



## Questions from Meeting #7 June 30 and July 7

1. Does the space for bike parking count against maximum FAR allowance?

In in the multi-dwelling (RM) and mixed-use (CM) zones there is an exception to the maximum FAR for long term bike parking: "Floor area for required long term bicycle parking that is not located in a dwelling unit does not count toward the maximum FAR, up to a maximum of 0.5 to 1

2. For the peer city cost comparison, are the costs for Seattle including sales tax on materials?

Yes, these are included in the soft costs.

3. Peer cities used in the cost comparison have an IH program. Do they have a fee-in-lieu option? What is the portion of developers electing the fee-in-lieu option? How does that compare to Portland?

Yes, all three peer cities have a fee-in-lieu type option. The analysis was looking at overall costs and did not go into specifics on fee-in-lieu. We would have to follow up on that.

4. Have you used PHB's stats on the 1000 IH units to map location and high-medium-low rent scenarios? I'm wondering if IH units are, majority under- or over- incentivized.

We have not done that specific mapping as this group is more focused on market rate housing, however, PHB uses the Opportunity Map scores to prioritize areas and sites for investments.

5. From the City's perspective – how far are we trying to solve with all the potential changes being considered?

This group is charged with providing recommendations on how to balance the IH program, calibrate the offsite and other pieces, and generally improve the efficiency and flexibility of the program. The group is not being asked to provide recommendations on the additional policy analysis areas, that was to provide greater context into your discussions on IH and will be used to guide other parallel conversations with City Council and other stakeholders about how to address project feasibility more broadly. However, we can add suggestions around these policy areas into the work group letter of recommendation in a separate section.

6. How do these (*IH development prototype*) findings compare to 2016 (*done by consultants DRA*)?

2016 analysis was not as sophisticated as what we are looking at now. BAE is also using a condensed number of prototypes.

7. If someone builds a project in Central City and then uses an off-site option, do they still get the tax exemption.

The tax exemption follows the IH Units. Where they are located is where the incentives go.

8. How do costs tie into the IH analysis findings?

The analysis is focused on revenues: balancing the cost of providing the affordable units (the lost revenue) with the incentives offered (tax exemption, excise tax exemption SDC waivers). IH was not designed to make projects “whole”. As discussed in other parts of presentation, there are two questions: (1) is the IH cost-offset for in balance and (2) what does project feasibility look like under current market conditions?

### **Comments/Suggestions from Meeting #7 June 30 and July 7**

1. Conversation around who are investors/investing in Portland - Commercial real estate has become more of national equities looking for deals. Local investors are frustrated. Portland investors equally starting to show interests outside because of local housing dynamics.
2. Concern expressed that Council may see ‘over-incentivized’ in Central City and interpret they need to pull back incentives. Recommend using different phrasing for ‘balanced’, ‘over-incentivized’, and ‘under-incentivized’. Makes it sound like there is good and bad here. Don’t think this is the intention from staff.
3. Suggestion to waive all SDCs for affordable housing developments. (*This is an existing option for qualifying affordable housing projects with income limits of 60% MFI for rental units or 100% MFI on for-sale units and minimum 60 year affordability duration.*)
4. Suggestion to waive all bike parking requirements and/or amend the code requirements. Developers are going to treat bike parking the same as car parking – though there is no requirement, they will provide some because the market demands it. Simplify code requirements for added flexibility. Really interesting to see impact of bike parking on high rise. Bike parking is totally underutilized. People want to keep in their rooms – they see it as more secure. Bike parking is a big hit to feasibility. (*Staff will add to work group’s policy conversation*)
5. Suggestion to waive all ground floor activation uses for affordable housing projects and maybe for market rate projects or perhaps make the requirement site specific. Ground floor doesn’t work for affordable housing, dramatically increases project costs. Ground floor active use if there is no tenant then we aren’t really activating these uses. Seeing lot of vacant spaces right now, so don’t think this is meeting intended use. Curious don’t be so prescriptive of residential or commercial on ground floor but a proposal that uses one or another to get to that intent. From affordable housing perspective not doing commercial doing services – employment services, art space. Can trigger BOLI even by going to 4 stores, so then the commercial aspect matters less. East coast cities use a stoop requirement for ground floor residential. Goal is to have vibrant street activity, people going in and out and using the space. Open to conversation of not being so prescriptive on residential vs commercial but getting a reasonable strategy for getting people in that space:

potential stoop idea, ground floor gym space, garage door floor space. Would like to see more vibrant and active use. *(Staff will add to work group's policy conversation)*

6. Design Review can also be 6 months (*analysis uses 3 months*) and you don't always know since it's discretionary. There is no certainty. There is value in soft cost reduction. City bureau's perspectives is important. Want high morale with permitting staff – need to recruit and retain staff – they have high expectations/timeline driven settings. Want to hear from bureaus on what this group can support to get to this.
7. Frustration expressed at conflicting city policies between different agencies and sometimes within an agency on code requirements/development standards. Creates uncertainty. Some think it is also a lack of communication between agencies on their policies and processes. Want to hear from other bureaus. Staff are put in hard position, want to make sure we hear from the bureau – want to explore some improvements that this group can support to make sure we keep moral and retention high. Ultimately having the same staff working and building relationships with the development community.
8. Suggestion to cap amount of PBOT costs for infrastructure charges based on historical charges. Maybe there could be a dollar value cap on improvement. Improvements up to that level and beyond that would come out of (reduce) SDCs owed. Would create certainty for projects. *(Staff will add to work group's policy conversation.)*
9. Comment that medium cost scenarios in Central City are rare and not worth focusing on.
10. Underscored points made under “market factors required for feasibility” on “Financial Feasibility Analysis” slide: rent increases between 15-35%, hard cost decreases between 15-40%, investor rates of return decreasing to pre-pandemic levels.
11. Need to be looking at other cost factors that policy drives – look at them wholistically and see how they impact.
12. Isolating IH on own could be benefit would like to look at all city policy together.
13. Interested in ways that could get market rate and affordable developers to partner more to deliver units. *(Staff will add to work group's policy conversation)*
14. Don't think it matters that low cost area is over incentivized.
15. Trying to partner with market rate developers. Interested in ways to further incentivize on how to get there.
16. Per affordable unit line shows we are spending very little on affordable homes. Failure to spend on these units means failure to exist.
17. Low rent 80% MFI (7 story non-central city) – don't think matters that over-incentivized. They are very needed. These units are underdeveloped product type – highly needed for young families that don't qualify for low-income housing tax credit projects.