evidence supporting this resolution can found on the Auditor's Office website:

<https://efiles.portlandoregon.gov/Record/16611851>

# What is the Housing Production Strategy?

- Specific actions, measures and policies needed to address housing needs.
- Under state law, must be adopted by Council by December 2024





# Background



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# Recent Actions

**2015** – Council declares housing emergency

**2016 – 2022** – Key actions

- Residential Infill Project
- Shelter to Housing Continuum
- City Housing Bond
- Metro Housing Bond

**Nov. 2022** – Council Resolution to increase housing construction

**Early 2023** – Governor Kotek sets statewide housing production goal

**July 2023** – Council Work Session on Housing Production

**Dec. 2023** – Council Adopts Housing Needs Analysis

**Early 2024** – Council actions

- Housing Regulatory Relief Project
- Inclusionary Housing Recalibration
- TIF District Launch
- Middle Income Incentives

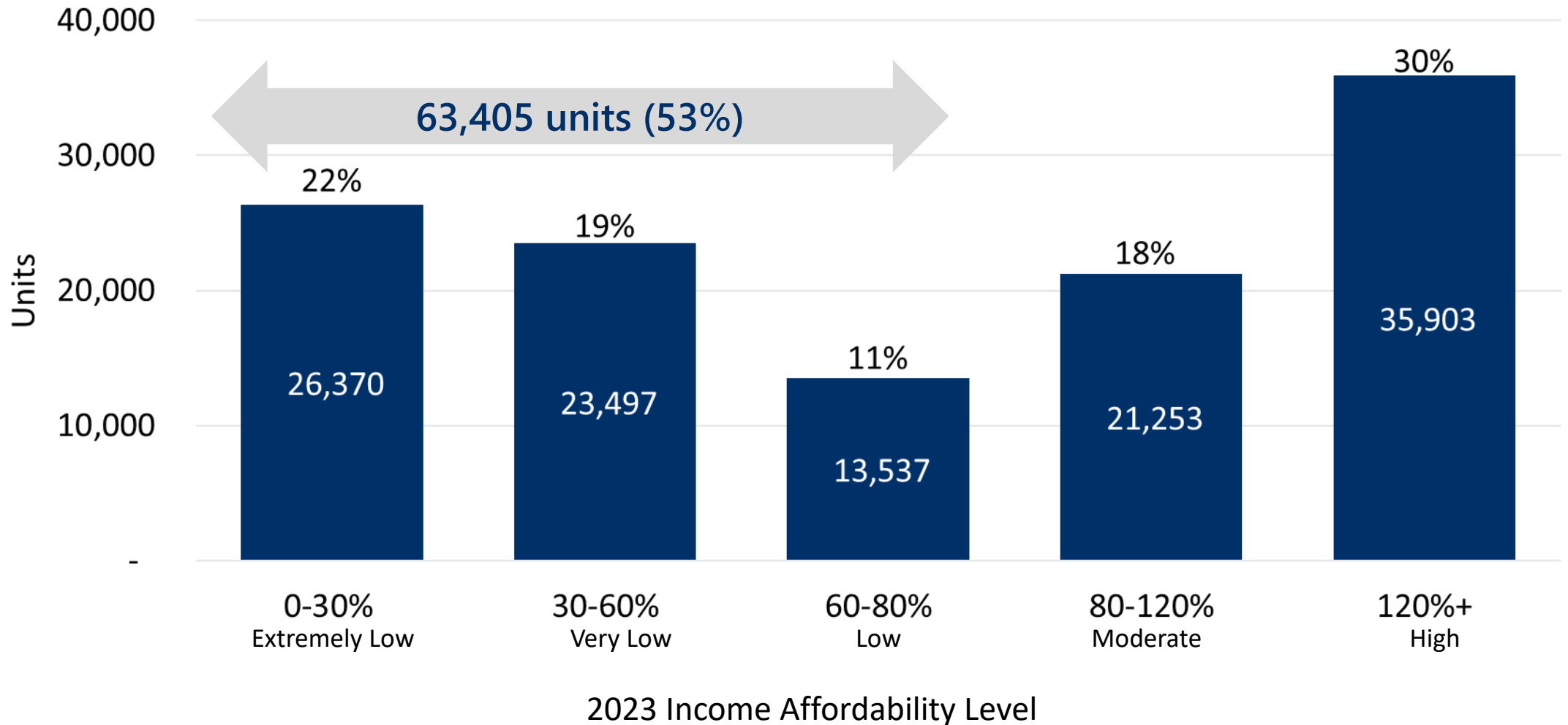


# Portland's Housing Needs



# Up to 120,560 New Units Needed By 2045

*Need 63K units of affordable housing and 21K units of moderate-income housing*





# What Can Portlanders Afford?

*2023 HUD Portland Metro Region income levels for 3-person household*

| <b>Maximum:</b>          | <b>0 - 30%<br/>Extremely Low<br/>Income</b> | <b>30 - 60%<br/>Very Low<br/>Income</b> | <b>60 - 80%<br/>Low<br/>Income</b> | <b>80 - 120%<br/>Moderate<br/>Income</b> |
