



CITY OF MCMINNVILLE
PLANNING DEPARTMENT
231 NE FIFTH STREET
MCMINNVILLE, OR 97128
503-434-7311

www.mcminnvilleoregon.gov

MCMINNVILLE AFFORDABLE HOUSING TASK FORCE
Community Development Center, 231 NE 5th Street
Wednesday, October 26, 2016
10:00 AM

AGENDA

CALL TO ORDER / INTRODUCTIONS

ACTION ITEMS

Development Incentives (*Exhibit 1*)

Expedited Permitting Policy (*Exhibit 2*)

DISCUSSION ITEMS

Inclusionary Zoning (*Exhibit 3*)

Ministerial Efforts (*Exhibit 4*)

CITIZEN COMMENTS

COMMITTEE MEMBER COMMENTS

STAFF COMMENTS

ADJOURN

NEXT MEETING: November 23, 2016

*Please note that these documents are also available on the City's website www.mcminnvilleoregon.gov; click on Government, click on Boards and Commissions, click on McMinnville Affordable Housing Task Force. You may also request a copy from the Planning Department at the Community Development Center, 231 NE 5th Street, 503-434-7311.



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EXHIBIT 1 - STAFF REPORT

DATE: October 26, 2016
TO: Affordable Housing Task Force Members
FROM: Heather Richards, Planning Director
SUBJECT: Development Fee Incentives

Report in Brief:

McMinnville City Council deliberated the Affordable Housing Task Force's (Task Force) recommendations for a development fee incentives package on Tuesday, October 11, at their regularly scheduled City Council meeting (See attached Ordinance 5012 and Resolution No. 2016-73). They were in support of the recommended package but asked the Task Force to evaluate whether or not it makes more sense to have a longer payback provision for the granted exemptions than the 5-year payback provision. Given that the foregone revenue is approximately \$10,000, the City Council would prefer to consider enacting a longer payback provision, but they want to make sure that it makes sense with all of the other programs participating in the affordable housing projects.

Background:

At their meeting on September 14, 2016, the Task Force voted to recommend a development fees incentive package to the City Council for consideration as outlined below.

- *Provide a 100% SDC exemption and a 50% permit fee (building and planning) reduction to affordable housing projects (definition).*
- *Provide an annual cap of \$75,000 for the program with the opportunity for City Council to override the cap.*
- *Provide a three-year evaluation clause.*
- *Provide a five year "payback" provision that is recorded on the deed.*

Discussion:

As part of their proposal, the Task Force recommended that the City Council enact a 5-year payback provision for the Systems Development Charges exemptions and the permitting fees reductions in case a property is sold in the near-term and the property owner takes advantage of the equity established by the city's foregone revenue. The City Council likes the idea of a payback provision but wondered if a longer time period made more sense given the amount of money involved and if there was another incentive timeframe used by other programmatic components that the city could use as a framework.

City Council would like the Task Force to make a recommendation that they can consider at their November 8, 2016, City Council meeting in order for the program to be in place by January 1, 2017.

Attachments:

Ordinance No. 5012
Resolution No. 2016-73

Fiscal Impact:

There is no additional anticipated fiscal impact relative to changing the timeframe for the payback provision outside of continued administration of the program.

Recommendation/Suggested Action:

"I move to recommend a payback provision of "X" years to the McMinnville City Council for consideration at their November 8, 2016 meeting."

ORDINANCE NO. 5012

AN ORDINANCE AMENDING 3.10.060, SYSTEMS DEVELOPMENT CHARGES, EXEMPTIONS, OF THE MCMINNVILLE MUNICIPAL CODE TO EXPAND AFFORDABLE HOUSING EXEMPTIONS

RECITALS:

The City of McMinnville understands the value and need for affordable housing in the City of McMinnville; and

The McMinnville City Council would like to increase the availability of affordable housing for low and no-income residents of the City of McMinnville; and

The City of McMinnville created a McMinnville Affordable Housing Task Force on April 26, 2016 with Resolution No. 2016-20; and

The City of McMinnville is able to reduce the costs of building affordable housing by reducing the amount of development fees required; and

The McMinnville Affordable Housing Task Force after careful consideration and evaluation recommends the exemption of affordable housing from system development charges to help enable the development of affordable housing in the City of McMinnville.

NOW, THEREFORE, THE COMMON COUNCIL FOR THE CITY OF MCMINNVILLE ORDAINS AS FOLLOWS:

1. The provisions set forth in the Attached Exhibit 1, which are incorporated by this reference, are hereby adopted.
2. This Ordinance shall take effect on January 1, 2017.

Passed by the Council this ____ day of _____ 2016, by the following votes:

Ayes: _____

Nays: _____

Approved this ____ day of _____ 2016.

MAYOR

Attest:

Approved as to form:

CITY RECORDER

CITY ATTORNEY

EXHIBIT 1

PROPOSED AMENDMENTS TO THE MCMINNVILLE MUNICIPAL CITY CODE

New proposed language is represented by **bold underline font**, deleted language is represented by ~~strikethrough font~~.

3.10.060 Exemptions. The following are exempt from the systems development charge imposed in Section 3.10.020.

A. An alteration, addition, remodel, replacement or change in use that does not increase the use of capital improvements.

~~B. Housing for low-income or elderly persons which is exempt from real property taxes under state law.~~

B. Affordable Housing.

1. The following affordable housing projects are exempt:

- a. **Housing for low-income residents which is exempt from real property taxes under state law. Applicants will need to provide proof of exemption at the time of application.**
- b. **Owner-occupied or lease-to-purchase housing for households with an income at or below 80% of the Area Median Income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development. Income levels will need to be certified and provided by the applicant at the time of application.**
- c. **Homeless Shelter Developments.**
- d. **If the project has units that do not qualify for the exemption or a commercial component, the exemption will be applied to only that portion of the project that qualifies.**

2. The annual allocation to affordable housing exemptions will not exceed \$75,000 unless it is approved by action of the McMinnville City Council.

3. Upon issuance of the certificate of occupancy, the city shall record the certificate of exemption documenting the date and amount of the exemption with the Yamhill County Recorder's office

4. In the event the property for which an exemption is granted ceases to be utilized for housing for low-income persons within five years from the date the certificate of exemption is recorded, the person to whom the exemption was granted shall be required to pay to the city the amount of the exempted systems development charges.

RESOLUTION NO. 2016 - 73

A Resolution establishing reduced permit fees (building and planning) for affordable housing projects.

RECITALS:

The City of McMinnville understands the value and need for affordable housing in the City of McMinnville: and

The McMinnville City Council would like to increase the availability of affordable housing for low and no-income residents of the City of McMinnville; and

The City of McMinnville created a McMinnville Affordable Housing Task Force on April 26, 2016 with Resolution No. 2016-20; and

The City of McMinnville is able to reduce the costs of building affordable housing by reducing the amount of permit fees required; and

The McMinnville Affordable Housing Task Force after careful consideration and evaluation recommends the reduction of permit fees by 50% to help enable the development of affordable housing in the City of McMinnville.

NOW, THEREFORE, THE COMMON COUNCIL FOR THE CITY OF MCMINNVILLE ORDAINS AS FOLLOWS:

Section 1. That permit fees (building and planning) for new or remodel housing construction projects be reduced by 50% that meet the following criterion:

- a. Housing for low-income persons which is exempt from real property taxes under state law. Applicants will need to provide proof of qualification at the time of application.
- b. Owner-occupied or lease-to-purchase housing for households with an income at or below 80% of the Area Median Income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development. Income levels will need to be certified and provided by the applicant at the time of application.
- c. Homeless Shelter Developments.
- d. If the project has units that do not qualify for the reduction or a commercial component, the reduction will be based on a percentage of the total permit fee.

Section 2. The annual allocation to affordable housing reductions will not exceed \$75,000 (including SDC exemptions) unless it is approved by action of the McMinnville City Council.

Section 3. Upon issuance of the certificate of occupancy, the city shall record the certificate of exemption documenting the date and amount of the reduction with the Yamhill County Recorder's office

Section 4. In the event the property for which a reduction is granted ceases to be utilized for housing for low-income persons within five years from the date the certificate of exemption is recorded, the person to whom the reduction was granted shall be required to pay to the city the amount of the reduced permit fees.

Section 5. That this policy shall be reviewed by the City Council no later than three years from its adoption to ensure it remains an effective tool for encouraging affordable housing in McMinnville while also balancing the needs of McMinnville's development programs.

Section 6. This Resolution shall take effect January 1, 2017, and shall continue in full force and effect until revoked or replaced.

Passed by the Council this ____ day of _____, 2016 by the following votes:

Ayes: _____

Nays: _____

Approved this ____ day of _____, 2016.

MAYOR (council president)

Approved as to form:

CITY ATTORNEY



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EXHIBIT 2 - STAFF REPORT

DATE: October 26, 2016
TO: Affordable Housing Task Force Members
FROM: Heather Richards, Planning Director
SUBJECT: Expedited Permitting Policy

Report in Brief:

This action considers an internal city policy to expedite permitting for qualified housing projects.

Background:

Resolution No. 2016-20, Exhibit A identified a McMinnville Affordable Housing Task Force Action Plan with four immediate/short term actions to be accomplished by May 1, 2017. One of those actions is to **"offer an expedited permit process to builders including affordable housing"**.

Discussion:

Currently, building permits for single-family homes are processed in approximately two weeks. Permits for multi-family projects are typically completed within three to four weeks. Given these current permit review time frames, it is staff's opinion that further reductions in time would not result in appreciable (or measurable) impacts on affordable housing in McMinnville.

Regardless, the City may wish to consider adopting administrative policies that would move affordable housing projects to the front of the line during times of more robust development and permitting activity, and/or when the average review time exceeds a certain standard.

Fiscal Impact:

There is no anticipated fiscal impact.

Recommendation/Suggested Action:

"I move to recommend approval of the draft expedited permitting policy as presented/amended."

CITY OF MCMINNVILLE BUILDING DIVISION

POLICIES AND PROCEDURES

SUBJECT: Affordable Housing – Expedited Permitting

EFFECTIVE DATE: January 1, 2017

SUBMITTED BY: Planning Director

REVIEWED BY: Building Division Staff

APPROVED BY:

Department Head

Building Official

ISSUE:

The City of McMinnville wants to encourage new affordable housing supply.

PURPOSE:

To expedite the permitting process for qualified housing projects which serve the objective of encouraging new affordable housing supply.

BACKGROUND:

The McMinnville Affordable Housing Task Force appointed by the McMinnville City Council in April, 2016, adopted an action plan that identified an expedited permitting process as an incentive to encourage new affordable housing supply. (Resolution No. 2016 – 20).

POLICY:

1. The following affordable housing projects will automatically receive fast-track priority in the permitting process:
 - a. Housing for low-income residents which is exempt from real property taxes under state law. Applicants will need to provide proof of exemption at the time of application.
 - b. Owner-occupied or lease-to-purchase housing for households with an income at or below 80% of the Area Median Income as determined by

the State Housing Council based on information from the United States Department of Housing and Urban Development. Income levels will need to be certified and provided by the applicant at the time of application.

- c. Homeless Shelter Developments
- d. Mixed-use projects with qualifying units per the above criteria.

2. The City will communicate with partner review agencies that the qualifying projects are a fast-track priority for review.

QUESTIONS:

Questions regarding application of this policy should be directed to the Building Official, or in his/her absence, to the department head.

STAFF ACKNOWLEDGMENT:

The above policy was reviewed and understood by Building Division staff on the date noted below: After reviewing and obtaining an understanding of policy, please sign and date below.

STAFF SIGNATURE

DATE



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EXHIBIT 3 - STAFF REPORT

DATE: October 26, 2016
TO: Affordable Housing Task Force Members
FROM: Heather Richards, Planning Director
SUBJECT: Inclusionary Zoning

Report in Brief:

This is a discussion to explore the opportunities and constraints associated with implementing an Inclusionary Zoning policy in the City of McMinnville.

