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*City of Portland Public Forum on Housing Production and Affordability*  
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## ***RECOMMENDATION: ENCOURAGE HOUSING DEVELOPMENT***

### Completed

- ✓ Comprehensive rewrite of the B-2 zoning districts (along Forest Avenue and elsewhere) to more than double the number of housing units that can be built
- ✓ Changes to the B-1 neighborhood business districts

### Under Way

- ✓ Comprehensive rewrite of the R-6 (Peninsula residential) zoning district to significantly increase number of housing units that can be built. This process included a three month outreach phase during which staff met with neighborhood groups
- ✓ Form Based Code in the India Street neighborhood will focus on the built form rather than the number of units in a residential development

### Proposed

- ✓ Exploration of ways that accessory dwelling units and reuse of existing buildings can help produce additional housing with minimal impacts
- ✓ Changes to the density bonus provisions to make them more effective

# **RECOMMENDATION:**

## **ENSURE HOUSING DEVELOPMENT**

### **DRAFT Inclusionary Zoning Ordinance**

#### **Purpose**

The City believes that it is in the public interest to promote an adequate supply of affordable housing for its residents. The purpose of this division, therefore, is to require developers to include units of affordable housing within development projects, thereby mitigating the limited supply of affordable housing, and by doing so, promoting the health, safety, and welfare of Portland citizens.

#### **Definitions**

- a) Affordable housing unit shall be a dwelling unit for which:
  - a. The rent does not exceed 30% of the annual income for a household earning less than 100% of area median income for the Greater Portland Metropolitan Statistical Area as defined by the U.S. Department of Housing and Urban Development or
  - b. Where the purchase price will not result in mortgage payments that exceed 30% of annual income for households earning less than 100% of area median income for the Greater Portland Metropolitan Statistical Area as defined by the U.S. Department of Housing and Urban Development.
  - c. Annual rent increases for that unit are limited in perpetuity by deed restriction or other legally binding agreement to the percentage increase in the U.S. Department of Housing and Urban Development Greater Portland Metropolitan Statistical Area median income figures for a household of that size, or
  - d. The resale price is limited by deed restriction or other legally binding agreement for all future sales of the unit to the percentage increase in the U.S. Department of Housing and Urban Development Greater Portland Metropolitan Statistical Area median income figures for a household of that size.

#### **Applicability**

This division shall apply to development projects that:

- a) Are permissible under the provisions of this chapter in the zone in which they are proposed
- b) Will be a multi-family dwelling as defined in section 14-47, and will not be located in an R-1 or R-2 zone
- c) Reserve
- d) Create ten or more new dwelling units for rent or for sale through new construction, substantial rehabilitation of existing structures, adaptive reuse or conversion of a non-residential use to residential use, or any combination of these elements.
- e) Have not received, prior to the adoption of this ordinance, a Level III site plan approval, a Master Plan approval or a Building Permit.

## **Requirement of Inclusion of Affordable Housing Units**

Such development projects shall set aside at least ten percent (10%) of the units in the project as affordable housing.

### **Standards**

Projects shall not be segmented or phased to avoid compliance with these provisions and affordable units shall be provided in proportion to the development of market rate units.

Affordable housing units shall be integrated with the rest of the development and shall be reasonably compatible in unit type, appearance, construction, and quality of materials with other units as determined by the planning authority.

### **In-lieu Fees**

Projects may pay a fee in lieu of providing affordable housing except that for developments of twenty (20) units or greater, all of the required affordable units shall be incorporated within the development and shall not be eligible for the substitution of the fee in lieu provision. In-lieu fees shall be paid into the Housing Trust Fund as defined in Sec. 14-489. The fee for affordable units not provided shall be equal to the number of required affordable units not provided multiplied by \$100,000. Beginning on January 1, 2016 and annually thereafter, the amount of the in-lieu fee shall be adjusted by multiplying this amount originally deposited for each unit by a fraction, the denominator of which shall be the "Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W"), U.S. City Average, "All Items Index," as published by the United States Bureau of Labor Statistics ("the Index") for January 1, 2015 Year, and the numerator of which shall be the index for the same month in each subsequent year. In the event that the Index is not then in existence, the parties shall use such equivalent price index as is published by any successor governmental agency then in existence; or, if none, then by such equivalent price index, in lieu of and adjusted to the Index. If the Index shall cease to use 1982-84 equals 100 as the basis of calculation, or if a substantial change is made in the terms or number of items contained in the Index, the Base Index shall be adjusted to conform to such change, using such computation thereof, if available, as shall be employed by the United States Department of Labor in computing same. Notwithstanding anything herein to the contrary, contributions made after January 1, 2016 shall not be less than the amount originally required to be deposited pursuant to this sub-section.

### **Incremental Unit Fee**

A development with ten units will be subject to the provision of one complete affordable unit, or 100% of the required fee in lieu of providing the affordable unit within the project. Each additional unit in excess of ten will be subject to an incremental 10% fee per unit in addition to the provision of the required affordable unit, or an incremental fee per unit in addition to the 100% fee in lieu of the one unit. A development with more than 20 units will be subject to an incremental 10% fee per unit in addition to the provision of the required affordable units. [See chart below]

	OPTION 1	OPTION 2	
# of Units	Required Affordable Unit	In-Lieu Fees	Incremental Unit Fee %
10	1	100%	n/a
11	1 + Incremental Fee	100% + Incremental Fee	10%
12	1 + Incremental Fee	100% + Incremental Fee	20%
13	1 + Incremental Fee	100% + Incremental Fee	30%
14	1 + Incremental Fee	100% + Incremental Fee	40%
15	1 + Incremental Fee	100% + Incremental Fee	50%
16	1 + Incremental Fee	100% + Incremental Fee	60%
17	1 + Incremental Fee	100% + Incremental Fee	70%
18	1 + Incremental Fee	100% + Incremental Fee	80%
19	1 + Incremental Fee	100% + Incremental Fee	90%
20	2	n/a	n/a
21+	2 + Incremental Fee	n/a	10%
30	3	n/a	n/a
31+	3 + Incremental Fee	n/a	10%
40	4	n/a	n/a
41+	4 + Incremental Fee	n/a	10%