



Bureau of Planning and Sustainability
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MEMO

DATE: November 30, 2016

TO: Mayor Hales
Commissioner Saltzman
Commissioner Fritz
Commissioner Fish
Commissioner Novick

FROM: Tom Armstrong, Supervising Planner
Shannon Buono, Senior Planner
Tyler Bump, Senior Economic Planner

CC: Susan Anderson, Director
Joe Zehnder, Chief Planner

SUBJECT: Inclusionary Housing - Proposed Title 33 Amendments

The Title 33 zoning code amendments in the Recommended Draft (November 21, 2016) were based on the Planning and Sustainability Commission (PSC) recommendations from November 8. Subsequently, there have been a number of changes proposed that require amendments to those amendments. BPS recommends that the City Council move to adopt these amendments, which fall into three categories:

1. Change the inclusion rates to match Commissioner Saltzman's proposal to phase-in a lower inclusion rate for both the mandatory and voluntary options outside the Central City and Gateway plan districts. These inclusion rates will start at 15 percent of units at 80% MFI and 8 percent of units at 60% MFI. On January 1, 2019, the rates will increase to 20 percent of units at 80% MFI and 10 percent of units at 60% MFI.
2. Change the inclusion rates for the offsite option to incorporate both building new units and dedicating existing units.
3. Clarify the compliance method with the Portland Housing Bureau providing a letter to the Bureau of Development Services certifying that the development meets the inclusionary housing standards and any administrative requirements along with the



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property owner executing a covenant with the City that will ensure that the affordable dwelling units will remain affordable to households meeting the income restriction, and will meet the administrative requirements of the Portland Housing Bureau.

4. Provide an exemption from minimum parking standards for development projects that are close to transit (less than 1500 feet from a transit station or less than 500 feet from a transit street with 20-minute peak hour service) that provide on-site or off-site affordable dwelling units. This exception also applies only to affordable dwelling units that are located on sites that are far from transit. This exception does not apply when a fee-in-lieu of affordable housing is paid.

Title 33 Zoning Code Amendments:

33.245.040 Inclusionary Housing Standards

Affordable dwelling units must be provided as follows, or a fee-in-lieu of providing affordable dwelling units must be paid. Adjustments are prohibited:

- A.** On-site affordable dwelling units. When the affordable dwelling units will be located on-site, affordable dwelling units must be provided at one of the following rates:
 1. Central City and Gateway plan districts. Inside the Central City and Gateway plan districts, affordable dwelling units must be provided at one of the following rates:
 - a. 10 percent of the total number of dwelling units in the new building or the alteration must be affordable to those earning no more than 60 percent of the area median family income; or
 - b. 20 percent of the total number of dwelling units in the new building or the alteration must be affordable to those earning no more than 80 percent of the area median family income.
 2. Outside the Central City and Gateway plan districts. Outside the Central City and Gateway plan districts, affordable dwelling units must be provided at one of the following rates:
 - a. Rates before January 1, 2019:
 - (1) 8 percent of the total number of dwelling units in the new building or the alteration must be affordable to those earning no more than 60 percent of the area median family income; or
 - (2) 15 percent of the total number of dwelling units in the new building or the alteration must be affordable to those earning no more than 80 percent of the area median family income.
 - b. The rates shown in Paragraph A.1. apply outside the Central City and Gateway plan districts on and after January 1, 2019.
- B.** Off-site affordable dwelling units. When the affordable dwelling units will be located off-site, affordable dwelling units must be provided at one of the following rates:
 1. New dwelling units. When the affordable dwelling units will be provided by constructing new dwelling units off-site, one of the following rates apply. The number of affordable

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dwelling units required is calculated based on the development that triggers the regulations of this chapter:

- a. 10 percent of the total number of dwelling units in the new building or alteration must be affordable to those earning no more than 30 percent of the area median family income; or
 - b. 20 percent of the total number of dwelling units in the new building or the alteration must be affordable to those earning no more than 60 percent of the area median family income.
2. Existing dwelling units. When the affordable dwelling units will be provided by dedicating existing dwelling units as affordable, one of the following rates apply. The number of affordable dwelling units required is calculated based on the development that triggers the regulations of this chapter:
- a. 15 percent of the total number of dwelling units in the new building or the alteration must be affordable to those earning no more than 30 percent of the area median family income; or
 - b. 25 percent of the total number of dwelling units in the new building or the alteration must be affordable to those earning no more than 60 percent of the area median family income.