Background:

Resolution No. 2016-20, Exhibit A identified a McMinnville Affordable Housing Task Force Action Plan with four immediate/short term actions to be accomplished by May 1, 2017. One of those actions is to **“Review recently adopted inclusionary zoning law and, if warranted, draft an inclusionary zoning ordinance and present to the Council for consideration.”** Inclusionary zoning is a land-use policy intended to enable some lower- and moderate-income households to live in middle- and upper-income communities. Inclusionary zoning policies either mandate or encourage real estate developers to incorporate into their market-rate development a proportion of homes that are sold or rented at below-market prices in exchange for development rights or zoning variances. Inclusionary zoning is employed successfully in many other states as a tool to increase affordable housing supply in a community and to ensure that the affordable housing products are integrated into neighborhoods and not segregated from favored residential areas.

Discussion:

Inclusionary zoning was expressly prohibited in Oregon until March 2016, when the Oregon State Legislature passed Senate Bill 1533 (attached), a bill that allows a modified inclusionary zoning program in Oregon. SB 1533 permits cities and counties to adopt land use regulations or impose conditions for approval of permits to require affordable housing of up to 20 percent of units in multi-family structures in exchange for one or more developer incentives that are identified in SB 1533. In addition to the inclusion rate cap of 20 percent units in a project, SB 1533 creates a project size threshold of 20 or more multi-family units and income level restrictions of a mandatory inclusionary housing program for 80 percent or higher Median Family Income (MFI).

Inclusionary housing programs are local land use, regulatory, direct financing, fee waiver, tax abatement or other incentive programs that require or encourage private developers to include affordable units in new multifamily residential development or that raise revenue for the provision of affordable units by the City.

Attachments:

SB 1533
Portland Draft Inclusionary Zoning Program

For consideration:

What districts should this apply to? Does this type of policy apply to all zones that allow multi-dwelling development of 20 or more units or does it make sense in some zones but not others.

Monitoring and Compliance: How would the city certify the qualified housing units and then ensure that those units are maintained as their intended use.

Incentive Package: SB 1533 requires that cities offer at least one of the following three incentives –

- Whole or partial fee waivers or reductions
- Whole or partial waivers of system development charges or impact fees
- Finance-based incentives
- Property tax exemptions that would normally apply for units at or below 60 percent of the area median income shall be allowed for units at or below 80 percent of the area median income.

Cities can also provide the following incentives –

- Density adjustments
- Expedited service for local permitting processes
- Modification of height, floor area ratios or other site specific requirements.
- Other incentives as determined by the city.

Fee-in-Lieu Program: SB 1533 requires that communities that enact inclusionary zoning must provide a fee-in-lieu program.

Construction Excise Tax: SB 1533 allows cities to implement a construction excise tax

- It cannot exceed 1%
- CET revenue disbursed per the following:
 - 4% = administration
 - 50% = developer incentives
 - 15% = Housing and Community Services Department
 - 35% = local affordable housing programs and city incentives

Portland is the first city in Oregon to consider Inclusionary Zoning, and their proposed draft for the program was released October 14, 2016 (attached). The primary components of the Portland program are outlined below. It shows what the regulatory requirement is and what the incentive package is as required by SB 1533. Portland has chosen to launch this program primarily in its City Center with the requirement that 20% of units of a qualifying project are retained for households at 80% of Area Median Income. The incentives that Portland is offering in exchange for the requirement are density bonuses, property tax exemptions, construction excise tax exemptions, exemption from parking requirements and SDC exemptions.

Attachments:

SB 1533

Portland Draft Inclusionary Zoning Program

What does the Inclusionary Housing Program Recommendation look like?

Mixed Use Zones	
Mandatory Inclusionary Requirement:	20% of Units at 80% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus • 10 Year Property Tax Exemption on Affordable Units • CET Exemption on Affordable Units • Density Bonus Units Exempt from Parking Requirements
Deeper Affordability Option:	10% of Units at 60% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus • 10 Year Property Tax Exemption on Affordable Units • CET Exemption on Affordable Units • Density Bonus Units Exempt from Parking Requirements • SDC Waivers on Affordable Units
Central City Zones with 2:1, 3:1 and 4:1 Base FAR	
Mandatory Inclusionary Requirement:	20% of Units at 80% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus of 3.0 FAR • 10 Year Property Tax Exemption on Affordable Units • CET Exemption on Affordable Units
Deeper Affordability Option:	10% of Units at 60% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus of 3.0 FAR • 10 Year Property Tax Exemption on Affordable Units • CET Exemption on Affordable Units • SDC Waivers on Affordable Units
Central City Zones with Base FAR 5:1 and Higher	
Mandatory Inclusionary Requirement:	20% of Units at 80% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus of 3.0 FAR • 10 Year Property Tax Exemption on All Residential Units • CET Exemption on Affordable Units
Deeper Affordability Option:	10% of Units at 60% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus of 3.0 FAR • 10 Year Property Tax Exemption on all Residential Units • CET Exemption on Affordable Units • SDC Waivers on Affordable Units

Enrolled
Senate Bill 1533

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Workforce and General Government)

CHAPTER

AN ACT

Relating to affordable housing; creating new provisions; amending ORS 197.309, 320.170, 320.176 and 320.186 and section 1, chapter 829, Oregon Laws 2007; repealing section 9, chapter 829, Oregon Laws 2007; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 197.309 is amended to read:

197.309. (1) **As used in this section:**

(a) **“Affordable housing” means housing that is affordable to households with incomes equal to or higher than 80 percent of the median family income for the county in which the housing is built.**

(b) **“Multifamily structure” means a structure that contains three or more housing units sharing at least one wall, floor or ceiling surface in common with another unit within the same structure.**

[(1)] (2) Except as provided in subsection [(2)] (3) of this section, a [city, county or] metropolitan service district may not adopt a land use regulation or functional plan provision, or impose as a condition for approving a permit under ORS 215.427 or 227.178[,] a requirement, that has the effect of establishing the sales **or rental** price for a housing unit or residential building lot or parcel, or that requires a housing unit or residential building lot or parcel to be designated for sale **or rent** to [any] a particular class or group of purchasers **or renters**.

[(2)] (3) [This] **The provisions of subsection (2) of this section [does] do** not limit the authority of a [city, county or] metropolitan service district to:

(a) Adopt or enforce a [land] use regulation, [functional plan] provision or [condition of approval] **requirement** creating or implementing an incentive, contract commitment, density bonus or other voluntary regulation, provision or [condition] **requirement** designed to increase the supply of moderate or lower cost housing units; or

(b) Enter into an affordable housing covenant as provided in ORS 456.270 to 456.295.

(4) **Notwithstanding ORS 91.225, a city or county may adopt a land use regulation or functional plan provision, or impose as a condition for approving a permit under ORS 215.427 or 227.178 a requirement, that has the effect of establishing the sales or rental price for a new multifamily structure, or that requires a new multifamily structure to be designated for sale or rent as affordable housing.**

(5) **A regulation, provision or requirement adopted or imposed under subsection (4) of this section:**

(a) May not require more than 20 percent of housing units within a multifamily structure to be sold or rented as affordable housing;

(b) May apply only to multifamily structures containing at least 20 housing units;

(c) Must provide developers the option to pay an in-lieu fee, in an amount determined by the city or county, in exchange for providing the requisite number of housing units within the multifamily structure to be sold or rented at below-market rates; and

(d) Must require the city or county to offer a developer of multifamily structures, other than a developer that elects to pay an in-lieu fee pursuant to paragraph (c) of this subsection, at least one of the following incentives:

(A) Whole or partial fee waivers or reductions.

(B) Whole or partial waivers of system development charges or impact fees set by the city or county.

(C) Finance-based incentives.

(D) Full or partial exemption from ad valorem property taxes on the terms described in this subparagraph. For purposes of any statute granting a full or partial exemption from ad valorem property taxes that uses a definition of "low income" to mean income at or below 60 percent of the area median income and for which the multifamily structure is otherwise eligible, the city or county shall allow the multifamily structure of the developer to qualify using a definition of "low income" to mean income at or below 80 percent of the area median income.

(6) A regulation, provision or requirement adopted or imposed under subsection (4) of this section may offer developers one or more of the following incentives:

(a) Density adjustments.

(b) Expedited service for local permitting processes.

(c) Modification of height, floor area or other site-specific requirements.

(d) Other incentives as determined by the city or county.

(7) Subsection (4) of this section does not restrict the authority of a city or county to offer developers voluntary incentives, including incentives to:

(a) Increase the number of affordable housing units in a development.

(b) Decrease the sale or rental price of affordable housing units in a development.

(c) Build affordable housing units that are affordable to households with incomes equal to or lower than 80 percent of the median family income for the county in which the housing is built.

(8)(a) A city or county that adopts or imposes a regulation, provision or requirement described in subsection (4) of this section may not apply the regulation, provision or requirement to any multifamily structure for which an application for a permit, as defined in ORS 215.402 or 227.160, has been submitted as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required, a building permit application has been submitted to the city or county prior to the effective date of the regulation, provision or requirement.

(b) If a multifamily structure described in paragraph (a) of this subsection has not been completed within the period required by the permit issued by the city or county, the developer of the multifamily structure shall resubmit an application for a permit, as defined in ORS 215.402 or 227.160, as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required, a building permit application under the regulation, provision or requirement adopted by the city or county under subsection (4) of this section.

(9)(a) A city or county that adopts or imposes a regulation, provision or requirement under subsection (4) of this section shall adopt and apply only clear and objective standards, conditions and procedures regulating the development of affordable housing units within its jurisdiction. The standards, conditions and procedures may not have the effect, either individually or cumulatively, of discouraging development of affordable housing units through unreasonable cost or delay.

(b) Paragraph (a) of this subsection does not apply to:

(A) An application or permit for residential development in an area identified in a formally adopted central city plan, or a regional center as defined by Metro, in a city with a population of 500,000 or more.

(B) An application or permit for residential development in historic areas designated for protection under a land use planning goal protecting historic areas.

(c) In addition to an approval process for affordable housing based on clear and objective standards, conditions and procedures as provided in paragraph (a) of this subsection, a city or county may adopt and apply an alternative approval process for applications and permits for residential development based on approval criteria regulating, in whole or in part, appearance or aesthetics that are not clear and objective if:

(A) The developer retains the option of proceeding under the approval process that meets the requirements of paragraph (a) of this subsection;

(B) The approval criteria for the alternative approval process comply with applicable statewide land use planning goals and rules; and

(C) The approval criteria for the alternative approval process authorize a density at or above the density level authorized in the zone under the approval process provided in paragraph (a) of this subsection.

(10) If a regulation, provision or requirement adopted or imposed by a city or county under subsection (4) of this section requires that a percentage of housing units in a new multifamily structure be designated as affordable housing, any incentives offered under subsection (5)(d) or (6) of this section shall be related in a manner determined by the city or county to the required percentage of affordable housing units.

SECTION 2. ORS 320.170 is amended to read:

320.170. (1) [*Construction taxes may be imposed by*] A school district, as defined in ORS 330.005, **may impose a construction tax only** in accordance with ORS 320.170 to 320.189.

(2) Construction taxes imposed by a school district must be collected, subject to ORS 320.179, by a local government, local service district, special government body, state agency or state official that issues a permit for structural improvements regulated by the state building code.

SECTION 3. Section 1, chapter 829, Oregon Laws 2007, is added to and made a part of ORS 320.170 to 320.189.

SECTION 4. Section 1, chapter 829, Oregon Laws 2007, is amended to read:

Sec. 1. (1) A local government or local service district, as defined in ORS 174.116, or a special government body, as defined in ORS 174.117, may not impose a tax on the privilege of constructing improvements to real property except as provided in [*sections 2 to 8 of this 2007 Act*] **ORS 320.170 to 320.189.**

(2) Subsection (1) of this section does not apply to:

(a) A tax that is in effect as of May 1, 2007, or to the extension or continuation of such a tax, provided that the rate of tax does not increase from the rate in effect as of May 1, 2007;

(b) A tax on which a public hearing was held before May 1, 2007; or

(c) The amendment or increase of a tax adopted by a county for transportation purposes prior to May 1, 2007, provided that the proceeds of such a tax continue to be used for those purposes.

(3) For purposes of [*this section and sections 2 to 8 of this 2007 Act*] **ORS 320.170 to 320.189**, construction taxes are limited to privilege taxes imposed under [*sections 2 to 8 of this 2007 Act*] **ORS 320.170 to 320.189** and do not include any other financial obligations such as building permit fees, financial obligations that qualify as system development charges under ORS 223.297 to 223.314 or financial obligations imposed on the basis of factors such as income.

