



# Portland Housing Bureau

## Inclusionary Housing Calibration Study

Stakeholder Work Group

*Meeting #2, December 2, 2022*

### **2035 Comprehensive Plan** Policy 5.35 Inclusionary housing

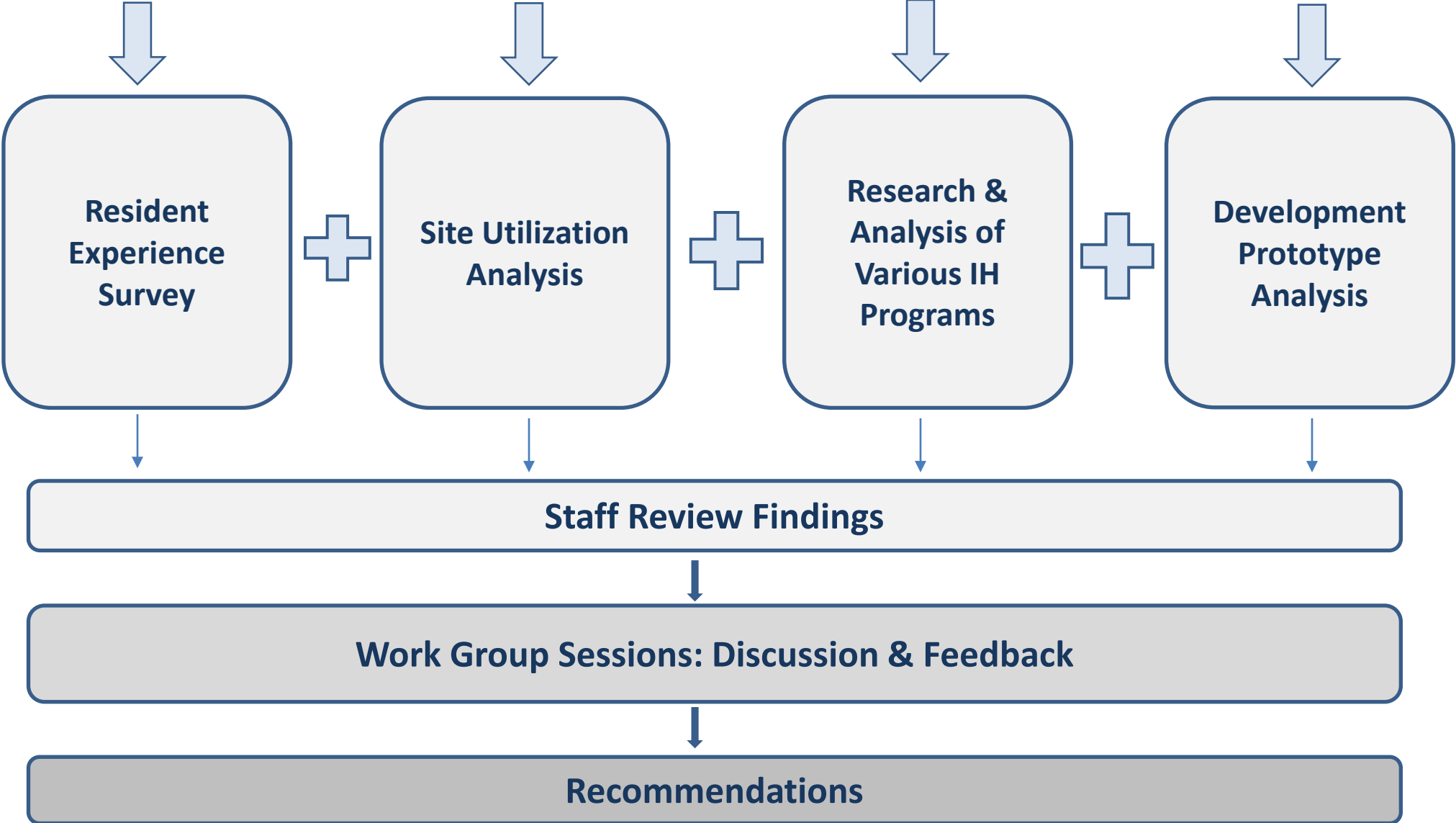
*Use inclusionary zoning and other regulatory tools to effectively link the production of affordable housing to the production of market-rate housing. Work to remove regulatory barriers that prevent the use of such tools.*