|--------------------------|---|---|------------------------------------|--|
| Annual Income            | \$30,480                                    | \$60,960                                | \$81,280                           | \$123,550                                |
| Monthly Income           | \$2,540                                     | \$5,080                                 | \$6,770                            | \$10,300                                 |
| Monthly<br>Housing Costs | \$760                                       | \$1,520                                 | \$2,030                            | \$3,090                                  |

Source: PHB

# Meeting Portland's Affordable Housing Need

*The average PHB subsidy for 0-60% AMI units is \$140K per unit.*

|   | 0 - 30%<br>Extremely<br>Low Income | 30 - 60%<br>Very Low<br>Income |
|---|------------------------------------|--------------------------------|
| Housing Needs<br>(New Units)<br>2021-2045 | 26,370                             | 23,500                         |
| Housing Needs<br>(New Units)<br>Per Year  | 1,060                              | 940                            |

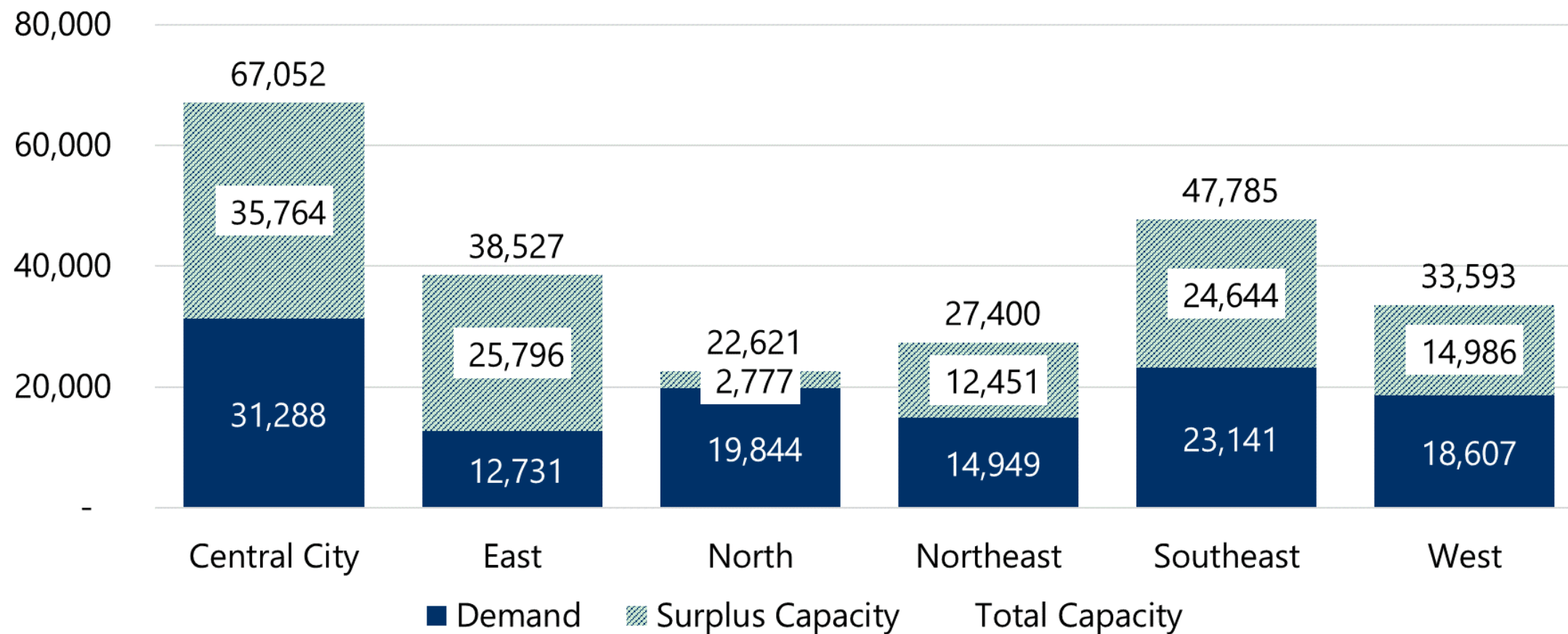
**To meet ¼ of Portland's affordable housing needs requires a City investment of \$70 million per year.**