33.245.050 Compliance.

To comply with the inclusionary housing standards in Section 33.245.040, the following must be met. Adjustments are prohibited:

- A. The applicant must provide a letter from the Portland Housing Bureau certifying that the development meets the standards stated above and any administrative requirements. The letter is required to be submitted before a building permit can be issued for the development, but is not required in order to apply for a land use review; and
- B. If affordable dwelling units will be provided the property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant must be provided prior to issuance of the building permit for the development that triggers this chapter, and the covenants must ensure that the affordable dwelling units will remain affordable to households meeting the income restriction, and will meet the administrative requirements of the Portland Housing Bureau.

33.120.205 Density

A.-E. [No change to recommended draft]

F. Inclusionary housing bonus density or FAR. The following density and FAR bonus options are allowed in the R3 through RX zones. Sites in the IR zone are not eligible for the bonus density options. Adjustments to this Subsection, or to the amount of maximum density or floor area



allowed through the bonuses in this Subsection, are prohibited. Amenity bonuses described in 33.120.265 may allow additional bonus density:

1. Mandatory inclusionary housing. Bonus density or FAR is allowed up to the maximum stated in Table 120-3 for development that triggers the requirements of 33.245, Inclusionary Housing. To qualify for this bonus, the applicant must provide a letter from the Portland Housing Bureau certifying that the standards of 33.245 have been met.
2. Voluntary inclusionary housing. Bonus density or FAR up to the maximum stated in Table 120-3 is allowed when affordable housing is provided as follows:
 - a. Bonus density or FAR is allowed for projects that voluntarily provide affordable housing at one of the following rates. To qualify for this bonus, the applicant must provide a letter from the Portland Housing Bureau certifying that the development meets one of the standards stated below and any administrative requirements of the Portland Housing Bureau. The letter must be submitted before a building permit can be issued for the development, but is not required in order to apply for a land use review. The property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant must be provided prior to issuance of a building permit, and must ensure that the affordable dwelling units will remain affordable to households meeting the income restriction, and will meet the administrative requirements of the Portland Housing Bureau:
 - (1) On-site affordable dwelling units. When the affordable dwelling units will be located on-site, affordable dwelling units must be provided at one of the following rates:
 - Inside the Central City and Gateway plan districts:
 - 10 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 60 percent of the area median family income; or
 - 20 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 80 percent of the area median family income.
 - Outside the Central City and Gateway plan districts until January 1, 2019:
 - 8 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 60 percent of the area median family income; or
 - 15 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 80 percent of the area median family income.
 - The rates shown in Subsubparagraph F.2.a.(1) that apply inside the Central City and Gateway plan districts apply outside the Central City and Gateway plan districts on and after January 1, 2019.



(2) Off-site affordable dwelling units in a new building. When the affordable dwelling units will be provided by constructing new dwelling units off-site, affordable dwelling units must be provided at one of the following rates. The number of affordable dwelling units required is calculated based on the total number of new dwelling units proposed to be built on the site that is taking advantage of this FAR bonus option:

- 10 percent of the total number of new dwelling units must be affordable to those earning no more than 30 percent of the area median family income;
or
- 20 percent of the total number of new dwelling units must be affordable to those earning no more than 60 percent of the area median family income.