# Agenda

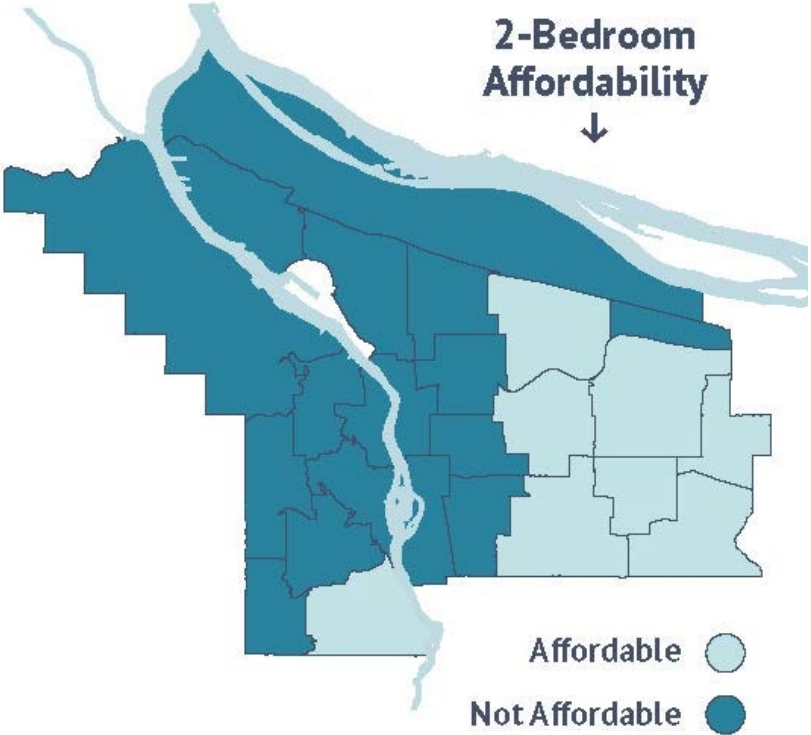
- **Summary of previous meeting**
- **IH Unit Resident Experience Survey**
- **Prototypes & inputs for Development Prototype Analysis**
- **Close out, next meeting**

# **November Meeting Summary**

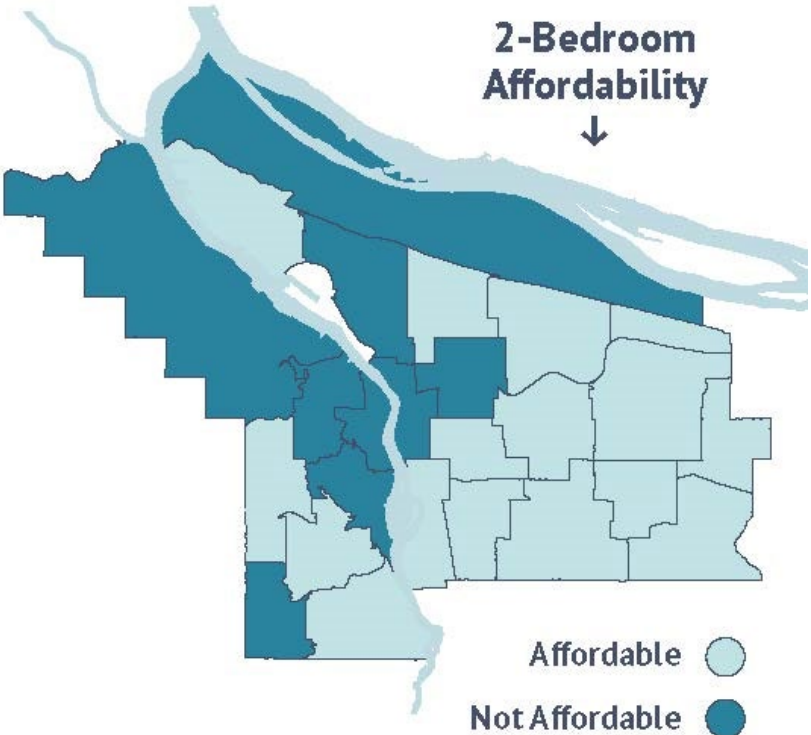
# Calibration Study Components & Process