Source: PHB

# Portland Has Excess Zoned Capacity

*Demand: 120,560 Housing Units*

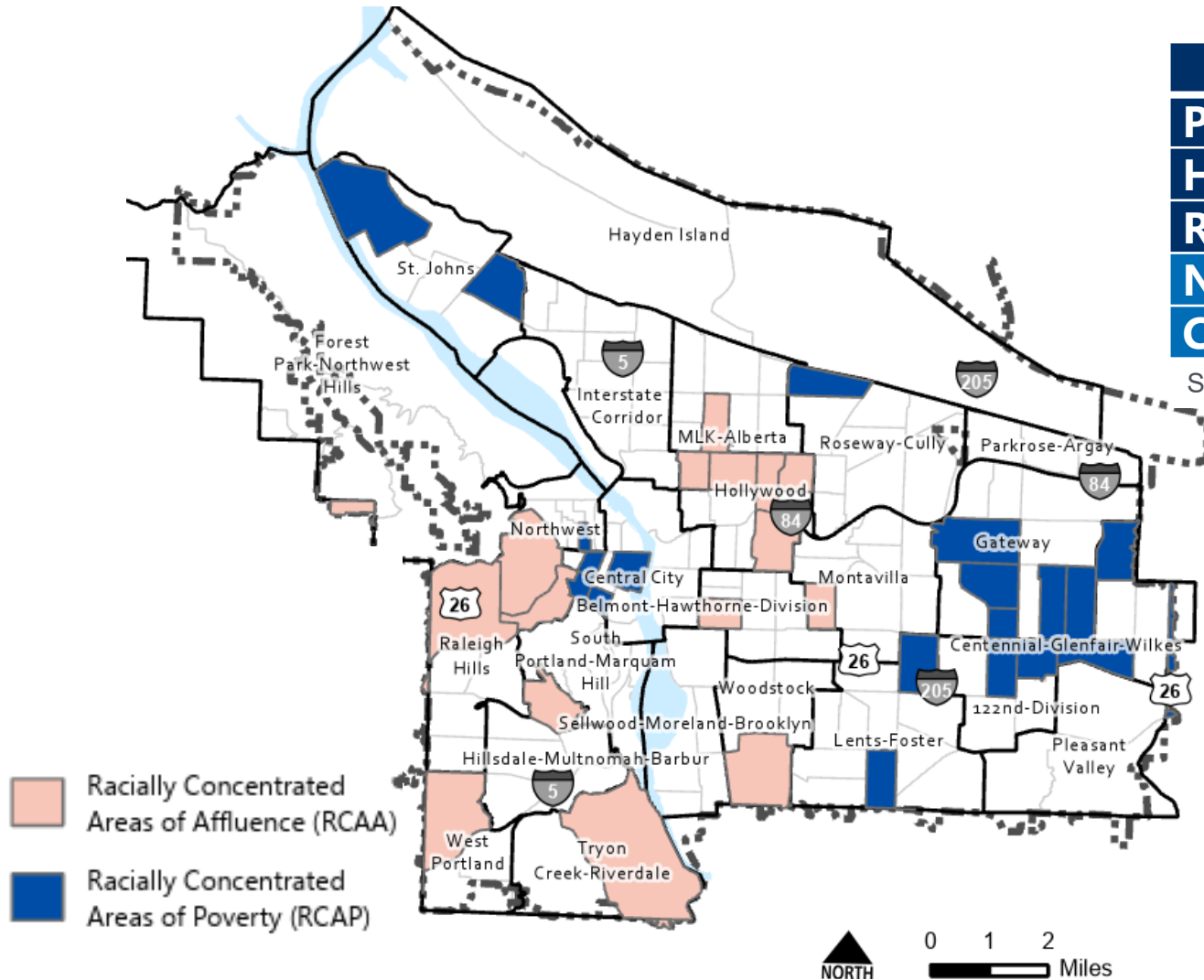
*Capacity: 237,000 Housing Units*



# Fair Housing Analysis

*Racially Concentrated Areas of Affluence (RCAA)*

*Racially Concentrated Areas of Poverty (RCAP)*

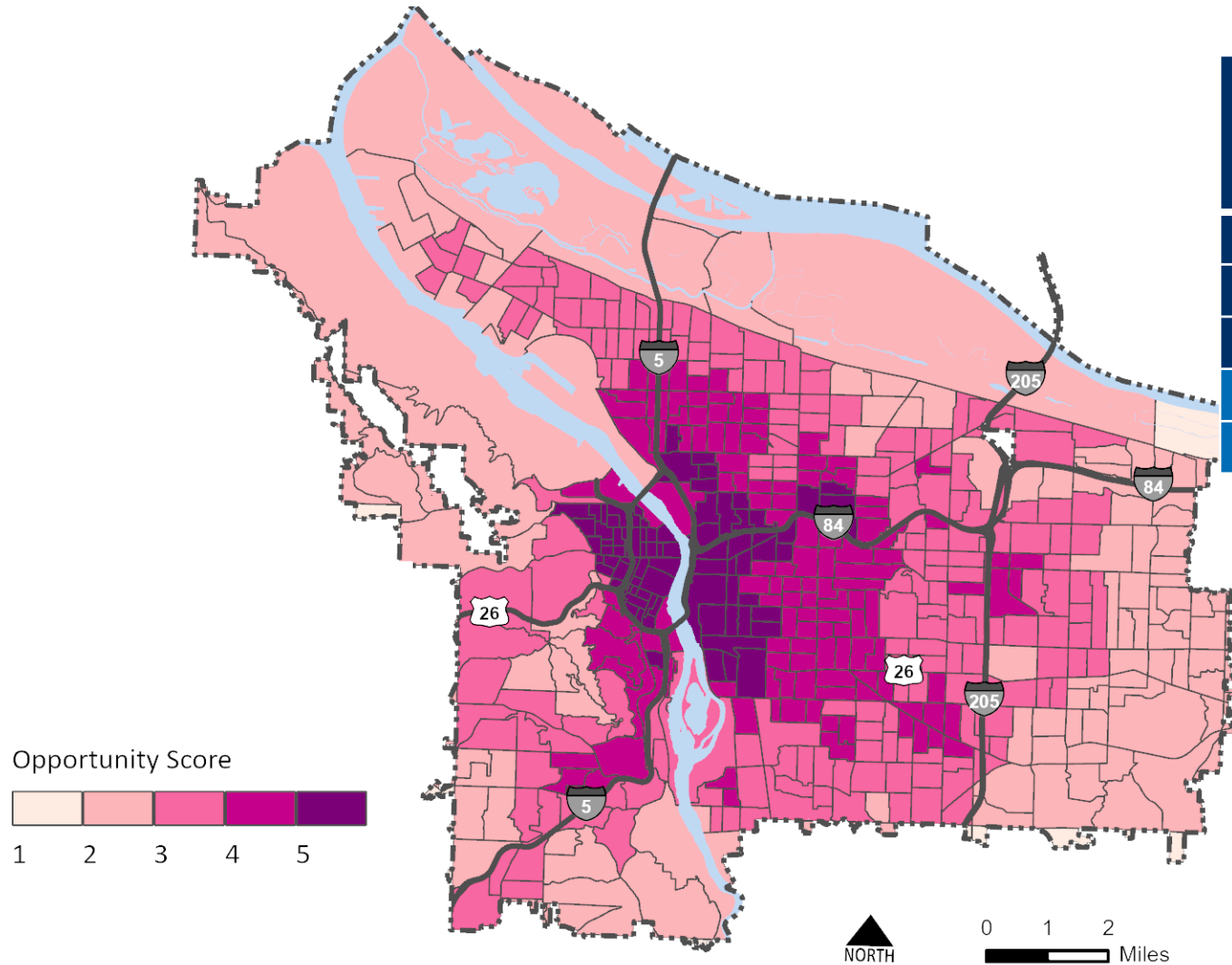


| Share of...                         | RCAA | RCAP |
|-------------------------------------|------|------|
| <b>Population</b>                   | 9%   | 13%  |
| <b>Households</b>                   | 8%   | 12%  |
| <b>Regulated Affordable Housing</b> | <1%  | 28%  |
| <b>New Demand</b>                   | 3%   | 12%  |
| <b>Capacity</b>                     | 3%   | 12%  |

Source: BPS Analysis

# Fair Housing Analysis

*Most Affordable Housing Located in Areas of High Opportunity*



| Share of...                  | High Opportunity Areas |
|------------------------------|------------------------|
| Population                   | 36%                    |
| Households                   | 42%                    |
| Regulated Affordable Housing | 61%                    |
| New Demand                   | 60%                    |
| Capacity                     | 58%                    |