(3) Off-site affordable dwelling units in an existing building. When the affordable dwelling units will be provided by dedicating existing dwelling units that are off-site as affordable, affordable dwelling units must be provided at one of the following rates. The number of affordable dwelling units required is calculated based on the total number of new dwelling units proposed to be built on the site that is taking advantage of this FAR bonus option:

- 15 percent of the total number of new dwelling units must be affordable to those earning no more than 30 percent of the area median family income;
or
- 25 percent of the total number of new dwelling units must be affordable to those earning no more than 60 percent of the area median family income.

b. Bonus density or FAR is allowed in exchange for payment into the Affordable Housing Fund. For each square foot of floor area purchased a fee must be paid to the Portland Housing Bureau (PHB). For sites where density is calculated in dwelling units, the amount of floor area purchased is converted to dwelling units at a rate of 1 dwelling unit per 800 square feet. The Portland Housing Bureau collects and administers the Affordable Housing Fund, and determines the fee. PHB determines the fee per square foot and updates the fee at least every three years. The fee schedule is available from the Bureau of Development Services. To qualify for this bonus, the applicant must provide a letter from PHB documenting the amount that has been contributed. The letter is required to be submitted before a building permit can be issued for development, but is not required in order to apply for a land use review.

G. [No change to recommended draft]

33.130.205 Floor Area Ratio

A.-C. [No changes to recommended draft]



D. Bonus FAR. The following FAR bonus options are allowed in the commercial zones. Adjustments to this Subsection, or to the maximum floor area allowed through the following bonuses, are prohibited:

1. Mandatory inclusionary housing. Bonus FAR is allowed up to the maximum stated in Table 130-3 for development that triggers the requirements of 33.245, Inclusionary Housing. To qualify for this bonus, the applicant must provide evidence that the regulations of 33.245 have been met.

2. Voluntary inclusionary housing. Bonus FAR up to the maximum stated in Table 130-3 is allowed when affordable housing is provided as follows:

a. Bonus FAR is allowed when affordable dwelling units are provided that at one of the following rates. To qualify for this bonus, the applicant must provide a letter from the Portland Housing Bureau certifying that the development meets one of the standards stated below and any administrative requirements. The letter must be submitted before a building permit can be issued for the development, but is not required in order to apply for a land use review. The property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant must be provided prior to issuance of a building permit, and must ensure that the affordable dwelling units will remain affordable to households meeting the income restriction, and will meet the administrative requirements of the Portland Housing Bureau:

(1) On-site affordable dwelling units. When the affordable dwelling units will be located on-site, affordable dwelling units must be provided at one of the following rates:

- Inside the Central City and Gateway plan districts:
 - 10 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 60 percent of the area median family income; or
 - 20 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 80 percent of the area median family income.
- Outside the Central City and Gateway plan districts until January 1, 2019:
 - 8 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 60 percent of the area median family income; or
 - 15 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 80 percent of the area median family income.
- The rates shown in Subsubparagraph D.2.a.(1) that apply inside the Central City and Gateway plan districts apply outside the Central City and Gateway plan districts on and after January 1, 2019.



(2) Off-site affordable dwelling units in a new building. When the affordable dwelling units will be provided by constructing new dwelling units off-site, affordable dwelling units must be provided at one of the following rates. The number of affordable dwelling units required is calculated based on the total number of new dwelling units proposed to be built on the site that is taking advantage of this FAR bonus option:

- 10 percent of the total number of new dwelling units must be affordable to those earning no more than 30 percent of the area median family income;
or
- 20 percent of the total number of new dwelling units must be affordable to those earning no more than 60 percent of the area median family income.

(3) Off-site affordable dwelling units in an existing building. When the affordable dwelling units will be provided by dedicating existing dwelling units that are off-site as affordable, affordable dwelling units must be provided at one of the following rates. The number of affordable dwelling units required is calculated based on the total number of new dwelling units proposed to be built on the site that is taking advantage of this FAR bonus:

- 15 percent of the total number of new dwelling units must be affordable to those earning no more than 30 percent of the area median family income;
or
- 25 percent of the total number of new dwelling units must be affordable to those earning no more than 60 percent of the area median family income.

b. Bonus FAR is allowed in exchange for payment into the Affordable Housing Fund. For each square foot of floor area purchased a fee must be paid to the Portland Housing Bureau (PHB). The Portland Housing Bureau collects and administers the Affordable Housing Fund, and determines the fee. PHB determines the fee per square foot and updates the fee at least every three years. The fee schedule is available from the Bureau of Development Services. To qualify for this bonus, the applicant must provide a letter from the PHB documenting the amount that has been contributed. The letter is required to be submitted before a building permit can be issued for development, but is not required in order to apply for a land use review.