# Portland Rental Affordability

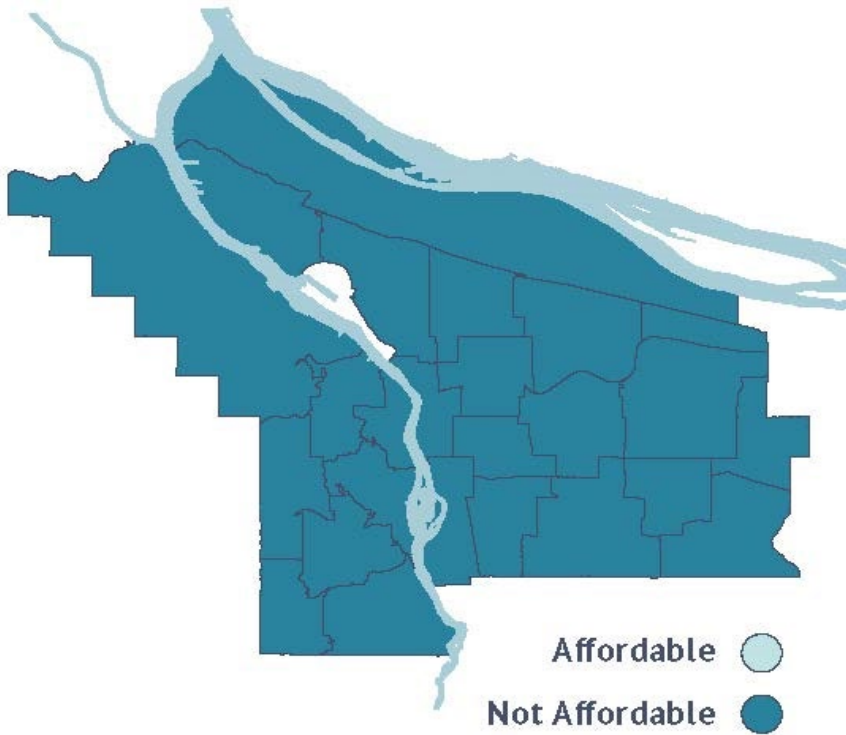


**60% of Median Income**

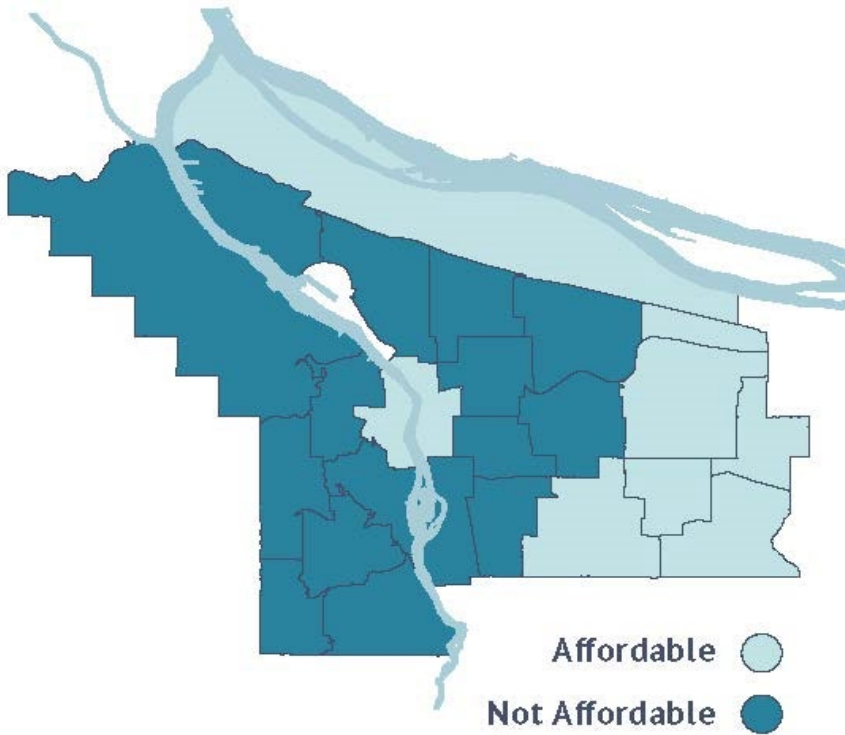


**80% of Median Income**

# Portland Homeownership Affordability



**60% of Median Income**



**80% of Median Income**

# Local Policy Development Process

- **State authorization and sideboards**
- **Council and Leadership goals**
- **Existing City policy guidance**
- **Stakeholder engagement and analysis**
- **Result: Policy Framework**

# Policy Framework for Program Design

Citywide, **calibrating** rates and incentives **by geography**

Mandatory program at 80% AMI with **supplemental incentives to reach below 60% AMI**

Prioritize **units on site** over fee-in-lieu revenue or units off-site

Requirement for **all buildings with 20 or more units**

Maintain **comparable quality, size, bedroom composition, and distribution**

Maintain **affordable units for 99 years**



# Inclusionary Housing Program Options

## **Option 1: Build On-site**

**80% MFI - 20% of the units must be affordable at 80% MFI.**

## **Option 2: Build On-site**

**60% MFI - 10% of the units must be affordable at 60% MFI.**

## **Option 3: Build Off-Site**

**Either 10% of units at 30% MFI or 20% of units at 60% MFI off-site in new building.**

## **Option 4: Designate Off-Site**

**Either 15% of units at 30% MFI or 25% of units at 60% MFI in an existing building.**

## **Option 5: Fee-In-Lieu**

**Pay a fee rather than providing affordable units. Fee calculated by multiplying the Residential and Residential Related gross square feet by the Fee-in-Lieu Factor.**

# Development Incentives

- **Density and Height Bonuses**
- **Construction Excise Tax Exemption**
- **System Development Charge Exemption**
- **Property Tax Exemption**
- **Parking Exemption**

# Program Adjustments

- 2017** Approved rolling \$15 million property tax exemption cap
- 2018** Technical changes to the fee-in-lieu option  