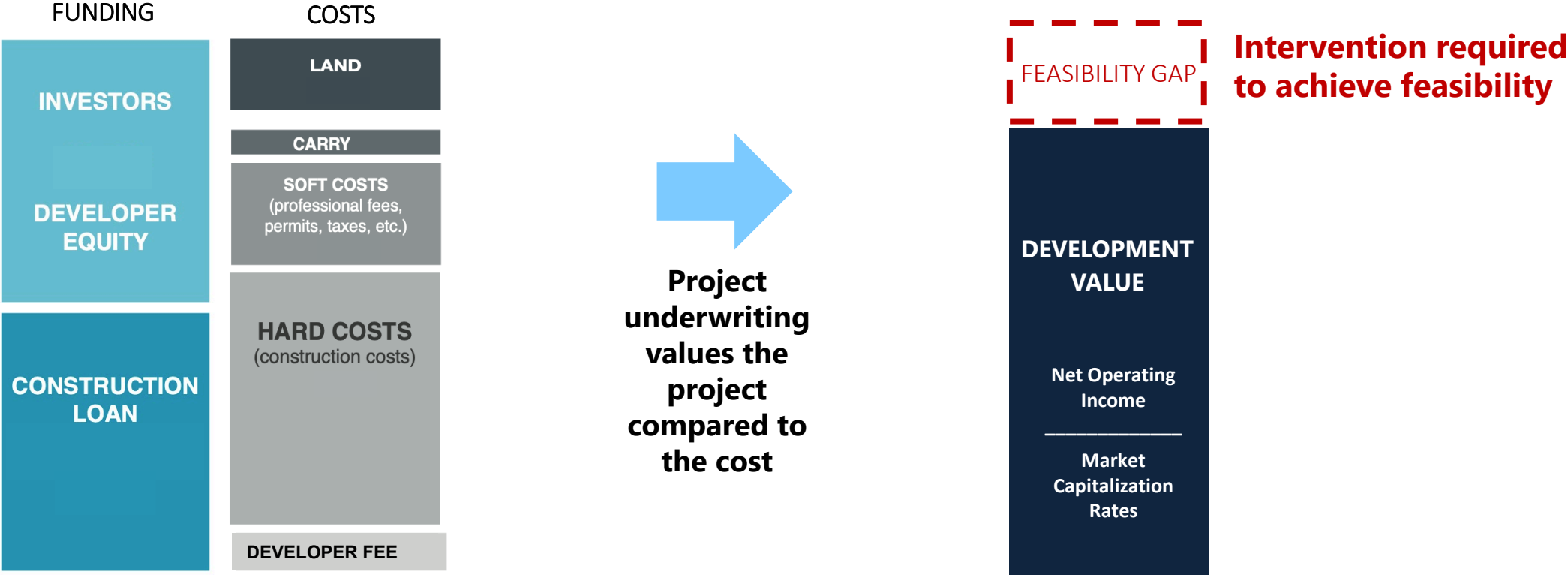
Source: BPS Analysis



# Current Market Realities



# Economics of Market Rate Housing



# What Makes Development Feasible

## Market Action

- Hard costs decrease by 15-40% or total costs by 12-30%
- Cost of capital (or interest rates) and investor risk decreases
- Market rate rents increase by 15-35%