SECTION 5. ORS 320.176 is amended to read:

320.176. (1) Construction taxes imposed [*under ORS 320.170 to 320.189*] **by a school district pursuant to ORS 320.170** may be imposed only on improvements to real property that result in a new structure or additional square footage in an existing structure and may not exceed:

(a) \$1 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing; and

(b) \$0.50 per square foot on structures or portions of structures intended for nonresidential use, not including multiple-unit housing of any kind.

(2) In addition to the limitations under subsection (1) of this section, a construction tax imposed on structures intended for nonresidential use may not exceed \$25,000 per building permit or \$25,000 per structure, whichever is less.

(3)(a) For years beginning on or after June 30, 2009, the limitations under subsections (1) and (2) of this section shall be adjusted for changes in construction costs by multiplying the limitations set forth in subsections (1) and (2) of this section by the ratio of the averaged monthly construction cost index for the 12-month period ending June 30 of the preceding calendar year over the averaged monthly construction cost index for the 12-month period ending June 30, 2008.

(b) The Department of Revenue shall determine the adjusted limitations under this section and shall report those limitations to entities imposing construction taxes. The department shall round the adjusted limitation under subsection (2) of this section to the nearest multiple of \$100.

(c) As used in this subsection, "construction cost index" means the Engineering News-Record Construction Cost Index, or a similar nationally recognized index of construction costs as identified by the department by rule.

SECTION 6. ORS 320.186 is amended to read:

320.186. A school district may pledge construction taxes **imposed pursuant to ORS 320.170** to the payment of obligations issued to finance or refinance capital improvements as defined in ORS 320.183.

SECTION 7. Sections 8 and 9 of this 2016 Act are added to and made a part of ORS 320.170 to 320.189.

SECTION 8. (1) The governing body of a city or county may impose a construction tax by adoption of an ordinance or resolution that conforms to the requirements of this section and section 9 of this 2016 Act.

(2)(a) A tax may be imposed on improvements to residential real property that result in a new residential structure or additional square footage in an existing residential structure, including remodeling that adds living space.

(b) An ordinance or resolution imposing the tax described in paragraph (a) of this subsection must state the rate of the tax. The tax may not exceed one percent of the permit valuation for residential construction permits issued by the city or county either directly or through the Building Codes Division of the Department of Consumer and Business Services.

(3)(a) A tax may be imposed on improvements to commercial and industrial real property, including the commercial and industrial portions of mixed-use property, that result in a new structure or additional square footage in an existing structure, including remodeling that adds living space.

(b) An ordinance or resolution imposing the tax described in paragraph (a) of this subsection must state the rate and base of the tax.

(4) Taxes imposed pursuant to this section shall be paid at the time specified in ORS 320.189 to the city or county that imposed the tax.

(5)(a) This section and section 9 of this 2016 Act do not apply to a tax described in section 1 (2), chapter 829, Oregon Laws 2007.

(b) Conformity of a tax imposed pursuant to this section by a city or county to the requirements of this section and section 9 of this 2016 Act shall be determined without regard to any tax described in section 1 (2), chapter 829, Oregon Laws 2007, that is imposed by the city or county.

SECTION 9. (1) As soon as practicable after the end of each fiscal quarter, a city or county that imposes a construction tax pursuant to section 8 of this 2016 Act shall deposit the construction tax revenues collected in the fiscal quarter just ended in the general fund of the city or county.

(2) Of the revenues deposited pursuant to subsection (1) of this section, the city or county may retain an amount not to exceed four percent as an administrative fee to recoup the expenses of the city or county incurred in complying with this section.

(3) After deducting the administrative fee authorized under subsection (2) of this section and paying any refunds, the city or county shall use the remaining revenues received under section 8 (2) of this 2016 Act as follows:

(a) Fifty percent to fund developer incentives allowed or offered pursuant to ORS 197.309 (5)(c) and (d) and (7);

(b) Fifteen percent to be distributed to the Housing and Community Services Department to fund home ownership programs that provide down payment assistance; and

(c) Thirty-five percent for programs and incentives of the city or county related to affordable housing as defined by the city or county, respectively, for purposes of this section and section 8 of this 2016 Act.

(4) After deducting the administrative fee authorized under subsection (2) of this section and paying any refunds, the city or county shall use 50 percent of the remaining revenues received under section 8 (3) of this 2016 Act to fund programs of the city or county related to housing.

SECTION 10. Section 9, chapter 829, Oregon Laws 2007, is repealed.

SECTION 11. A city or county may not adopt a regulation, provision or requirement under ORS 197.309, as amended by section 1 of this 2016 Act, until the 180th day after the effective date of this 2016 Act.

SECTION 12. This 2016 Act takes effect on the 91st day after the date on which the 2016 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

Passed by Senate February 26, 2016

.....
Lori L. Brocker, Secretary of Senate

.....
Peter Courtney, President of Senate

Passed by House March 3, 2016

.....
Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2016

Approved:

.....M.,....., 2016

.....
Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2016

.....
Jeanne P. Atkins, Secretary of State



Inclusionary Housing Zoning Code Project

Revised Proposed Draft

City of Portland, Oregon
October 14, 2016



Bureau of Planning and Sustainability
City of Portland, Oregon

1900 SW 4th Ave. Suite 7100, Portland, OR 97201



Planning and Sustainability Commission (PSC) Public Hearing

Testify in person at the PSC public hearing.

You may speak for 2 minutes to the Commission, and your testimony will be added to the public record.

PSC Inclusionary Housing Zoning Code– Briefing

Tuesday, October 11, 2016 at 12:30 p.m.

1900 SW 4th Avenue, Room 2500, Portland, OR

To confirm the time and date, check the PSC calendar at www.portlandoregon.gov/bps/35452

PSC Inclusionary Housing Zoning Code– Public Hearing

Tuesday, October 25, 2016 at 4 p.m.

1900 SW 4th Avenue, Room 2500, Portland, OR

To confirm the time and date, check the PSC calendar at www.portlandoregon.gov/bps/35452

PSC Inclusionary Housing Zoning Code– Work Session and Recommendation

Tuesday, November 8, 2016 at 12:30 p.m.

1900 SW 4th Avenue, Room 2500, Portland, OR

To confirm the time and date, check the PSC calendar at www.portlandoregon.gov/bps/35452

Testify in writing between now and October 25, 2016.

Please provide your full name and mailing address.

Email: psc@portlandoregon.gov with subject line “Inclusionary Housing Zoning Code Project”

U.S. Mail: Portland Planning and Sustainability Commission, Inclusionary Housing Testimony, 1900 SW 4th Ave., Suite 7100, Portland OR 97201

Next Steps

The PSC may amend this proposal and will subsequently vote to recommend the code changes to Portland City Council. This is called the *Recommended Draft*.

Recommended Draft: City Council will hold an additional public hearing and take formal public testimony on the Recommended Draft. The City Council may amend the Recommended Draft before they vote to adopt the code changes. This will likely occur on December 21, 2016.

For more information, please contact Tyler Bump, Senior Economic Planner, (503) 823-7713, tyler.bump@portlandoregon.gov or visit the project website at the URL below.

<http://www.portlandoregon.gov/bps/71274>

The Bureau of Planning and Sustainability is committed to providing equal access to information and hearings. If you need special accommodation, please call 503-823-7700, the City's TTY at 503-823-6868, or the Oregon Relay Service at 1-800-735-2900.

Table of Contents

1. Introduction.....	1
2. Policy direction	6
3. Public and stakeholder involvement	12
4. Zoning Code changes.....	15
5. Other implementation recommendations	106

Acknowledgments

This report was written by project staff from the City of Portland Bureau of Planning and Sustainability, Housing Bureau, and the Bureau of Development Services.

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Dan Saltzman, Commissioner
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1. Introduction

In March 2016, the Oregon State Legislature passed Senate Bill 1533 which permits cities and counties to adopt land use regulations or impose conditions for approval of permits to require affordable housing of up to 20 percent of units in multi-family structures in exchange for one or more developer incentives that are identified in SB 1533. In addition to the inclusion rate cap of 20 percent of units in a project, SB 1533 creates a project size threshold of 20 or more multi-family units and income level restrictions of a mandatory inclusionary housing program for 80 percent or higher Median Family Income (MFI).

On February 10, 2016, through Resolution No. 37187, Portland City Council asserted its intention to engage in a fair, deliberative, data-driven community discussion of potential enabling ordinances resulting from the potential removal of the preemption on inclusionary housing in the 2016 State Legislative Session. In April 2016, the Portland Housing Bureau (PHB) began work on the development of an Inclusionary Housing Program that will set program requirements.

Core components comprehensive inclusionary housing program development framework:

- Technical analysis
- Panel of housing experts
- Community-wide discussion series
- Intra-bureau technical team
- Technical Consulting Advisors David Paul Rosen and Associates and ECONorthwest

Technical Analysis

The Portland Housing Bureau contracted with consultants David Paul Rosen and Associates, with sub-consulting services from ECONorthwest, for an independent analysis of commercial and residential development in the City of Portland, the economic feasibility for a comprehensive inclusionary housing program, and the calibration of existing and potential voluntary and mandatory inclusionary housing programs that would be part of a comprehensive inclusionary housing program structure.

Panel of Housing Experts

Housing Commissioner Dan Saltzman invited individuals with housing expertise to serve on a panel of housing experts to provide input and guidance on the development of a comprehensive inclusionary housing program. The panel is holding monthly public meetings through December, 2016 to review the various components of assessing the feasibility for, and the development of a comprehensive inclusionary housing program. In addition, the panel is expected to meet, as needed, with the technical analysis consulting advisors and the intra-bureau technical team.

Public Outreach and Community Involvement

In addition to the public meetings of the panel of housing experts, the technical analysis consulting advisors and the intra-bureau technical team held three community-wide public meetings at various stages of the feasibility assessment and program development process that have been hosted by community organizations. Project staff has schedule citywide presentations and information sessions with each neighborhood coalition in the City of Portland Neighborhood Association framework.

Intra-Bureau Technical Team

Staff from the bureaus of Development Services, Housing, Planning and Sustainability, the Portland Development Commission and the Office of the City Attorney served on an intra-bureau technical team to provide data, information, and guidance, on the development of a comprehensive inclusionary housing program.

The Inclusionary Housing Zoning Code Project

Staff from the Bureau of Planning and Sustainability (BPS) have been working in close collaboration with the Portland Housing Bureau and the Bureau of Development Services (BDS) to create a new chapter in Title 33 (33.245) to implement the Inclusionary Housing Program. This project also amends regulations and development standards in the Central City Plan District and bonus provisions within other Plan Districts as applicable. Additionally, changes to applicable base zone designations throughout the City of Portland have been proposed that will be subject to Inclusionary Housing Program Requirements. The following base zones will be subject to the Inclusionary Housing Program Requirements; RX, CX, EX, CS, CM, CN2, CN1, CG, EG, RH, R1, R2, R3.

This project furthermore amends the Central City Plan District and applicable base zone designations outside the Central City to reflect an affordable housing density bonus that will be granted in compliance with Inclusionary Housing Program Requirements. This project amends current base zone designations to implement current direction of the Central City 2035 Project and the Mixed Use Zones Project.

New regulations and development standards that are currently under consideration by Portland City Council and the Planning and Sustainability Commission will implement the Inclusionary Housing Program Requirements and subsequent density bonus allowances when the Portland 2035 Comprehensive Plan is accepted by the State of Oregon in 2018. These projects include the Central City 2035 Plan, the Mixed Use Zones Project, and the Multi-Dwelling Zones Project.

Project summary

The Inclusionary Housing Zoning Code Project creates a new chapter in Title 33 that will mandate on-site or off-site affordable housing production, as well as the option for a fee-in-lieu payment in order to implement the Portland Housing Bureau Inclusionary Housing Program consistent with SB 1533.

Proposed zoning code amendments:

- Create a new chapter in Title 33 (33.245) to implement the Inclusionary Housing Program
- Make amendments to Plan Districts and base zones across Portland subject to the Inclusionary Housing Program requirements to develop a base FAR and allowable bonus FAR and bonus height.