33.140.205 Floor Area Ratio

A.-C. [No change to proposed draft]

D. Bonus FAR. In the EX zone, bonus FAR is allowed as follows. Sites in the other employment and industrial zones are not eligible to use the bonus options. Adjustments to this Subsection, or to the maximum floor area allowed through the following bonuses, are prohibited:

1. Mandatory inclusionary housing. Bonus FAR is allowed up to the maximum stated in Table 140-3 for development that triggers the requirements of 33.245, Inclusionary Housing. To



qualify for this bonus, the applicant must provide a letter from the Portland Housing Bureau certifying that the regulations of 33.245 have been met.

2. Voluntary inclusionary housing. Bonus FAR up to the maximum stated in Table 140-3 is allowed when affordable housing is provided as follows:

a. Bonus FAR is allowed when affordable dwelling units are provided that at one of the following rates. To qualify for this bonus, the applicant must provide a letter from the Portland Housing Bureau certifying that the development meets one of the standards stated below and any administrative requirements. The letter must be submitted before a building permit can be issued for the development, but is not required in order to apply for a land use review. The property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant must be provided prior to issuance of a building permit, and must ensure that the affordable dwelling units will remain affordable to households meeting the income restriction, and will meet the administrative requirements of the Portland Housing Bureau:

(1) On-site affordable dwelling units. When the affordable dwelling units will be located on-site, affordable dwelling units must be provided at one of the following rates:

- Inside the Central City and Gateway plan districts:
 - 10 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 60 percent of the area median family income; or
 - 20 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 80 percent of the area median family income.
- Outside the Central City and Gateway plan districts until January 1, 2019:
 - 8 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 60 percent of the area median family income; or
 - 15 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 80 percent of the area median family income.
- The rates shown in Subsubparagraph D.2.a.(1) that apply inside the Central City and Gateway plan districts apply outside the Central City and Gateway plan districts on and after January 1, 2019.

(2) Off-site affordable dwelling units in a new building. When the affordable dwelling units will be provided by constructing new dwelling units off-site, affordable dwelling units must be provided at one of the following rates. The number of affordable dwelling units required is calculated based on the total number of new dwelling units proposed to be built on the site that is taking advantage of this FAR bonus option:



- 10 percent of the total number of new dwelling units must be affordable to those earning no more than 30 percent of the area median family income; or
- 20 percent of the total number of new dwelling units must be affordable to those earning no more than 60 percent of the area median family income.

(3) Off-site affordable dwelling units in an existing building. When the affordable dwelling units will be provided by dedicating existing dwelling units that are off-site as affordable, affordable dwelling units must be provided at one of the following rates. The number of affordable dwelling units required is calculated based on the total number of new dwelling units proposed to be built on the site that that is taking advantage of this FAR bonus option:

- 15 percent of the total number of new dwelling units must be affordable to those earning no more than 30 percent of the area median family income; or
- 25 percent of the total number of new dwelling units must be affordable to those earning no more than 60 percent of the area median family income.

b. Bonus density or FAR is allowed in exchange for payment into the Affordable Housing Fund. For each square foot of floor area purchased a fee must be paid to the Portland Housing Bureau (PHB). The Portland Housing Bureau collects and administers the Affordable Housing Fund, and determines the fee. PHB determines the fee per square foot and updates the fee at least every three years. The fee schedule is available from the Bureau of Development Services. To qualify for this bonus, the applicant must provide a letter from PHB documenting the amount that has been contributed. The letter is required to be submitted before a building permit can be issued for development, but is not required in order to apply for a land use review.