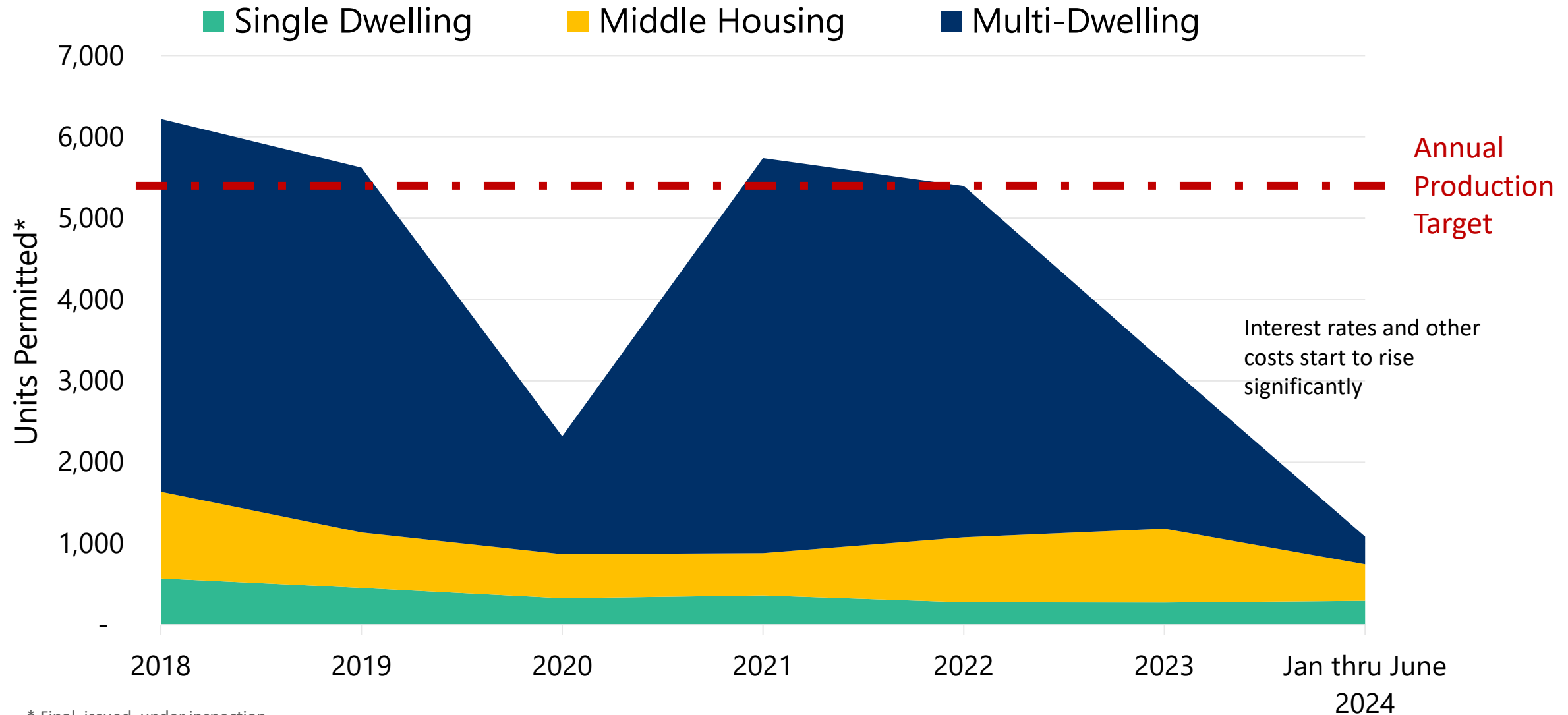
## City Actions

- Increase incentives
- Reduce permitting approval timing
- Reduce code requirements
- Intergovernmental collaboration