Project scope and timing

This project is a legislative response to implement Inclusionary Housing as identified in SB 1533. The housing market in the City of Portland has increased in value significantly beyond both recession level housing prices and pre-recession 2007 levels. While recent home ownership and rental prices have increased broadly across Portland, various neighborhoods within close proximity to the Central City as well within close proximity to existing Complete Neighborhoods have seen rent escalations of near 10 percent annually since 2013. This Inclusionary Housing Zoning Code Project, in conjunction with the Inclusionary Housing Program at the Portland Housing Bureau, attempts to capture value of the current high demand real estate environment to produce much needed housing at 80 percent and 60 percent MFI levels to maintain income diversity in neighborhoods across Portland and promote economic inclusion as our city changes.

This project is proposing a prompt, focused response to these market changes. The proposed code amendments will require all multi-dwelling and mixed use development projects with 20 or more residential units to comply with the Inclusionary Housing Program requirements as defined below. The anticipated effective date of these zoning code amendments is February 1, 2017.

Where will these zoning code amendments apply?

These zoning code amendments will apply to all Plan Districts across the city as well as all base zones that could meet the project size threshold for multi-dwelling development of 20 or more units. These zoning code amendments will apply to the following base zones; EX, EG, CX, RX, CS, CM, CN1, CN2, CO1, CO2, CG, RH, R1, R2, and IR.

How does the Inclusionary Housing Zoning Program relate to Title 30?

Title 30 is the title of Portland City Code that administers the mandate, policies, and programs for the Portland Housing Bureau. As a result, the mandatory inclusionary housing program parameters, rules, and regulations that are not located in Title 33 will be located in Title 30. The Portland Housing Bureau will develop necessary changes to Title 30 between October and November of 2016 to enable and implement the mandatory inclusionary housing program. These necessary changes include program parameters, incentives for the inclusion of affordable units in market rate buildings, and the fee-in-lieu schedules for opting out of a mandatory inclusionary housing program, and purchasing additional floor area ratio (FAR)/density.

What does the Inclusionary Housing Program Recommendation look like?

Mixed Use Zones	
Mandatory Inclusionary Requirement:	20% of Units at 80% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus • 10 Year Property Tax Exemption on Affordable Units • CET Exemption on Affordable Units • Density Bonus Units Exempt from Parking Requirements
Deeper Affordability Option:	10% of Units at 60% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus • 10 Year Property Tax Exemption on Affordable Units • CET Exemption on Affordable Units • Density Bonus Units Exempt from Parking Requirements • SDC Waivers on Affordable Units
Central City Zones with 2:1, 3:1 and 4:1 Base FAR	
Mandatory Inclusionary Requirement:	20% of Units at 80% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus of 3.0 FAR • 10 Year Property Tax Exemption on Affordable Units • CET Exemption on Affordable Units
Deeper Affordability Option:	10% of Units at 60% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus of 3.0 FAR • 10 Year Property Tax Exemption on Affordable Units • CET Exemption on Affordable Units • SDC Waivers on Affordable Units
Central City Zones with Base FAR 5:1 and Higher	
Mandatory Inclusionary Requirement:	20% of Units at 80% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus of 3.0 FAR • 10 Year Property Tax Exemption on All Residential Units • CET Exemption on Affordable Units
Deeper Affordability Option:	10% of Units at 60% Area Median Income
Incentives:	<ul style="list-style-type: none"> • Density Bonus of 3.0 FAR • 10 Year Property Tax Exemption on all Residential Units • CET Exemption on Affordable Units • SDC Waivers on Affordable Units

Build Off Site Options to Satisfy Inclusionary Housing Program Requirements

Option #1: Off-site Construction of New Units

of Affordable Units Required Off-Site

- **Either**, 20% of the total units in sending site at 60% AMI
- **Or**, 10% of the total units in sending site at 30% AMI

Option #2: Off-site Dedication of Existing Units

of Affordable Units Required Off-Site

- **Either**, 25% of the total units in sending site at 60% AMI
- **Or**, 15% of the total units in sending site at 30% AMI

For additional program recommendations and criteria regarding the build off-site options including distance from sending project, please visit the October 11th Portland Housing Bureau presentation at the link below:

<https://www.portlandoregon.gov/phb/article/593973>

What's in this report?

This *Proposed Draft* of the Inclusionary Housing Zoning Code Project is proposed by the Bureau of Planning and Sustainability for consideration by the Planning and Sustainability Commission. The audience is the Commission and the general public, including stakeholders, inter-governmental partners, implementers and other interested parties. Project stakeholders include property owners, businesses, employees, residents, neighbors, business district and neighborhood associations, underrepresented and underserved groups, environmental groups and other community groups. Implementers include the real estate industry, development review staff, program staff at the Portland Housing Bureau, and others who use the Zoning Code.

Your feedback on the Proposed Draft should be directed to the Planning and Sustainability Commission (PSC). You may testify about the proposed changes in person at the PSC public hearing on October 25, 2016, or testify in writing before the public hearing (see information about how to provide feedback on the inside cover of this report).

This report consists of five parts:

- **Section 1** introduces the project.
- **Section 2** describes how the proposed code changes implement City policies in Resolution No. 37187, the 1980 Comprehensive Plan, and the 2035 Comprehensive Plan.
- **Section 3** summarizes public and stakeholder involvement activities that have helped shape and inform this project.
- **Section 4** specifies the draft code language, along with code commentary pages that clarify expected implementation.
- **Section 5** recommends future implementation directions for building code amendments to address seismic resilience and periodic monitoring for code effectiveness.

2. Policy direction

Section 2 describes how the proposed code changes implement relevant City policies in [Resolution 37187](#) and the Comprehensive Plan.

City of Portland Inclusionary Housing Resolution 37187

Assert the City's intent to engage in a fair, deliberative, data-driven community discussion of potential enabling ordinances resulting from the potential removal of the preemption on inclusionary housing in the 2016 State Legislative Session (Resolution)

WHEREAS, The City of Portland is committed to meeting its growth needs in terms of households and employment: over the next 20 years, Portland is projected to add approximately 260,000 new residents and 140,000 new jobs.

WHEREAS, The City of Portland is committed to enacting policies that will meet its need for quality, affordable homes for a growing and socioeconomically-diverse population, and to help ensure equitable access to housing.

WHEREAS, The City of Portland in its 2016 Legislative Agenda has prioritized lifting the statewide preemption on inclusionary housing ordinances.

WHEREAS, The Portland rental costs have increased an average of 8 to 9 percent - or roughly \$100 per month over the previous year. Similarly, for-sale unit prices have increased by 32 percent - or roughly \$75,000 from the market's low point in 2011. As a result, it is increasingly difficult for working families to live in neighborhoods close to their employment and where their children attend school.

WHEREAS, An inclusionary housing ordinance would provide an affordable housing tool that links the production of affordable housing to the production of market-rate housing. Inclusionary housing policies produce affordable housing by requiring new residential developments to include a certain percentage of affordable housing units.

WHEREAS, If the Legislature were to lift the preemption on inclusionary housing in the 2016 legislative session, it would allow City Council to comprehensively consider the use of the tool while it also considers its Comprehensive Plan, Incentive Zoning, and Linkage Fee proposal.

NOW THEREFORE IT BE RESOLVED, If the Oregon State Legislature lifts the statewide preemption on inclusionary housing ordinances, the City of Portland would consider the use of an inclusionary housing ordinance to create affordable housing within new market rate residential developments; and

BE IT FURTHER RESOLVED, during the consideration of any inclusionary housing ordinance the City of Portland would engage in a community-wide data driven discussion that would include but would not be limited to members of the development community, as well as affordable housing experts and advocates. A panel of housing experts with representation from the development community would be expected to advise the Council throughout the discussion of an inclusionary housing ordinance; and

BE IT FURTHER RESOLVED, All discussions regarding an inclusionary housing ordinance would be grounded with consideration of the City's needs to meet its comprehensive growth goals.

Guiding principles of the 2035 Comprehensive Plan

The Comprehensive Plan sets five Guiding Principles, which encourage balanced, integrated multi-disciplinary approaches that must comply with the Plan. This project is consistent with the Guiding Principles because it promotes major benefits to human health and safety, environmental health and resilience, and integrates considerations for economic prosperity and equity.

Economic prosperity

Guiding Principle: Support a low-carbon economy and foster employment growth, quality education and training, competitiveness, and equitably-distributed household prosperity.

The proposed code changes further this principle by increasing household prosperity by creating housing opportunities for middle and low-income households in Portland in high opportunity areas with good access to living wage jobs.

Human health

Guiding Principle: Avoid or minimize negative health impacts and improve opportunities for Portlanders to lead healthy, active lives.

Major benefit – The proposed code changes would increase opportunities for low and middle income households in high opportunity areas across Portland. High opportunity areas are parts of Portland that are within walking distance of parks, grocery stores, daily needs commercial services, schools and frequent transit. Access to these amenities are considered critical urban form components relative to social determinants of health to encourage people to lead active and healthier lives.

Environmental health

Guiding Principle: Weave nature into the city and foster a healthy environment that sustains people, neighborhoods, and wildlife. Recognize the intrinsic value of nature and sustain the ecosystem services of Portland's air, water, and land.

Major benefit – This project furthers these principles by creating opportunities for middle and low income households to increase walkable access to services, parks, and schools. The majority of new development is occurring in areas that are in close proximity to frequent transit and active transportation infrastructure.

Equity

Guiding Principle: Promote equity and environmental justice by reducing disparities, minimizing burdens, extending community benefits, increasing the amount of affordable housing, affirmatively furthering fair housing, proactively fighting displacement, and improving socio-economic opportunities for under-served and under-represented populations. Intentionally engage under-served and under-represented populations in decisions that affect them. Specifically recognize, address, and prevent repetition of the injustices suffered by communities of color throughout Portland's history.

The proposed code changes advances goals to increase equitable access to housing. These proposed code changes support greater access to and expansion of economic opportunities in the Central City and other high opportunity areas for all groups facing longstanding disparities, including education, housing and employment barriers, so that they can share in employment and economic prosperity

Resilience

Guiding Principle: Reduce risk and improve the ability of individuals, communities, economic systems, and the natural and built environments to withstand, recover from, and adapt to changes from natural hazards, human-made disasters, climate change, and economic shifts.

Major benefit – The proposed code changes create opportunities for middle and low income households to stay in neighborhoods and adapt to rapidly change economic conditions that are manifested through housing price increases which leads to displacement. The proposed code changes promote economic inclusion and economic diversity in our rapidly changing neighborhoods.

2035 Comprehensive Plan policies specifically implemented in this project

The proposed zoning changes in the project are implementing the following specific policies.

Overall project direction: Inclusionary housing

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.

The proposed code changes would also support the implementation of the following policies of the 2035 Comprehensive Plan.

Policy 3.3 Equitable development

Guide development, growth, and public facility investment to reduce disparities; encourage equitable access to opportunities, mitigate the impacts of development on income disparity, displacement and housing affordability; and produce positive outcomes for all Portlanders.

3.3.d. Incorporate requirements into the Zoning Code to provide public and community benefits as a condition for development projects to receive increased development allowances.

Policy 5.10 Coordinate with fair housing programs

Foster inclusive communities, overcome disparities in access to community assets, and enhance housing choice for people in protected classes throughout the city by coordinating plans and investments to affirmatively further fair housing.

Policy 5.14 Preserve communities

Encourage plans and investments to protect and/or restore the socioeconomic diversity and cultural stability of established communities.

Policy 5.16 Involuntary displacement

When plans and investments are expected to create neighborhood change, limit the involuntary displacement of those who are under-served and under-represented. Use public investments

and programs, and coordinate with nonprofit housing organizations (such as land trusts and housing providers) to create permanently-affordable housing and to mitigate the impacts of market pressures that cause involuntary displacement.

Policy 5.22 New development in opportunity areas

Locate new affordable housing in areas that have high/medium levels of opportunity in terms of access to active transportation, jobs, open spaces, high-quality schools, and supportive services and amenities. *See Figure 1.*

Policy 5.23 Higher-density housing

Locate higher-density housing, including units that are affordable and accessible, in and around centers to take advantage of the access to active transportation, jobs, open spaces, schools, and various services and amenities.

Policy 5.25 Housing preservation

Preserve and produce affordable housing to meet needs that are not met by the private market by coordinating plans and investments with housing providers and organizations.