33.266 Parking And Loading

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33.266.110 Minimum Required Parking Spaces

A.-C. [No change to recommended draft]

D. Minimum for sites well served by transit. For sites located less than 1500 feet from a transit station or less than 500 feet from a transit street with 20-minute peak hour service, the minimum parking requirement standards of this subsection apply. Applicants meeting these standards must provide a map identifying the site and TriMet schedules for all transit routes within 500 feet of the site. The minimum number of parking spaces is:

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1. Household Living uses. The minimum number of parking spaces required for sites with Household Living uses is:
 - a. Where there are up to 30 units on the site, no parking is required;
 - b. Where there are 31 to 40 units on the site, the minimum number of parking spaces required is 0.20 spaces per unit;
 - c. Where there are 41 to 50 units on the site, the minimum number of parking spaces required is 0.25 spaces per unit; and
 - d. Where there are 51 or more units on the site, the minimum number of parking spaces required is 0.33 spaces per unit.
2. All other uses. No parking is required for all other uses.

E. Exceptions to the minimum number of parking spaces.

1.-7. No change

8. No parking is required for sites located less than 1500 feet from a transit station or less than 500 feet from a transit street with 20-minute peak hour service that provide on-site or off-site affordable dwelling units as required by 33.245, Inclusionary Housing, or voluntarily provide on-site or off-site affordable dwelling units as specified in the following bonus options. This exception does not apply when a fee-in-lieu of affordable housing is paid. This exception only applies to the site that triggers the requirements of 33.245, or the site that is taking advantage of one of the FAR bonus options listed below:

- a. 33.120.205.F.2;
- b. 33.130.205.D.2;
- c. 33.140.205.D.2;
- d. 33.510.210.C.2;
- e. 33.526.230.C.2.

9. No parking is required for affordable dwelling units that are located on sites that are 1500 feet or more from a transit station or 500 feet or more from a transit street with 20-minute peak hour service if the affordable dwelling units are provided as required by Chapter 33.245, Inclusionary Housing, or voluntarily provided as specified in the following bonus options. This exception does not apply when a fee-in-lieu of affordable housing is paid. This exception only applies to the site that triggers the requirements of 33.245, or the site that is taking advantage of one of the FAR bonus options listed below:

- a. 33.120.205.F.2;
- b. 33.130.205.D.2;
- c. 33.140.205.D.2
- d. 33.510.210.C.2
- e. 33.526.230.C.2.



33.510.210 Floor Area and Height Bonus Options

A-B. [No change to Recommended Draft]

C. **Bonus floor area options.** Additional development potential in the form of floor area is earned for a project when the project includes any of the specified features listed below. The bonus floor area amounts are additions to the maximum floor area ratios shown on Map 510-2.

1. Mandatory inclusionary housing. For projects in the CX, EX and RX zones that trigger the requirements of 33.245, Inclusionary Housing, an additional FAR of 3 to 1 is earned. To qualify for this bonus, the applicant must provide a letter from the Portland Housing Bureau certifying that the regulations of 33.245 have been met.

2. Voluntary inclusionary housing. Projects that voluntarily provide affordable housing earn bonus FAR as follows:

a. An additional FAR of 3 to 1 is earned for projects the voluntarily provide affordable housing at one of the following rates. To qualify for this bonus, the applicant must provide a letter from the Portland Housing Bureau certifying that the development meets one of the standards stated above and any administrative requirements. The letter is required to be submitted before a building permit can be issued for the development, but is not required in order to apply for a land use review. The property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant must be provided prior to issuance of a building permit, and must ensure that the affordable dwelling units will remain affordable to households meeting the income restriction, and will meet the administrative requirements of the Portland Housing Bureau:

(1) On-site affordable dwelling units. When the affordable dwelling units will be located on-site, affordable dwelling units must be provided at one of the following rates:

- 10 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 60 percent of the area median family income; or
- 20 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 80 percent of the area median family income.

