

Policy Discussion Workbook - DRAFT

This list is derived from suggestions made by work group members in one-on-one meetings, emails, and work group meetings as well as from conversations among bureau staff and our consultants.

This document is in progress. **Do not share or forward this document.**

Category	Current Requirement	Issue (From Meeting 6)	Options	Work Group Clarification
1. Off-Site New Construction Location & Off-Site Existing Building Location <i>(Revisit from Meeting 6)</i>	New Construction Building, or Existing Building, must be within one-half mile radius of the Sending Building or in an area with an equal or higher Opportunity Map Score.	1. Maintain requirement 2. Maintain opportunity map score; extend radius to 2 miles 3. Maintain opportunity map score; eliminate radius requirement 4. New Construction Building must be within a two-mile radius of the Sending Building or in an area with an equal or higher Opportunity Map Score. If the Opportunity Map Score is 5, New Construction Building may be located in an area with an Opportunity Map Score of 4. <i>(New option proposed by Sarah Zahn)</i>	1. Maintain code language using “or” 2. Amend code language to use “and”	
2. Reasonable Equivalency Rental – Bedroom count versus unit type <i>(Revisit from Meeting 6)</i>	95% the size of the average units with the same bedroom count as measured in square feet.	1. Maintain requirement to use ‘by bedroom count’ 2. Amend requirement to use ‘by unit type’	1. Using bedroom count Flexible, ease of determining unit sizes Combined with change to 85%, reduce need to redraw plans Consolidation and off-site options easier to accommodate 2. Using unit type Reduces flexibility in meeting requirements to send IH units off-site Detailed review of differences among units with same bedroom count	

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3. Tax Exemption in high cost sub-geographies outside Central City <i>(See separate document of zoning and opportunity maps for topics #4 & #5)</i>	In Central City, tax exemption applies to entire building with built or base FAR of 5:1 or greater Outside Central City, tax exemption applies only to the affordable units	Incentives offered are adequate to offset cost of providing IH units in Central City. Incentives offered are not adequate to offset cost of providing IH units in high cost markets outside Central City.	1. Maintain tax exemption to IH units for 10 years (Under incentivized) 2. Apply tax exemption to 50% of all units for 10 years (Under incent.) 2a. Use Zoning Map 1 2b. Use Zoning Map 2 2c. Use Opportunity Map 1 2d. Use Opportunity Map 2 3. Apply tax exemption to All units for 10 years (Balance/over incent.) 3a. Use Zoning Map 1 3b. Use Zoning Map 2 3c. Use Opportunity Map 1 3d. Use Opportunity Map 2 4. Apply tax exemption to All units for 7 years (Balanced) 4a. Use Zoning Map 1 4b. Use Zoning Map 2 4c. Use Opportunity Map 1 4d. Use Opportunity Map 2	

Category	Current Requirement	Policy Intent	Additional Information	Work Group Recommendation
4. Tax Exemption in lower cost sub-geographies where program is over-incentivized	<p>In Central City, tax exemption applies to entire building with built or base FAR of 5:1 or greater</p> <p>Outside Central City, tax exemption applies only to the affordable units</p>	<p>Low cost areas outside Central City are unique in that the incentives are greater than the cost to include the IH units, however, these projects are highly infeasible.</p> <p>In Central City, there might be a few instances where development is over-incentivized with the current property tax exemption</p>	<p>Staff are interested in hearing how the work group thinks the city should approach these areas.</p> <p>Options within the city's purview of IH: (1) maintaining the current tax exemption to IH Units (Over incentivized); (2) bringing the offset package into balance with cost of IH requirements either by reducing the amount of incentives or dropping the 10 year exemption period to 7 years; or (3) something else we haven't thought of yet</p> <p>Market factors required for feasibility: (1) 15-35% increase in rents; or (2) 15-40% decrease in hard costs; or (3) investor returns decrease to pre-pandemic levels</p>	

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5. Off-Site New Construction Option 1 Inclusion Rate	<p>20% of units at 60% MFI</p> <p>Based on total dwelling units in the originating building – "Sending Building"</p>	<p>Incentivize on-site development while providing other compliance options off-site options with higher inclusion rates. Still meets policy goal to disperse affordable units throughout community.</p>	<p>Used infrequently</p> <p>Reducing inclusion rate while maintaining current incentive package would over subsidize projects in Central City and not make any meaningful changes to development outside Central City</p> <p>Options to consider for a more flexible off-site program, while continuing to prioritize on-site units, could include one or combination of:</p> <ol style="list-style-type: none"> 1. Maintain 20% units at 60% MFI 2. Reduce set-aside 3. Allow reconfiguration 4. Allow an 80% MFI option 5. Eliminate option 	
6. Off-Site Existing Building Option1 Inclusion Rate	<p>25% of units at 60% MFI</p> <p>Based on total dwelling units in the originating building – "Sending Building"</p>	<p>Incentivize on-site development while providing other compliance options off-site options with higher inclusion rates. Still meets policy goal to disperse affordable units throughout community.</p>	<p>Option not used, but staff do get inquiries</p> <p>Reducing set aside would create alignment among off-site options, simplifying the program</p> <p>Options include:</p> <ol style="list-style-type: none"> 1. Maintain requirement as-is 2. Reduce set-aside 3. Eliminate requirement 	
7. Off-Site New Construction and Existing Building Option 2 Inclusion Rates	<p>10% of units at 30% MFI for New Construction</p> <p>15% of units at 30% MFI for Existing Buildings</p> <p>Based on total dwelling units in the originating building – "Sending Building"</p>	<p>Incentivize on-site development while providing other compliance options off-site options with higher inclusion rates. Still meets policy goal to disperse affordable units throughout community.</p>	<p>Options are not used, staff do not get inquiries</p> <p>These options require heightened subsidies, case management, supportive services that increases the costs of these units</p> <p>Options include:</p> <ol style="list-style-type: none"> 1. Maintain requirement as-is 2. Reduce set-aside 3. Eliminate requirement 	

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8. Increase policy trigger in certain areas outside Central City	<p>Policy trigger: 20+ new residential units</p> <p>Apply policy uniformly, citywide</p>	<p>Some work group members expressed interest in raising the inclusion rates (portion of units required to be affordable) to address feasibility issues for smaller types of development projects in some of the low and medium cost areas</p>	<p>In low cost areas like East Portland, IH program is more than adequately covering its costs</p> <p>Raising inclusion rate in these areas, smaller projects would be less financially feasible than today</p> <p>In higher cost areas the group is recommending expanding the tax exemption to address feasibility issues</p> <p>If the tax exemption is expanded but limited to a smaller subset of projects, there may be some types of projects in some areas that would still be under-incentivized</p>	

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9. Homeownership Program Option	<p>IH applies to projects proposing 20+ new residential units, regardless of tenure. All program options are available regardless of tenure.</p>	<p>Multi-family homeownership units are not currently being built</p> <p>IH incentive package does not offset the IH requirement of for-sale units in same way it does for rental units</p>	<p>BAE Stakeholder interviews indicated macro challenges: Limited interest due to construction defect liability and then only interested building in Type 1 regardless of project size; impact of IH secondary to other factors</p> <p>Staff are looking for work group guidance. Suggest next steps to be: (1) maintain program option as-is for now; (2) convene a homeownership specific stakeholder work group; and (3) conduct a targeted analysis on for-sale developments.</p>	