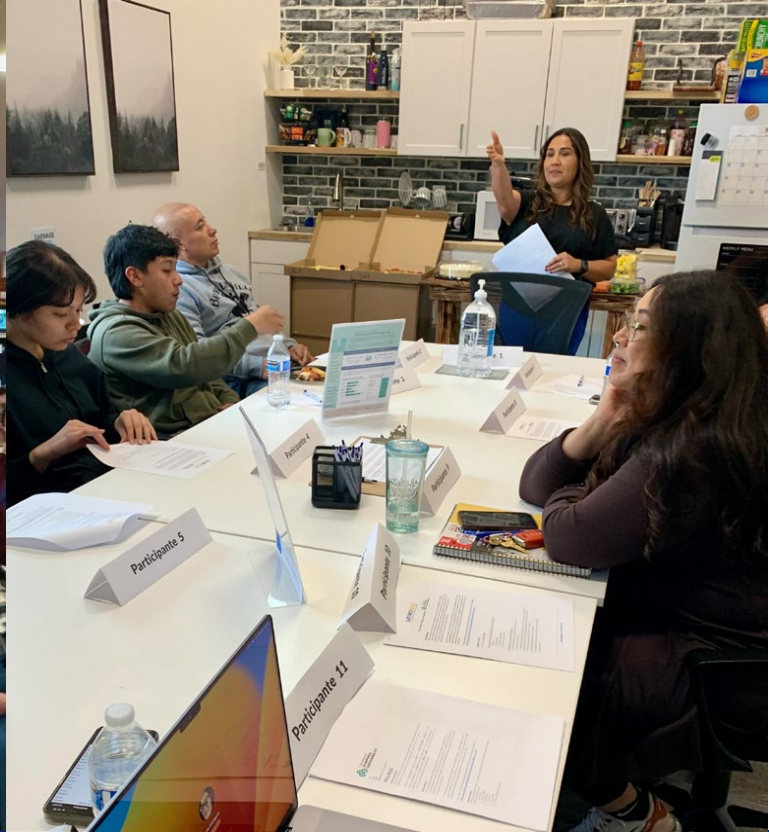




# Permitting Activity



\* Final, issued, under inspection



# Housing Production Strategy: Engagement Process



# Internal Collaboration

## By The Numbers

28 Internal Working Group Meetings since May 2023

- Prosper, PHB, PPD/BDS, PBOT, PIT

4 Technical Advisory Committee Meetings since May 2023

- Metro, Multnomah County, JOHS, DLCDD, Prosper, PHB

One-on-ones with additional City staff

- OGR, BES, PPR, PBOT and all SDC coordinators
- Additional opportunity to comment on drafts provided

# Community Engagement (Jan-June 2024)

## By The Numbers

- 6 BIPOC Focus Groups
- 1 East PDX BIPOC Community Meeting
- 1 Citywide Open House
- 350 Citywide Survey responses
- 26 Community and Advisory groups
- 16 Developer Interviews
- 382 Portlanders engaged directly
- 108 MapApp Comments

# Organizations Engaged

## City Advisory Groups

- Community Involvement Committee
- Development Review Advisory Committee
- Historic Landmark Commission
- Design Commission
- N/NE Neighborhood Oversight Committee

## Area Advocacy and Neighborhood Groups

- NW District (NWDA planning committee)
- Southeast UPLIFT
- North Portland Land Use Group
- East Portland Action Plan Housing Committee
- Central Northeast Neighbors LUTOP
- Living Cully
- Southwest Land Use & Transportation Forum
- Southwest Corridor Equity Coalition

## Housing and Community Advocacy Groups

- 1000 Friends of Oregon
- Fair Housing Council of Oregon
- Home Forward
- Housing Oregon
- Housing Land Advocates
- Housing Alliance
- LatinoBuilt
- League of Women Voters
- Neighborhood Partnerships
- Oregon Smart Growth
- Portland Homebuilders' Association
- Portland: Neighbors Welcome
- PKS Community Engagement Liaisons
- Welcome Home Coalition

# Key Issues Raised

- Affordability
- Strategic paired assistance
- Safety and location
- Accessibility
- Transit service and access
- Community education
- Greater access to programs
- Simplify development codes
- Permitting and process improvements
- Financing Challenges
- East Portland
- Central City
- Commitment to action



# Housing Production Strategy: Strategies and Actions



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# How Does the City Influence Housing Development?





# What's in a strategy?

## 3. Expand Homeownership Programs

The City will expand existing programs and develop new programs that create housing for low to moderate income homebuyers such as:

- Expand land availability, tax incentives, grants, density bonuses, and fee waivers or expedited permitting to develop new housing.
- Increase funding for downpayment assistance, homebuyer education, and matched savings programs.
- Implement new programs that support alternative homeownership models. For example, limited equity, cooperatives, limited profit housing models, and non-market housing.

### Impact

**Affordability:** up to 120%

**Tenure:** Own

**Populations Served:**  
Low- and moderate-income households

**Magnitude:** Medium

**DLCD Category:**  
Resources and Incentives

**Priority:** High

**Lead:** PHB

**Partners:** BPS, Prosper

**Project Start:** 2026

**Adoption:** July 2027

**Implementation:** July 2028

# Key Themes

- Produce more housing
- Additional funding for affordable housing
- Increase capacity in high opportunity neighborhoods
- Continuous improvement – codes and process
- Implement catalytic developments

# HPS Initiatives

1. Promote affordable housing (0-80% AMI)
2. Increase middle income housing and homeownership
3. Increase access to opportunity
4. Reduce barriers to development and improve processes
5. Stabilize current and future households
6. Promote age- and disability-friendly housing
7. Promote climate-friendly and healthy homes
8. Advocate at state and federal level

# A. Promote Affordable Housing (0-80% AMI)

1. Replace Housing bonds revenue source
2. Create new Tax Increment Financing Districts
3. Leverage other state and federal funding sources
4. Comprehensive citywide land banking practice
5. Inclusionary Housing Periodic Review
6. Rezone sites for affordable housing
7. Update Short Term Rental Nightly Fee