Expanded full property tax exemption in the Central City
- 2019** Technical changes program administrative rules  
Council approved funding for program analysis
- 2020** Council redistributes funding and extends lower inclusion rate for COVID response
- 2021** Council reallocates funds for program analysis

# What We Heard & Staff Response

- **Remove units from IH program progress reporting that receive any type of affordable housing subsidy**  
Data information is in packet.
- **Request to expand scope of work**  
Fee-in-lieu and inclusion rates are levers in Development Prototype Analysis. Reasonable equivalency will be included in the program comparative analysis.
- **Include additional factors driving the housing market**  
Not feasible to include in this study. Suggest work group include in final recommendations.

# What We Heard & Staff Response

- **Make up of the panel**

Panel was intentionally pulled together for subject matter and industry expertise for a first pass on analyses prior to broader public engagement and any legislative action

- **Final work product & post work group process**

Memo included accounting of analyses, processes, and work group recommendations presented to Council and used for broader public engagement.

- **Additional analysis requests**

Unit size methodology analysis and reconfiguration utilization of existing program have been added.

# Work Plan & Schedule - Notable Changes

- **December 2**  
Data inputs added to prototype discussion
- **January 9**  
Unit size methodology analysis added  
Reconfiguration utilization analysis added
- **February 24**  
Scope of comparative analysis to include reasonable equivalency  
Additional time held for unanticipated work
- **March 17**  
Begin recommendation discussion and brainstorm

## **Next Meeting**

**When** January 9, 2023, 9:00 am

**Topics** Site utilization analysis  
Unit size methodology analysis  
Reconfiguration utilization analysis