Policy 5.26 Regulated affordable housing target

Strive to produce and fund at least 10,000 new regulated affordable housing units citywide by 2035 that will be affordable to households in the 0-80 percent MFI bracket.

Policy 5.27 Funding plan

Encourage development or financial or regulatory mechanisms to achieve the regulated affordable housing target set forth for 2035.

Policy 5.29 Permanently-affordable housing

Increase the supply of permanently-affordable housing, including both rental and homeownership opportunities.

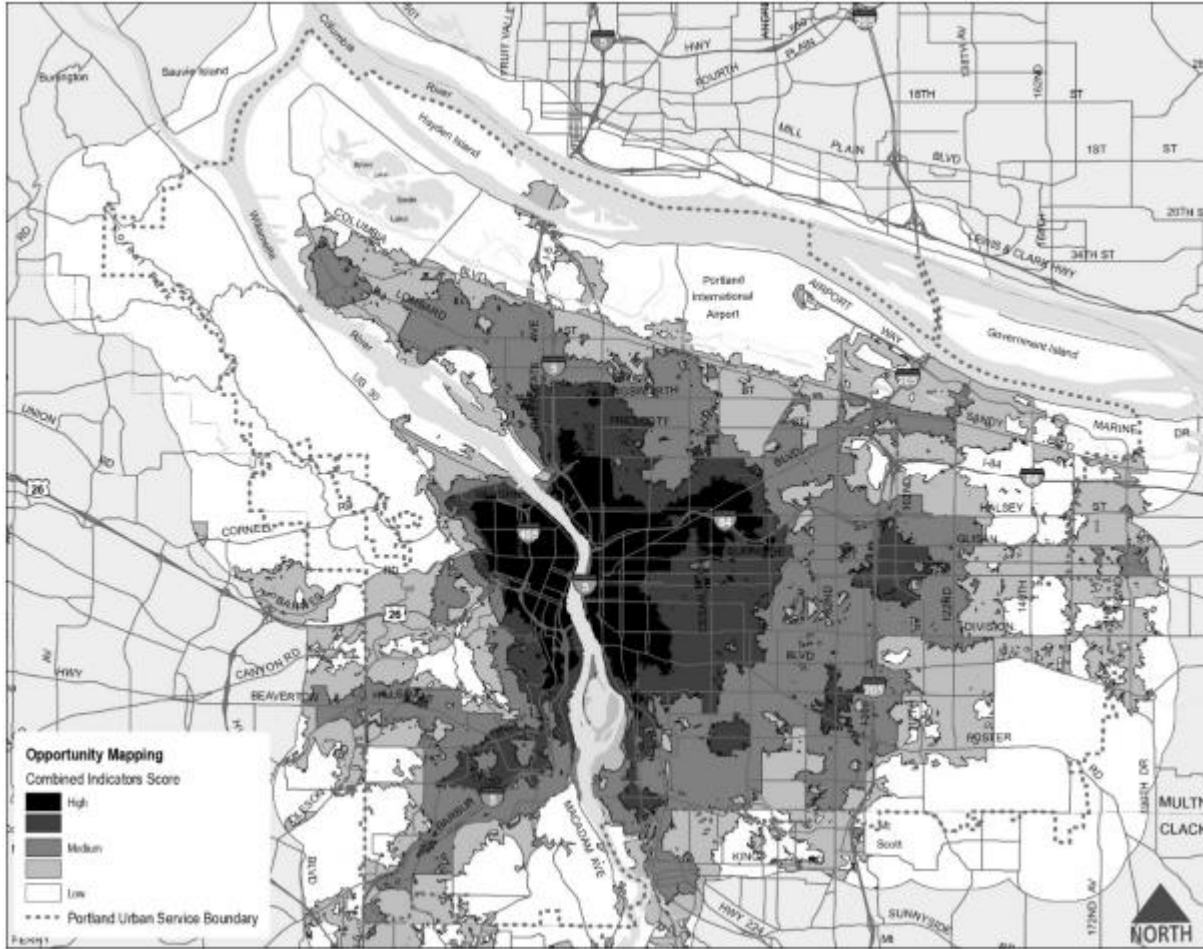
Policy 5.34 Affordable housing resources

Pursue a variety of funding sources and mechanisms including new financial and regulatory tools to preserve and develop housing units and various assistance programs for households whose needs are not met by the private market.

Policy 5.38 Workforce housing

Encourage private development of a robust supply of housing that is affordable to moderate-income households located near convenient multimodal transportation that provides access to education and training opportunities, the Central City, industrial districts, and other employment areas.

Figure 1. Housing Opportunity Map



Existing Comprehensive Plan policies specifically implemented in this project

The 2035 Comprehensive Plan was adopted in June 2016 and is not expected to take effect until early 2018. In the meantime, the existing 1980 Comprehensive Plan is in effect.

Policy 3.3 Neighborhood Diversity

Promote neighborhood diversity and security by encouraging a diversity in age, income, race and ethnic background within the City's neighborhoods.

Policy 4.1 Housing Availability

Ensure that an adequate supply of housing is available to meet the needs, preferences, and financial capabilities of Portland's households now and in the future.

Policy 4.7 Balanced Communities

Strive for livable mixed-income neighborhoods throughout Portland that collectively reflect the diversity of housing types, tenures (rental and ownership) and income levels of the region.

Policy 4.9 Fair Housing

Ensure freedom of choice in housing type, tenure, and neighborhood for all, regardless of race, color, age, gender, familial status, sexual orientation, religion, national origin, source of income or disability.

Policy 4.10 Housing Diversity

Promote creation of a range of housing types, prices, and rents to 1) create culturally and economically diverse neighborhoods; and 2) allow those whose housing needs change to find housing that meets their needs within their existing community.

Policy 4.11 Housing Affordability

Promote the development and preservation of quality housing that is affordable across the full spectrum of household incomes.

Policy 4.12 Housing Continuum

Ensure that a range of housing from temporary shelters, to transitional, and to permanent housing for renters and owners is available, with appropriate supportive services for those who need them.

4.14 Neighborhood Stability

Stabilize neighborhoods by promoting: 1) a variety of homeownership and rental housing options; 2) security of housing tenure; and 3) opportunities for community interaction.

5.1 Urban Development and Revitalization

Encourage investment in the development, redevelopment, rehabilitation and adaptive reuse of urban land and buildings for employment and housing opportunities.

The proposed code changes in the Inclusionary Housing Zoning Code Project are consistent with the above 1980 Comprehensive Plan Policies.

2015 Climate Action Plan

The proposed code changes advance that vision in the 2015 Climate Action Plan that every resident, regardless of socio-economic status, has easy access to a walkable and bikeable neighborhood that includes retail, schools, parks, jobs and affordable housing.

Objective 4Q Affordable Housing Access to Transit

Use regulatory and voluntary tools to promote affordable and accessible housing development along existing and planned high capacity transit lines, frequent transit routes and in opportunity areas identified by the Portland Housing Bureau.

3. Public and stakeholder involvement

Section 3 summarizes public and stakeholder involvement activities that have helped shape and inform this project.

Public comments received for this project

Generally, comments have come in around three major themes; issues around the existing bonus FAR allowances and the relationship to the density bonus approach in the proposed code changes; a desire from community members and advocacy organizations that the affordability requirements should be set at the maximums allowed under SB 1533; a desire from community members as well as private sector participants in the development community that the program requirements proposed should have a minimal impact on development economics.

Comments in regards to the new density bonus proposal generally are concerned about pipeline development projects that have accounted for existing density bonuses (there are currently nineteen density bonuses in the Central City) in both the design and financing of development projects. Staff has received multiple comments and recommendations from stakeholders that the new proposed density bonus as part of the Inclusionary Housing Program incentive packages should be phased in, and existing bonuses phased out, over time to allow the market to incrementally absorb the impact of new regulations. Furthermore, staff has received comments that this code project, and subsequent base zone and plan district implementation projects, should increase the bonus FAR cap that currently exists in the Central City beyond 3:1 FAR.

Portland Housing Bureau and Bureau of Planning and Sustainability Staff have both received a significant amount of comments that the Proposed Inclusionary Housing Code and Program should mandate the highest affordable housing inclusion rate for all areas of Portland. Community organizations and advocacy groups are concerned with the rapid housing cost escalations that are occurring throughout Portland and are advocating for the highest inclusion rate allowable under SB 1533 to help address issues of economic inclusion and diversity at the neighborhood scale. Additionally, rapid escalation in housing costs have generated a significant amount of displacement occurring in rapidly changing neighborhoods; many comments staff have received is to mandate a higher inclusion to increase neighborhood stability in areas of the city where rapid displacement is occurring and that has occurred over the last two development cycles.

There has also been a significant amount of comments received from community organizations, professional organizations, government agency partners and private sector stakeholders with concerns about the overall impact of the Inclusionary Housing Program Recommendations on development feasibility and housing production. These comments generally recommend that the Inclusionary Housing Program be calibrated both in inclusion rate and incentive packages to maintain development feasibility across all areas of Portland. Comments under this theme generally support the development of an Inclusionary Housing Program, but are concerned that the requirements will have a chilling effect on development both in total number of housing units being delivered to meet growth projections, as well as in reducing the scale and density of development projects across the city. Staff has also received a

number of comments that regardless of how an Inclusionary Housing Program is calibrated, this program will make development infeasible.

Comments submitted for the *Draft Inclusionary Housing Title 33 Code Concept* were overwhelmingly in response to the downzoning that is inherent in the proposed Mixed Use Zones, and the use of these figures in the Inclusionary Housing program. There is a concern about downzoning from 3.5:1 FAR to 2.5:1 FAR and the potential impacts on the availability of housing stock and a reduction in affordable units in those projects that do not meet the Inclusionary Housing program threshold. It was suggested that the base FAR be increased from 2.5:1 to 3.5:1 FAR in the Mixed Use Zones (CM-2), as part of the MUZ project, and the IH program, thus increasing the availability of units of all sizes. Zones specifically mentioned were the impact of decreasing the base FAR in CS zones when it is replaced with CM-2 designation.

Public involvement in concept development for the project consisted primarily of eight panel of expert meetings, which were held in between March and September 2016 to discuss objectives of the inclusionary housing program development process, to discuss inputs into the prototype and economic modeling, and to review and refine the findings of the feasibility analysis. The panel of expert meetings highlighted the range of stakeholder perspectives and interests concerning proposed zoning changes.

The Portland Housing Bureau, along with various community organizations, co-hosted three forums in Community Wide Discussion series regarding inclusionary housing. Bureau of Planning and Sustainability staff has scheduled a series of presentation and information sessions that will be held at District Coalition meetings in September and October. BPS staff will also be presenting the Inclusionary Housing Code Proposed draft to a number of neighborhood associations in October and November, 2016.

What have we heard leading up to this project?

There have been significant amounts of public comments received specific to the affordable housing density bonus proposals in both the Central City 2035 Plan as well as the Mixed Use Zones Project. These comments were submitted in written response to the code concept and as oral testimony at various Advisory Committee meetings and at Planning and Sustainability Commission hearings. The density bonus approaches in the Inclusionary Housing Zoning Code Project advances policy direction, public testimony, and technical analysis conducted for the Central City 2035 Plan and the Mixed Use Zones Project. Thus, comments that relate to the density bonuses to provide affordable housing are summarized by themes below in relation to the proposed code changes.

Central City 2035 Plan

Public testimony submitted for the *Central City 2035 Plan* were overwhelmingly against the proposed removal of nineteen bonuses in the Central City in the current zoning code until the “working of the Inclusionary Housing Program Panel of Experts is completed and all the impacts of the affordable housing policy changes are evaluated to ensure robust multifamily development at all levels of affordability.” It was stressed among commenters that removing some of the Central City bonuses such as the daycare bonus option or the open space bonus option, would discourage family housing development with family sized units, thus pushing families out of the Central City. The public was also concerned about limiting the 3:1 density bonus only to the Inclusionary Housing program development. Further, there were concerns about the downzoning of some areas within the Mixed Use Zones, thus

“reducing the development capacity of these districts,” and restricting height, limiting new infill development.

The Portland Design Commission submitted testimony in support of the goal of “broader and deeper affordability” through the Affordable Housing Bonus Option. Further, the Commission would like to “clearly understand the impact of the new inclusionary zoning standards in order to be effective advocates for affordable housing.”