## **B. Increase Middle Income (80-120% AMI) Housing and Homeownership**

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

1. Implement and support catalytic investments
2. Increase housing capacity in Centers & Corridors
3. Revise zoning bonuses and incentives
4. Kickstart Central City housing demand
5. Increase Central City housing capacity
6. Identify housing opportunity along 82nd Avenue
7. Promote increased transit service
8. Affirmatively furthering fair housing into City code

# D. Reduce Barriers to Development and Improve Processes

1. Implement Regulatory Reform Project
2. Improve user experience within permitting systems
3. Reform development services funding model
4. Explore infrastructure investments and strategies
5. Revise System Development Charges (SDC)

# E. Stabilize Current and Future Households

1. Preserve existing affordable housing
2. Launch Affordable Housing Listing Service



# F. Promote Age- and Disability-friendly Housing

1. Implement accessible housing production strategies
2. Educate on opportunities for aging in place & community

# G. Promote Climate-friendly and Healthy Homes

1. Support mass timber and modular innovation
2. Develop low-carbon building policies
3. Promote commercial-to-residential conversions/adaptive reuse
4. Implement Heat Adaptation Recommendations

# H. Advocate for state and federal changes

1. Advocate for funding for production and preservation
2. Advocate for regulatory and code changes to meet housing need
3. Advocate for policy that supports the building of resilient homes



# Next Steps: Implementation



# Short Term Strategies (1-2 years)

## Recently Adopted

- B2. Update Land Division Code
- A2. Create New Tax Increment Financing (TIF) Districts
- B1. Create New Middle-Income Financial Incentives

## Currently Underway

- D1. Implement Regulatory Reform Project
- A1. Replace Housing Bonds Revenue Source
- C2. Increase Housing Capacity in Inner Centers and Corridors
- A5. Rezone Sites For Affordable Housing
- G3. Promote Commercial to Residential Conversion
- C1. Implement and Support Catalytic Investments
- C6. Identify Housing Opportunity Along 82nd Avenue
- A3. Leverage Other State and Federal Funding Sources
- E2. Launch Affordable Housing Listing Service
- E1. Preserve Existing Affordable Housing
- D2. Improve User Experience within Permitting Systems
- D3. Reform Development Services Funding Model
- C7. Promote Increased Transit Service
- H. Advocate at State and Federal Level

## Kicking Off This Year

- C3. Revise Zoning Bonuses and Incentives
- C4. Kickstart Housing Demand in Central City
- C5. Increase Housing Capacity in Central City
- D5. Revise System Development Charges (SDC)

## Kicking Off Next Year

- A4. Establish a Comprehensive Citywide Land Banking
- A7. Update Short Term Rental Nightly Fee

# Medium Term Strategies (3-4 years)

## **Portland Housing Bureau**

A6. Conduct Inclusionary Housing (IH) Program Periodic Review

B3. Expand Homeownership programs

## **Planning and Sustainability**

C2. Increase Housing Capacity in Inner Centers and Corridors (Rezoning)

## **Permitting and Development**

B4. Improve Middle Housing Permit Process

## **Prosper Portland**

D4. Explore Infrastructure Investments and Strategies

# Long Term Strategies (5+ years)

## **Planning and Sustainability**

C7. Incorporate Affirmatively Furthering Fair Housing

F1. Implement Accessible Housing Production Strategies

F2. Educate on Opportunities for Aging in Place & Community

G1. Support Mass Timber and Modular Innovations

G2. Develop Low Carbon Building Policies

G4. Implement Heat Adaptation Recommendations

# Next Steps

## August

- Aug 28: Council Hearing

Here Now

## Fall 2024

- Submit to DLCD
- State Public Comment Period
- Implementation

What's Next 

## 2025

- Receive DLCD Determination and Conditions
- Implementation

# Proposed Action

Staff recommends that City Council adopt the Housing Production Strategy





# THE BUREAU OF **PLANNING & SUSTAINABILITY**

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# Glossary of Acronyms

- BPS, Bureau of Planning and Sustainability
- PHB, Portland Housing Bureau
- PP&D/BDS, Portland Permitting and Development, formerly Bureau of Development Services
- OGR, Office of Government Relations
- BES, Bureau of Environmental Services
- PPR, Portland Parks and Recreation
- PBOT, Portland Bureau of Transportation
- DLCD, Department of Land Conservation and Development
- JOHS, Joint Office of Houseless Services
- SDC, System Development Charges
- BIPOC, Black, Indigenous and other People of Color
- TIF, Tax Increment Financing
- HOLTE, Homeownership Limited Tax Exemption
- MULTE, Multiple Unit Limited Tax Exemption