(2) Off-site affordable dwelling units in a new building. When the affordable dwelling units will be provided by constructing new dwelling units off-site, affordable dwelling units must be provided at one of the following rates. The number of affordable dwelling units required is calculated based on the total number of new dwelling units proposed to be built on the site that is taking advantage of this FAR bonus option:



- 10 percent of the total number of new dwelling units must be affordable to those earning no more than 30 percent of the area median family income;
or
- 20 percent of the total number of new dwelling units must be affordable to those earning no more than 60 percent of the area median family income.

(3) Off-site affordable dwelling units in an existing building. When the affordable dwelling units will be provided by dedicating existing dwelling units that are off-site as affordable, affordable dwelling units must be provided at one of the following rates. The number of affordable dwelling units required is calculated based on the total number of new dwelling units proposed to be built on the site that is taking advantage of this FAR bonus option:

- 15 percent of the total number of new dwelling units must be affordable to those earning no more than 30 percent of the area median family income;
or
- 25 percent of the total number of new dwelling units must be affordable to those earning no more than 60 percent of the area median family income.

b. Bonus FAR is allowed in exchange for payment into the Affordable Housing Fund. Up to 3 to 1 FAR can be earned by paying into the fund. For each square foot of floor area purchased a fee must be paid to the Portland Housing Bureau (PHB). The Portland Housing Bureau collects and administers the Affordable Housing Fund, determines the fee per square foot, and updates the fee at least every three years. The fee schedule is available from the Bureau of Development Services. To qualify for this bonus, the applicant must provide a letter from the Portland Housing Bureau documenting the amount that has been contributed. The letter is required to be submitted before a building permit can be issued for development, but is not required in order to apply for a land use review.

1. Residential bonus option.

a. In specified areas, proposals that include Residential uses receive bonus floor area. New development and alterations to existing development are eligible for this bonus.

(1) In the CX and EX zones outside of the South Waterfront Subdistrict and the North Pearl Subarea, for each square foot of floor area developed and committed as housing, a bonus of 1 square foot of additional floor area is earned, up to an additional floor area ratio of 3 to 1. Sites in the required residential opportunity areas are eligible for this bonus.

(2) In the CX and EX zones in the North Pearl Subarea, for each square foot of floor area developed and committed as housing, a bonus of 1 square foot of additional floor area is earned, up to an additional floor area ratio of 2 to 1.

b. The additional floor area may be used entirely for housing or partially for nonresidential uses. Projects that include housing built under building permits issued prior to July 1, 1998 may commit up to 2/3 of the bonus floor area to nonresidential



uses. Projects built under building permits issued after July 1, 1998 may commit up to 1/2 of their bonus floor area to nonresidential uses.

- c. Residential portions of mixed-use projects using this bonus must be completed and receive an occupancy permit in advance or at the same time as an occupancy permit for any nonresidential portion of the project. The property owner must execute a covenant with the City ensuring continuation and maintenance of the housing by the property owner. The covenant must comply with the requirements of 33.700.060.

[Renumber 2. through 14. to be 3. through 15.]

~~15. Affordable Housing Replacement Fund bonus option. Contributors to the Affordable Housing Replacement Fund (AHRF) receive floor area bonuses. For each \$22.10 contributed to the AHRF, one square foot of bonus floor area is earned, up to a maximum of two square feet per square foot of site area. To qualify for this bonus, the following requirements must be met:~~

- ~~a. The applicant must submit with the development application a letter from the Portland Development Commission (PDC) documenting the amount that has been contributed to the AHRF;~~
- ~~b. The bonus floor area may be used only in the Central City plan district.~~
- ~~c. The Affordable Housing Replacement Fund is to be collected and administered by the Portland Development Commission (PDC). The funds collected may be used only within the Central City plan district, either for acquisition, rehabilitation, remodeling or construction of housing affordable to those households earning no more than 60 percent of area median income.~~

[16. through 19. No Change]

D.-G. [No change to recommended draft]

33.526 Gateway Plan District

33.526

33.526.230 Floor Area and Height Bonus Options

A.-B. [No change to recommended draft]

C. Bonus floor area options. Additional development potential in the form of floor area is earned for a project when the project includes any of the features listed below. The bonus floor area amounts are additions to the maximum floor area ratios shown on Map 526-3.

