

Portland Mandatory Inclusionary Housing Program Development



PORTLAND HOUSING BUREAU

Dan Saltzman, Commissioner
Kurt Creager, Director

Overview of Portland

- Over 257,000 households with roughly half, over **125,000, renter households**
- 66% of renter households earn less than 80% of the area median family income, below \$58,800 for a family of three
- Portland is currently experiencing **increases in rent** that are the **highest annual increases in the nation**
- In 2015, with development focused on the luxury market, the average monthly rent for new rental housing units was **\$1,954**, or **\$23,448** per year

Concerns in Portland

- **Wage Declines:** renter household incomes continue to fall
- **Income Disparities:** median income of Communities of Color \$24K - \$38K lower than White households
- **Homelessness:** no change in numbers (3,800); Increase among African Americans (+48%) and women (+15%)
- **Neighborhood Choice:** Communities of Color priced out of close in areas and pushed to Outer East and Southeast Neighborhoods
- **Need:** Portland currently has a deficit of 24,000 affordable units, as a result of wage stagnation and growth in housing costs

Portland Affordable Housing Actions

- Release of an unprecedented NOFA at \$61 M, which is expected to have an economic impact of \$180 M
- Tripling the size of the city's affordable housing tax exemption program
- A 50% increase to the amount of urban renewal funding dedicated to affordable housing
- Establishing a Construction Excise Tax for affordable housing
- Dedicating short-term rental tax revenue to affordable housing

Senate Bill 1533 Background

- Mandatory affordability at 80% AMI and above
- Applies to rental and for-sale buildings with 20+ units
- Affordable units limited to 20% of all units
- Requires incentives for affordable units, such as SDC or fee waivers, financing, and tax exemptions
- Fee-in-lieu option

Program Development Goals

- **Inclusion** of affordable housing units in areas of **high opportunity** and in transit rich locations
- A mandatory 80% AMI program with robust incentives to **promote below 60% AMI**
- Fee-in-lieu revenue dedicated to affordable housing at or below 60% AMI

Program Development Timeline

April 2016: Panel experts appointed and meetings begin

May 2016: Development prototypes

June 2016: Financial modeling assumptions

July 2016: Nexus analysis

August 2016: Economic and feasibility analysis

September 2016: Program Recommendations

Policy Framework

- Citywide program, **calibrating** the inclusion rate and incentives **by geography**
- Set mandatory program at 80% AMI, and develop **supplemental incentives to reach below 60% AMI**
- Prioritize **units on site** over fee-in-lieu revenue or units off-site

Policy Framework Continued

- Inclusionary housing requirement for **all buildings with 20 or more units**
- Inclusionary units maintain market comparable quality, size, bedroom composition, and unit distribution in the building
- Maintain **affordable units for 99 years**

Economic Feasibility Draft Results

Mixed Use Zones

Proposed Comprehensive Plan Designation	Future Implementing Zones
Mixed Use Dispersed	CM1, CE
Mixed Use Neighborhood	CM1, CM2, CE
Mixed Use Civic Corridor	CM1, CM2, CM3, CE
Mixed Use Urban Center	CM1, CM2, CM3

Comprehensive Plan Designation	Current Zones						
	CN1/2	CO1/2	CM	CS	CG	EX	CX
Mixed Use Dispersed	CM1	CM1	CM1	CM1	CM1# CE#	CM1	n/a
Mixed Use Neighborhood	CM1	CM1+ CM2+	CM2	CM2	CM2# CE#	CM2	n/a
Mixed Use Civic Corridor	CM1	CM1+ CM2+	CM2	CM2	CM2# CE#	CM3	CM3
Mixed Use Urban Center	CM1	CM1+ CM2+	CM2	CM2	CM2# CE#	CM3	CM3