Comments from the development community suggested tweaking of the affordable housing bonus FAR provision to enhance its outcome, and allowing for flexibility for development projects that are fully or primarily affordable housing projects. In regards to affordable housing bonus FAR that is not used, it is suggested that it should be transferred to other developments in the Central City to meet the initial 3:1 FAR increase. They were also concerned about the use of the 80% median family income (MFI) parameter and how affordability is measured under the code. There is uncertainty of the city’s Inclusionary Housing Program among the development community and the potential negative impact on land transactions and development proposals. Many commenters recommended that the financial incentives that are offered through the Inclusionary Housing program be robust enough to offset the entire amount of added costs for the affordable units in order to prevent a “chilling effect on development” which would reduce potential supply and further the affordability challenge.

Other comments suggested mitigating the impacts of development on income disparity and on affordable housing by requiring a public benefit for increased floor-area-ratios when the increase in FAR is a result from an FAR transfer from one site to another. Further, a linkage fee tying income to affordable housing development was recommended, and providing additional affordable housing. In response to the Affordable Housing Fund, it was suggested that developments should assure that its workers can afford housing; “where increased development is achieved through transfer of FAR, a condition of approval should require a public benefit in the form of “good jobs for such workers.”

While most comments were in support of more density, others recommended not to increase allowable building heights unless it is necessary to achieve density goals, and further coupled with increases in FAR. It was suggested that “evidence of the effectiveness of allowing height bonuses to create affordable housing, and identify precedents where this approach has been successful,” be provided. There were concerns about the relation of height bonuses to the provision of affordable housing and its cost.

Major themes of comments related to affordable housing were the need for workers to be able to afford housing, the need for family friendly housing and family sized units, and an overall critique of the proposed removal of Central City bonuses in the form of public amenities and family friendly amenities.

Inter-governmental coordination

An In-House Zoning Code Concept was circulated to inter-bureau partners in September 2016, and their comments have helped to shape and inform the Proposed Draft, particularly addressing code administration and legal limitations. Bureau of Planning and Sustainability staff will continue to meet with inter-governmental partners to refine responses to implementation issues.

4. Zoning code changes

Zoning Code Amendments to Implement Inclusionary Housing Policy

Commentary

Additional Use & Development Regulations

- 33.203 Accessory Home Occupations
- 33.205 Accessory Dwelling Units
- 33.207 Accessory Short-Term Rentals
- 33.209 Aviation
- 33.218 Community Design Standards
- 33.219 Convenience Stores
- 33.224 Drive-Through Facilities
- 33.229 Elderly and Disabled High Density Housing
- 33.236 Floating Structures
- 33.237 Food Production and Distribution
- 33.239 Group Living
- 33.243 Helicopter Landing Facilities
- 33.245 Inclusionary Housing
- 33.248 Landscaping and Screening
- 33.251 Manufactured Housing and Manufactured Dwelling Parks
- 33.254 Mining and Waste-Related
- 33.258 Nonconforming Situations
- 33.262 Off-Site Impacts
- 33.266 Parking and Loading
- 33.272 Public Recreational Trails
- 33.274 Radio Frequency Transmission Facilities
- 33.278 Permit-Ready Houses
- 33.279 Recreational Fields for Organized Sports
- 33.281 Schools and School Sites
- 33.284 Self-Service Storage
- 33.285 Short Term Housing and Mass Shelters
- 33.288 Special Street Setbacks
- 33.293 Superblocks
- 33.296 Temporary Activities
- 33.299 Wind Turbines

Commentary

Chapter 33.245 Inclusionary Housing

The new regulations require new development with more than 20 dwelling units in one building to provide either 20% of the dwelling units to be affordable at 80% MFI or 10% of the dwelling units to be affordable at 60% MFI, or pay a fee-in-lieu.

33.245.020 Where These Regulations Apply

This regulation serves as the threshold for mandatory compliance with the subsequent development standards and Title 30 requirements for the Inclusionary Housing Program. This regulation applies to 20+ unit buildings on both vacant sites and existing developed sites. This regulation applies to the building instead of multi-dwelling structures to apply the regulations to be inclusive of mixed-use buildings. State legislation requires that this regulation apply to buildings as opposed to sites.

This regulation also covers an alteration that adds 20 or more units to an existing building. This will capture the addition of 20 or more units to an existing residential structure, and a conversion of a warehouse to a residential or mixed use building as long as the residential portion of the building is 20 or more units.

33.245.020 Exemptions

Exempting Group Living is intended to ensure that dorms, nursing homes, and other group homes do not trigger the inclusionary housing requirement. Exempting College uses is intended to ensure that dorms that have full-fledged apartments do not trigger the requirement.

33.245.040 Inclusionary Housing Regulations

These regulations apply the inclusion rate for affordable housing required that will be determined by the Portland Housing Bureau. These regulations codify the legislative intent consistent with Senate Bill 1533.

These regulations outline the programmatic implementation of both the Inclusionary Housing Zoning Code and the Inclusionary Housing Program. This regulation requires compliance with Title 30 code and administrative rule that will be enforced by the Portland Housing Bureau and the Bureau of Development Services.

Sections:

- 33.245.010 Purpose
- 33.245.020 Where These Regulations Apply
- 33.245.030 Exemption
- 33.245.030 Inclusionary Housing Regulations

33.245.010 Purpose

The purpose of these regulations is to promote the production of affordable housing for a diversity of household types by linking of the production of affordable housing to the production of market-rate housing.

33.245.020 Where These Regulations Apply

The regulations of this chapter apply to the following:

- A. New buildings with 20 or more dwelling units; and
- B. Alterations to existing buildings that add 20 or more dwelling units.

33.245.030 Exemption

The regulations do not apply to Group Living and College uses.

33.245.040 Inclusionary Housing Regulations

- A. Inclusionary housing standard. Affordable housing must be provided in one of the following ways. Adjustments are prohibited:
 1. On-site affordable housing. The following standards apply when the affordable housing will be located on the same site as the development:
 - a. At least 10 percent of the total number of dwelling units in the new building or the additional dwelling units in the alteration must be affordable to those earning no more than 60 percent of the area median family income; or
 - b. At least 20 percent of the total number of dwelling units in the new building or the additional dwelling units in the alteration must be affordable to those earning no more than 80 percent of the area median family income.
 2. Off-site affordable housing. The following standards apply when the affordable housing will not be located on the site of the development:
 - a. A number of dwelling units equivalent to at least 10 percent of the total number of dwelling units in the new building or the additional dwelling units in the alteration must be affordable to those earning no more than 60 percent of the area median family income; or

Commentary

- b. A number of dwelling units equivalent to at least 20 percent of the total number of dwelling units in the new building or the additional dwelling units in the alteration must be affordable to those earning no more than 80 percent of the area median family income.
3. Fee-in-lieu. The applicant must pay a fee-in-lieu of providing affordable dwelling units.
- B. Compliance.** To comply with the inclusionary housing standard in Subsection A., the following must be met. Adjustments are prohibited:
1. The applicant must provide a letter from the Portland Housing Bureau certifying that the development meets the standard 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
 2. If the affordable dwelling units will be on-site, prior to issuance of a building permit, the property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant 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.

Commentary

33.120 Multi-Dwelling Zones Table of Contents

Mandatory inclusionary housing requirements are being added to the zoning code as chapter 33.245. See page 19 for more details. This amendment adds inclusionary housing reference section to the table of contents for this base zones chapter.

33.120 Multi-Dwelling Zones

120

Sections:

General

- 33.120.010 Purpose
- 33.120.020 List of the Multi-Dwelling Zones
- 33.120.030 Characteristics of the Zones
- 33.120.040 Other Zoning Regulations
- 33.120.050 Neighborhood Contact

Use Regulations

- 33.120.100 Primary Uses
- 33.120.110 Accessory Uses
- 33.120.120 Nuisance-Related Impacts

Development Standards

- 33.120.200 Housing Types Allowed
- 33.120.205 Density
- 33.120.210 Development on Lots and Lots of Record
- 33.120.215 Height
- 33.120.220 Setbacks
- 33.120.225 Building Coverage
- 33.120.230 Building Length
- 33.120.231 Main Entrances
- 33.120.232 Street-Facing Facades
- 33.120.235 Landscaped Areas
- 33.120.237 Trees
- 33.120.240 Required Outdoor Areas
- 33.120.250 Screening
- 33.120.255 Pedestrian Standards
- 33.120.260 Recycling Areas
- 33.120.265 Amenity Bonuses
- 33.120.270 Alternative Development Options
- 33.120.275 Development Standards for Institutions
- 33.120.277 Development Standards for Institutional Campuses in the IR Zone
- 33.120.280 Detached Accessory Structures
- 33.120.283 Additional Standards for Garages
- 33.120.285 Fences
- 33.120.290 Demolitions
- 33.120.300 Nonconforming Development
- 33.120.305 Parking and Loading
- 33.120.310 Signs
- 33.120.320 Inclusionary Housing

Supplemental Information

- Map 120-1 Index Map for RH Areas with Maximum FAR of 4:1
- Maps 120-2 through 120-20 RH Areas with Maximum FAR of 4:1

Commentary

33.120.205 Density

- A. Purpose.** The number of dwellings per unit of land, the density, is controlled so that housing can match the availability of public services and the availability of support commercial areas. The standards also allow the housing density to be matched with the carrying capacity of the land. In addition, the density standards are used as one type of control of overall building bulk. In areas with the highest level of public services, the minimum density standards ensure that the service capacity is not wasted and that the City's housing goals are met.
- B. Maximum density.** The maximum densities for the multi-dwelling zones are stated in Table 120-3. All new housing built, or converted from other uses, must be on sites large enough to comply with the density standards. The number of units allowed on a site is based on the presumption that all site development standards will be met. The allowed density is not a special right that justifies adjusting other development standards.
1. In RH and IR zones, the maximum FAR is 4 to 1 in the areas shown on Maps 120-2 through 120-20. In all other areas the maximum FAR is 2 to 1.
 2. In the IR zone, residential development within 150 feet of another residential zone has the same maximum density permitted in that zone. Where two or more residential zones are within 150 feet of a site, the maximum residential density is that of the lower density residential zone.
- C. Minimum density.** The minimum density requirements for the multi-dwelling zones are stated in Table 120-3. Land within an Environmental zone may be subtracted from the calculation of minimum density. A site that is nonconforming in minimum density may not move further out of conformance with the minimum density standard. However, units may be added to the site that bring the site closer to conformance without coming all the way into conformance.
1. In R3 and R2 zones, if maximum density is two units then minimum density is two units. If maximum density is one unit, minimum density is one unit.
 2. In the R1 zone, if the site is less than 10,000 square feet in area, the minimum density is 1 unit per 2,000 square feet.
 3. On sites where trees that are 12 or more inches in diameter are proposed for preservation, minimum density may be reduced as follows:
 - a. The maximum allowed reduction in minimum density is shown in Table 120-6.
 - b. When this provision is used to reduce density, the owner must execute a covenant with the City. The covenant is not required if the site is also part of a proposed Land Division. The covenant must:
 - (1) Require that all trees used to reduce the minimum density be preserved for at least 10 years;

Commentary

33.120.205.E Bonus density or FAR

The mandatory inclusionary housing bonus is for new buildings or additions to existing buildings with 20 or more dwelling units that trigger the requirements of 33.245, Inclusionary Housing.

The voluntary inclusionary housing bonus has been designed for projects that want extra density or FAR but fall under the thresholds for the mandatory inclusionary housing requirements (non-residential projects and residential projects with fewer than dwelling 20 units). The requirements of the voluntary bonus mimic the requirements of the mandatory inclusionary housing code (see 33.245). The in-lieu fee payment to the Affordable Housing Fund to access the voluntary housing bonus density will be set at the same rate on a per square basis as defined in Title 30 for the mandatory program in-lieu fee. The Portland Housing Bureau has not identified in-lieu fee payment amounts as of the publishing of the Proposed Draft of the Inclusionary Housing Code Project. It is expected that the in-lieu fee payment will be developed prior to Planning and Commission Hearings and Work Sessions and will be addressed in the Staff Report for the Planning and Sustainability Commission.