~~1. Residential bonus option.~~



- a. ~~Proposals providing housing receive bonus floor area. New development and alterations to existing development are eligible for this bonus. For each square foot of floor area developed and committed as housing, a bonus of 1 square foot of additional floor area is earned, up to an additional floor area ratio of 3 to 1.~~
 - b. ~~The additional floor area may be used entirely for housing or partially for nonresidential uses.~~
 - c. ~~Residential portions of mixed use projects using this bonus must be completed and receive an occupancy permit in advance or at the same time as an occupancy permit for any nonresidential portion of the project. The property owner must execute a covenant with the City ensuring continuation and maintenance of the housing by the property owner. The covenant must comply with the requirements of 33.700.060, Covenants with the City.~~
1. Mandatory inclusionary housing. Projects that trigger the requirements of 33.245, Inclusionary Housing earn an additional FAR of 3 to 1. To qualify for this bonus, the applicant must provide a letter from the Portland Housing Bureau certifying that the regulations of 33.245 have been met.
 2. Voluntary inclusionary housing. Projects that voluntarily provide affordable housing earn bonus FAR as follows:
 - a. An additional FAR of 3 to 1 is earned for projects the voluntarily provide affordable housing at one of the following rates. To qualify for this bonus, the applicant must provide a letter from the Portland Housing Bureau certifying that the development meets one of the standards stated above and any administrative requirements. The letter is required to be submitted before a building permit can be issued for the development, but is not required in order to apply for a land use review. The property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant must be provided prior to issuance of a building permit, and must ensure that the affordable dwelling units will remain affordable to households meeting the income restriction, and will meet the administrative requirements of the Portland Housing Bureau:
 - (1) On-site affordable dwelling units. When the affordable dwelling units will be located on-site, affordable dwelling units must be provided at one of the following rates:
 - 10 percent of the total number of new dwelling units on the site must be affordable to those earning no more than 60 percent of the area median family income; or
 - 20 percent of the total number of new dwelling units must be affordable to those earning no more than 80 percent of the area median family income.
 - (2) Off-site affordable dwelling units in a new building. When the affordable dwelling units will be provided by constructing new dwelling units off-site, affordable dwelling units must be provided at one of the following rates. The number of affordable dwelling units required is calculated based on the total



number of new dwelling units proposed to be built on the site that is taking advantage of this FAR bonus option:

- 10 percent of the total number of new dwelling units must be affordable to those earning no more than 30 percent of the area median family income;
or
- 20 percent of the total number of new dwelling units must be affordable to those earning no more than 60 percent of the area median family income.

(3) Off-site affordable dwelling units in an existing building. When the affordable dwelling units will be provided by dedicating existing dwelling units that are off-site as affordable, affordable dwelling units must be provided at one of the following rates. The number of affordable dwelling units required is calculated based on the total number of new dwelling units proposed to be built on the site that is taking advantage of this FAR bonus option:

- 15 percent of the total number of new dwelling units must be affordable to those earning no more than 30 percent of the area median family income;
or
- 25 percent of the total number of new dwelling units must be affordable to those earning no more than 60 percent of the area median family income.

b. Bonus FAR is allowed in exchange for payment into the Affordable Housing Fund. Up to 3 to 1 FAR can be earned by paying into the fund. For each square foot of floor area purchased a fee must be paid to the Portland Housing Bureau (PHB). For sites where density is calculated in dwelling units, the amount of floor area purchased is converted to dwelling units at a rate of 1 dwelling unit per 800 square feet. The Portland Housing Bureau collects and administers the Affordable Housing Fund, determines the fee per square foot, and updates the fee at least every three years. The fee schedule is available from the Bureau of Development Services. To qualify for this bonus, the applicant must provide a letter from PHB documenting the amount that has been contributed. The letter is required to be submitted before a building permit can be issued for development, but is not required in order to apply for a land use review.

3.-4. [No change to recommended draft]

D.-E. [No change to recommended draft]