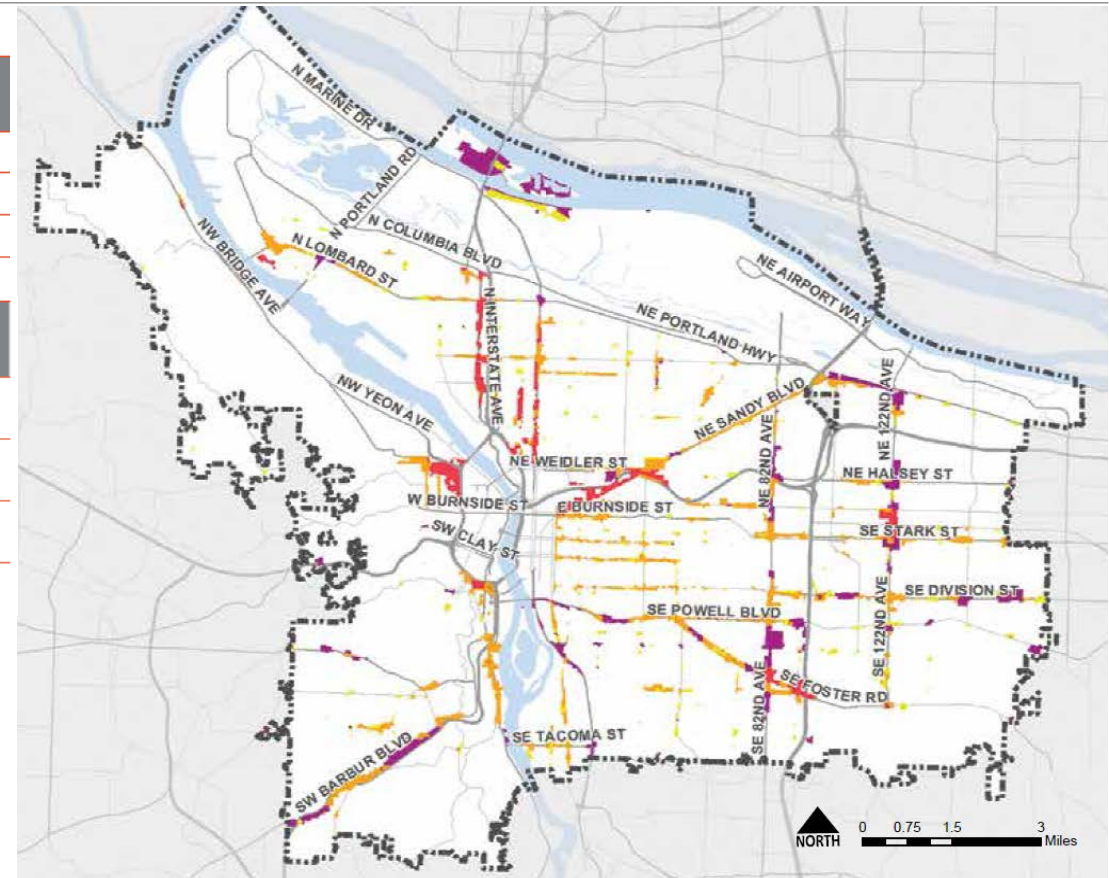
Commercial Mixed-Use 1 (CM1)



Commercial Mixed-Use 2 (CM2)



Commercial Mixed-Use 3 (CM3)



New Mixed Use Zones

■ Commercial Mixed Use 1 (CM1)
 ■ Commercial Mixed Use 2 (CM2)
 ■ Commercial Mixed Use 3 (CM3)
 ■ Commercial Employment (CE)

Economic Feasibility Draft Results

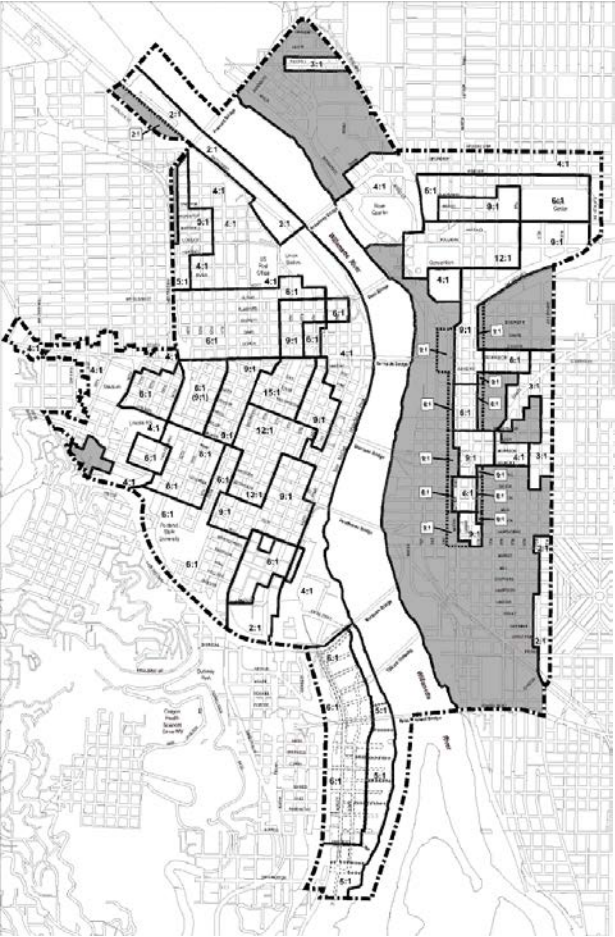
Mixed Use Zones – CM1, CM2, CM3

Key Findings and Initial Recommendations:

- **Inclusionary Housing Scenarios**
 - 10% of units at 80% AMI appears **feasible** with various incentive bundles
 - 20% of units at 80% AMI appears **feasible** with various incentive bundles
 - 10% of units at 60% AMI appears **competitive** with various incentive bundles
 - 20% of units at 60% AMI appears **challenging** with various incentive bundles

Economic Feasibility Draft Results

Central City



Economic Feasibility Draft Results

Central City – Podium Construction

Key Findings and Initial Recommendations:

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Economic Feasibility Draft Results

Central City – Steel and Concrete Construction

Key Findings and Initial Recommendations:

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Next Steps in Process



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