These bonus amounts were set to be consistent with the existing amenity bonus in the Multi-Dwelling zones. The density bonus allowance will be evaluated and re-calibrated as part of the Multi-Dwelling Residential Zones Project that is currently in process and led by the Bureau of Planning and Sustainability.

- (2) Allow trees used to reduce the minimum density that die, or become diseased or dangerous to be removed and replaced within the 10 year preservation period. The trees must be determined to be dead, diseased, or dangerous by an arborist, and a Title 11 tree permit must be obtained. If a tree used to reduce the minimum density is dead, diseased, or dangerous as the result of a violation, Tree Review is required; and
- (3) The covenant must meet the requirements of Section 33.700.060 and be recorded before a development permit is issued.

Table 120-6 Reduction in Minimum Residential Density from Tree Preservation		
Required Minimum Residential Density	No. of 12-Inch Trees To Be Preserved	Reduction of Minimum Residential Density
Up to 7 units	1	1
8-12 units	1	1
	2 or more	2
13-17 units	1	1
	2	2
	3 or more	3
18 or more units	1	1
	2	2
	3	3
	4 or more	4

- D. Floor area ratio.** The floor area ratio (FAR) states the amount of floor area allowed. There is no maximum limit on the number of dwelling units within the allowable floor area, but the units must comply with all building and housing code requirements. The FAR also includes any nonresidential uses that are allowed. Minimum density requirements may also apply.
- E. Maximum increase in density or FAR.** In the RH and RX zones, an increase in FAR through the use of bonuses, including amenity bonuses, and transfers of more than 3 to 1 is prohibited. In all other R zones, an increase in the number of units through the use of bonuses, including amenity bonuses, and transfers of more than 100 percent is prohibited.
- 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 regulations 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 as follows:

Commentary

33.120.205.E Bonus density or FAR continued

The bonus provisions also allow an in-lieu payment option. The Portland Housing Bureau will determine the amount of the in-lieu payment and will collect payment and administer the use of the funds. The Portland Housing Bureau has not identified in-lieu fee payment amounts as of the publishing of the Proposed Draft of the Inclusionary Housing Code Project. It is expected that the in-lieu fee payment will be developed prior to Planning and Commission Hearings and Work Sessions and will be addressed in the Staff Report for the Planning and Sustainability Commission and that PHB program expenditures for the funds collected via the in-lieu fee will be identified.

For sites where density is calculated in number of dwelling units, the amount of floor area purchased through the fund will be converted to dwelling units at a rate of 1 dwelling unit per 800 square feet. The average square footage of multi-dwelling development assumed in the Buildable Lands Inventory is 800 square feet net per housing unit. This unit size is based on average unit sizes that have been observed in multi-dwelling development that has occurred over the last two development cycles.

33.120.205.F.2 Transfer of density

Currently, the RH and RX zones do not have any base zone bonus FAR options, but there is the option of transferring up to 3 to 1 FAR to a site. The remaining multi-dwelling zones have the option to increase density in exchange for providing certain amenities, and density can be transferred to a site. However, it is unclear whether the amenity bonus density can be added on top of the transferred density. In the Central City, both transfer and bonus density/FAR is counted toward the maximum increase. The inclusionary housing project is adding an additional density/FAR bonus that will be available in all zones and utilized more often because it will be automatically awarded when a project triggers the mandatory inclusionary housing chapter (33.245). This paragraph is being amended to make it clear that the maximum increase on any site whether from a transfer or a bonus is 3:1 in RH and RX and no more than 100 percent of the maximum number of dwelling units allowed.

- a. Bonus density or FAR is allowed when at least 10 percent of the total number of new dwelling units on the site are affordable to those earning no more than 60 percent of the area median family income, or at least 20 percent of the total number of new dwelling units on a site are affordable to those earning no more than 80 percent of the area median family income. The affordable dwelling units may be located on-site or off-site. To qualify for this bonus, the following requirements must be met:
- (1) 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; and
- (2) Prior to issuance of a building permit, the property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant 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.
- 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.

EG. Transfer of density or FAR. Density or FAR may be transferred from one site to another subject to the following:

1. Calculating the amount of density or FAR transferred. In the R3, R2, and R1 zones, transferable density is calculated in terms of dwelling units. In the RH and RX zones, transferable density is calculated by FAR.
- ~~2. Maximum increase in density or FAR. In the RH and RX zones, an increase in FAR on the receiving site of more than 3 to 1 is prohibited. In all other R zones, an increase in the number of units of more than 100 percent of the receiving site is prohibited.~~
- ~~23.~~ Development standards. Buildings on sites receiving transferred density or FAR must meet the development standards of the base zone, overlay zone, or plan district, except for maximum density, which is regulated by paragraph E.2 above.
- ~~34.~~ General standards for transfers of density or FAR.

Commentary

- a. Except for transfers from the sites of Landmarks, the transfers may be only between sites within a block or between sites that would be abutting except for a right-of-way.
- b. Density or FAR from the site of a Landmark may be transferred to any site allowed by Paragraph 5 below, within the recognized neighborhood where the Landmark is located, or to any site within two miles of the Landmark.

45. Zoning.

- a. RX Zone. In the RX Zone:
 - (1) Transfer of commercial development rights is regulated by Subparagraph 33.120.100.B.3.f;
 - (2) Density or FAR may be transferred from a site zoned RX to a site zoned RX, RH, CX, or EX. Density may be transferred from the site of a Landmark zoned RX to a site zoned RX, RH, C, or EX.
- b. RH Zone. Density or FAR may be transferred from a site zoned RH to a site zoned RX or RH. Density may be transferred from the site of a Landmark zoned RH to a site zoned RX, RH, or EX.
- c. R3, R2, and R1 Zones. Density may be transferred among sites zoned R3, R2, and R1.

56. Covenants. The property owner must execute a covenant with the City that is attached to and recorded with the deed of both the site transferring and the site receiving the density reflecting the respective increase and decrease of potential density. The covenant for the receiving site must meet the requirements of Section 33.700.060. The covenant for the Landmark transferring the density must meet the requirements of 33.445.610.D., Covenant.

Commentary

**Table 120-3
Summary of Development Standards in Multi-Dwelling Zones**

Standard	R3	R2	R1	RH	RX	IR
Maximum Density (See 33.120.205)	1 unit per 3,000 sq. ft. of site area	1 unit per 2,000 sq. ft. of site area	1 unit per 1,000 sq. ft. of site area	FAR of 2 to 1 or 4 to 1	FAR of 4 to 1	See 120.205
<u>Maximum Density with Inclusionary Housing Bonus</u> (See 33.120.205.E)	<u>1 unit per 2,400 sq. ft. of site area</u>	<u>1 unit per 1,600 sq. ft. of site area</u>	<u>1 unit per 800 sq. ft. of site area</u>	<u>FAR of 2.5 to 1 or 5 to 1 [1]</u>	<u>FAR of 5 to 1</u>	<u>NA</u>
Minimum Density (See 33.120.205)	1 unit per 3,750 sq. ft. of site area	1 unit per 2,500 sq. ft. of site area	1 unit per 1,450 sq. ft. of site area	1 unit per 1,000 sq. ft. of site area	1 unit per 500 sq. ft. of site area	none
Maximum Height (See 33.120.215)	35 ft.	40 ft.	25/45 ft.	25/65 ft. 75/100 ft.	100 ft.	75/100 ft.
Minimum Setbacks - Front building setback - Street building setback - Side and rear building setback. - Garage entrance setback (See 33.120.220)	10 ft. -- See Table 120-4 18 ft.	10 ft. -- See Table 120-4 18 ft.	3 ft. 3 ft. See Table 120-4 5/18 ft.	0 ft. 0 ft. See Table 120-4 5/18 ft.	0 ft. 0 ft. 0 ft. 5/18 ft.	1 ft. for every 2 ft. of bldg. height, but in no case less than 10 ft.
Maximum Setbacks (See 33.120.220) Transit Street or Pedestrian District	20 ft.	20 ft.	20 ft.	20 ft.	10 ft.	10 ft.
Max. Building Coverage (See 33.120.225)	45% of site area	50% of site area	60% of site area	85% of site area	100% of site area	70% of site area
Max. Building Length (See 33.120.230)	No	Yes	Yes	No	No	No
Min. Landscaped Area (See 33.120.235)	35% of site area	30% of site area	20% of site area	15% of site area	none	20% of site area
Required Outdoor Areas (See 33.120.240)	Yes	Yes	Yes	No	No	No

Notes:

[1] If the base FAR is 2 to 1 then the maximum with bonus is 2.5 to 1. If the base FAR is 4 to 1, then the maximum with bonus is 5 to 1.

Commentary

33.120.265.B.3 Amenity Bonus Regulations

This language is being added to clarify that additional density allowed through the inclusionary housing density bonus is counted toward the total 50 percent increase allowed on an R3, R2 or R1 site. The inclusionary housing bonus density options have been calibrated to be a 25 percent density increase so that there is room for additional density to be added to a site in exchange for these other public amenities.

33.120.265 Amenity Bonuses

- A. Purpose and description.** Special amenity bonuses for increased density are intended to improve the livability of multi-dwelling developments for their residents and to promote family oriented multi-dwelling developments. The amenity bonuses are designed to allow additional dwelling units in a manner that is still consistent with the purposes of the multi-dwelling zones. The bonuses are applicable to a range of development sizes. However, they are more practical or workable for larger projects. Not all bonus options will be applicable for all situations. The amenity options are designed to provide incentives, while leaving the specific choices to the developer. Some options involve providing additional features, such as children's play areas. Others require improved materials, such as additional sound insulation.

The amount of the bonus for each option is a result of balancing several factors.

These include:

- The likelihood that the amenity will be provided without the use of incentives;
- The potential cost to the developer; and
- The importance of the amenity.

B. Regulations.

1. Qualifying types of development. The amenity bonus provisions are applicable to all housing types in the R3, R2, and R1 zones.
2. Computation of the bonus. The percentages of all the bonus options included in the project are added together. The total is then applied to the allowed number of units to determine the additional units allowed. Fractions of additional units earned are not counted.
3. Maximum bonus. The maximum density increase allowed for a development is 50 percent including density increased through an inclusionary housing bonus allowed by 33.120.205.F. Increases over 50 percent are prohibited.
4. Compliance with the standards. The bonus amenity standards must be met in full to receive the bonus; exceptions are prohibited. In addition, adjustments to the development standards of the base zone, overlay zone, or plan district are prohibited if the project is to receive any density bonuses. It is the responsibility of the applicant to document that all of the amenity bonus requirements are met. Documentation is required prior to issuance of building permits for the bonus units.
5. Base zone site development standards. The additional units must comply with all applicable site development standards. Any development feature provided to comply with the requirements of the base zone, such as the required outdoor area requirement, may not be counted towards the calculation of bonus density.

Commentary

33.120.265.C Amenity bonuses

The list of amenity bonus options has not been amended. They are included in this draft for informational purposes only.

6. Covenants.
 - a. The applicant must sign a covenant that ensures that the amenities provided to receive any bonus density will continue to be provided for the life of the project.
 - b. The covenant must comply with the standards in 33.700.060, Covenants with the City.
 - c. If the bonus density is earned through preservation of trees under Paragraph C.9, the covenant must also specify that if the trees are determined to be dead, diseased, or dangerous by an arborist, they must be removed and replaced under a tree permit in accordance with Title 11, Trees. If a tree used to earn bonus density is dead, diseased, or dangerous as the result of a violation, Tree Review is required.

C. The amenity bonus options.

1. Outdoor recreation facilities. Outdoor recreational facilities may include a tennis or basketball court, ball field, swimming pool, horseshoe pit, gazebo, permanent picnic tables, and similar items. The density bonus is 2 percent for each 1/2 of 1 percent of the overall project development cost spent on outdoor recreation facilities. There is a maximum of 10 percent density increase allowed for this bonus.
2. Children's play areas. The density bonus for this amenity is 5 percent. A qualifying children's play area must comply with all of the following standards:
 - a. Size and layout. Each children's play area must be at least 1,000 square feet and clearly delineated. Each must be of such shape to allow a square 25 feet on a side to fit in the area. At least 400 square feet of the area must be in grass. Children's play areas must be separated from any other outdoor recreational facilities.
 - b. Play equipment. Each children's play area must include a play structure at least 100 square feet in area, a swing structure with at least 4 swings, and at least one of the following: a slide, permanent sand box, permanent wading pool, or other children's play equipment commonly found in a public park. Equipment must be of adequate materials to match the expected use, and manufactured to American Society for Testing and Materials (ASTM) F1487-11 standards or other comparable standards applicable to public playground equipment.
 - c. Fencing. Each children's play area must be fenced along any perimeter which is within 10 feet of a street, alley, property line, or parking area.
3. Three bedroom units. A bonus of 5 percent is allowed if 10 percent of the development's units have at least 3 bedrooms. A bonus of 10 percent is allowed if 20 percent or more of the development's units have at least 3 bedrooms. If between 10 percent and 20 percent of the units have at least 3 bedrooms, then the bonus is prorated.

Commentary

4. Storage areas. The density bonus for this amenity is 5 percent. The bonus is allowed if all units are provided with interior storage and additional storage for large items, as indicated below.
 - a. Interior storage. Interior storage areas must comply with all of the following minimum dimensions:
 - (1) Kitchens — 20 square feet of drawers and 50 square feet of shelf space. Shelves must have at least 12 inches of vertical clearance.
 - (2) Bedroom closets — 16 square feet in floor area, and one in each bedroom.
 - (3) Linen closet — 10 square feet of shelving, and may be located in a hallway or bathroom.
 - (4) Entry closet — 10 square feet of floor area.
 - b. Storage for large items. Storage areas must be fully enclosed, be dry, and have locks if they are not located in the dwelling. They must be at least 50 square feet in floor area, and at least 7 feet high. They must be located so as to be easily accessible for large items, such as barbecues, bicycles, and sports equipment.
5. Sound insulation. The density bonus for this amenity is 10 percent. To qualify for this bonus, the interior noise levels of residential structures must be reduced in 3 ways. The reductions address noise from adjacent dwellings and from outdoors, especially from busy streets.
 - a. The sound insulation of all party walls, walls between corridors and units, and in floor-ceiling assemblies must comply with a Sound Transmission Class (STC) of 55 (50 if field-tested). STC standards are stated in the Oregon Structural Specialty Code (the Uniform Building Code as amended by the State of Oregon).
 - b. The STC rating on all entrance doors assemblies from interior corridors must be at least 30, as documented by acoustic laboratory tests of the doors.
 - c. The STC rating on all windows, skylights, and exterior doors, must be at least 35, as documented by acoustic laboratory tests.
6. Crime prevention. The density bonus for this amenity is 10 percent. The bonus is allowed if all units have security features which comply with items 1 through 6 of the Residential Security Recommendations of the Portland Police Bureau. In addition, exterior lights which comply with the lighting standards of the Crime Prevention Division of the Portland Police Bureau must be provided. Development plans must be certified by the Crime Prevention Division of the Portland Police Bureau as complying with these provisions.
7. Solar water heating. The density bonus for this amenity is 5 percent. The bonus is allowed if solar-heated water is provided to all units. Systems may be active or passive. Systems must qualify for the Oregon State solar energy tax credit or be rated by the Solar Rating and Certification Corporation (SRRC). Applicants must provide documentation that the provisions are met.

Commentary

33.120.320 Inclusionary Housing

This amendment provides a reference to the mandatory inclusionary housing requirements in proposed Zoning Code chapter 33.245. See page 19 for more information.

8. Larger required outdoor areas. The density bonus for this amenity is 5 percent. To qualify for this amenity, at least 96 square feet of outdoor area is required for each dwelling unit. All other standards of 33.120.240, above, must be met.
9. Tree preservation. Development proposals that preserve more than the required number or percentage of the trees on the site may use this amenity bonus option. The density bonus is 5 percent for each tree that is preserved in addition to those required to be preserved on the site. Each tree counted toward the bonus must be documented in an arborist report that the following are met:
 - a. Be at least 12 inches in diameter;
 - b. Not be dead, dying, or dangerous; and
 - c. Not be on the Nuisance Plants List.

33.120.320 Inclusionary Housing

The regulations pertaining to inclusionary housing are stated in Chapter 33.245, Inclusionary Housing.

Commentary

33.130 Commercial Zones Table of Contents

Mandatory inclusionary housing requirements are being added to the zoning code as chapter 33.245. See page 19 for more details. This amendment adds the inclusionary housing reference section to the table of contents for this base zones chapter.

Sections:

General

- 33.130.010 Purpose
- 33.130.020 List of the Commercial Zones
- 33.130.030 Characteristics of the Zones
- 33.130.040 Other Zoning Regulations

Use Regulations

- 33.130.100 Primary Uses
- 33.130.110 Accessory Uses
- 33.130.130 Nuisance-Related Impacts

Development Standards

- 33.130.200 Lot Size
- 33.130.205 Floor Area Ratio
- 33.130.210 Height
- 33.130.215 Setbacks
- 33.130.220 Building Coverage
- 33.130.225 Landscaped Areas
- 33.130.227 Trees
- 33.130.230 Ground Floor Windows
- 33.130.235 Screening
- 33.130.240 Pedestrian Standards
- 33.130.242 Transit Street Main Entrance
- 33.130.245 Exterior Display, Storage, and Work Activities
- 33.130.250 General Requirements for Residential and Mixed-Use Developments
- 33.130.253 Additional Requirements in the CM Zone
- 33.130.255 Trucks and Equipment
- 33.130.260 Drive-Through Facilities
- 33.130.265 Detached Accessory Structures
- 33.130.270 Fences
- 33.130.275 Demolitions
- 33.130.285 Nonconforming Development
- 33.130.290 Parking and Loading
- 33.130.295 Signs
- 33.130.305 Superblock Requirements
- 33.130.310 Recycling Areas
- 33.130.320 Inclusionary Housing

Commentary

33.130.205.B Floor Area Ratio

Floor area ratio for residential uses will now be counted against the total allowable FAR. This change in regulation allows the standardization of the base and bonus structure and more clarity as to the relationship of the bonus FAR in relation to the inclusionary housing requirements. Previous development standards in some zones (such as *CM* and *CS*) did not count the residential floor area of a development against the total FAR maximums. In this situation, a mixed use or multi-family development project was limited primarily by site coverage maximums, setback requirements, and maximum height. The base and bonus FAR approach works within the existing allowable height maximums with an additional FAR and height bonus for compliance with the Inclusionary Housing Program.

33.130.205.C BONUS FAR

Proposals that include affordable housing may increase maximum height and FAR as stated in Table 130-3 if at least 20 percent of the floor area is housing affordable to those earning no more than 80 percent of the area median family income. The affordability target and amount of floor area that must be used for affordable housing reflect analysis by the Portland Housing Bureau. Additional detail regarding bonus option requirements will be part of administrative rules, which will include details regarding items such as the term of required affordability, allowances for payment into an affordable housing fund in lieu of providing affordable housing on site, administrative and reporting requirements, any tenanting requirements, and enforcement. See Section 5 (Implementation Tools) for more information on administrative rules for this bonus and next steps that will be necessary before it can be implemented.

33.130.205 Floor Area Ratio

- A. Purpose.** Floor area ratios (FARs) regulate the amount of use (the intensity) allowed on a site. FARs provide a means to match the potential amount of uses with the desired character of the area and the provision of public services. FARs also work with the height, setback, and building coverage standards to control the overall bulk of development. The bonus FAR options allow additional floor area as an incentive for providing affordable housing.
- B. FAR standard.** The floor area ratios are stated in Table 130-3 and apply to all ~~nonresidential~~ development. ~~Floor area for residential uses is not calculated as part of the FAR for the site and is allowed in addition to the FAR limits.~~
- C. Maximum increase in FAR.** An increase in FAR of more than 3 to 1 is prohibited. The total increased FAR includes FAR from transfers and additional FAR allowed from bonus provisions.
- 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 as follows:
 - a. Bonus FAR is allowed when at least 10 percent of the total number of new dwelling units on the site are 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 are affordable to those earning no more than 80 percent of the area median family income. The affordable dwelling units may be located on-site or off-site. To qualify for this bonus, the following requirements must be met:
 - (1) 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; and
 - (2) Prior to issuance of a building permit, the property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant 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.

Commentary

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.

CE. Transfer of FAR from Landmarks. Floor area ratios may be transferred from a site which contains a Landmark, as follows:

- ~~1. Maximum increase in FAR. An increase in FAR on the receiving site of more than 3 to 1 is prohibited. The total increased FAR includes FAR transferred from Landmarks, and additional FAR allowed at the receiving site from bonus provisions, or from other transfers;~~
12. Development standards. The building on the receiving site must meet the development standards of the base zone, overlay zone, and plan district except floor area ratio, which is regulated by paragraph C.1 above;
23. Receiving site. The transfer must be to a site that is:
 - a. Zoned C or EX; and
 - b. Within the recognized neighborhood where the Landmark is located, or to any site within two miles of the Landmark;
34. The property owner executes a covenant with the City that is attached to and recorded with the deed of both the site transferring and the site receiving the density reflecting the respective increase and decrease of potential density. The covenant for the receiving site must meet the requirements of Section 33.700.060, Covenants with the City. The covenant for the Landmark transferring the density must meet the requirements of 33.445.610. D., Covenant.

Commentary

Table 130-3

Proposals that include affordable housing may increase maximum height and FAR as stated in Table 130-3 if at least 20 percent of the floor area is housing affordable to those earning no more than 80 percent of the area median family income. The affordability target and amount of floor area that must be used for affordable housing reflect analysis by the Portland Housing Bureau. Additional detail regarding bonus option requirements will be part of administrative rules, which will include details regarding items such as the term of required affordability, potential allowances for payment into an affordable housing fund in lieu of providing affordable housing on site, administrative and reporting requirements, any tenanting requirements, and enforcement. See Section 5 (Implementation Tools) for more information on administrative rules for this bonus and next steps that will be necessary before it can be implemented.

33.130.320 Inclusionary Housing

This amendment provides a reference to the mandatory inclusionary housing requirements in proposed Zoning Code chapter 33.245. See page 19.

**Table 130-3
Summary of Development Standards in Commercial Zones**

Standard	CN1	CN2	CO1	CO2	CM	CS	CG	CX
Maximum FAR (see 33.130.205)	1.75 1.5 to 1	1.75 1.5 to 1	1.75 1.5 to 1	2.5 to 1	±2.5 to 1 See 33.130.253	3 to 1	3 to 1	4 to 1
Maximum FAR with Bonus (see 33.130.210.C)	2.5 to 1	2.5 to 1	2.5 to 1	4 to 1	4 to 1	4 to 1	3.5 to 1	6 to 1
Maximum Height (see 33.130.210)	30 ft.	30 ft.	30 ft.	45 ft.	45 ft.	45 ft.	45 ft.	75 ft.
Min. Building Stbks (see 33.130.215) Street Lot Line or Lot Line Abutting an OS, RX, C, E, or I Zone Lot	0	0	0	0	0	0	0	0
Lot Line Abutting other R Zoned Lot	See Table 130-4	See Table 130-4	See Table 130-4	See Table 130-4	See Table 130-4	See Table 130-4	See Table 130-4	See Table 130-4
Garage Entrance Setback (see 33.130.250.E)	5/18 ft	5/18 ft	5/18 ft	5/18 ft	5/18 ft	5/18 ft	5/18 ft	5/18 ft
Max. Building Stbks (see 33.130.215) Street Lot Line Transit Street or Pedestrian District	None 10 ft.	None 10 ft.	None 10 ft.	None 10 ft.	10 ft. 10 ft.	10 ft. 10 ft.	None 10 ft.	None 10 ft.
Building Coverage (see 33.130.220)	Max. of 85% of site area	Max. of 65% of site area	Max. of 50% of site area	Max. of 65% of site area	Min. of 50% of site area	Min. of 50% of site area	Max. of 85% of site area	No Limit
Min. Landscaped Area (see 33.130.225)	15% of site area	15% of site area	15% of site area	15% of site area	None	None	15 % of site area	None
Ground Floor Window Stds. Apply (see 33.130.230)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pedestrian Requirements (see 33.130.240)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

33.130.320 Inclusionary Housing

The standards pertaining to inclusionary housing are stated in Chapter 33.245, Inclusionary Housing.

Commentary

33.140 Employment and Industrial Zones Table of Contents

Mandatory inclusionary housing requirements are being added to the zoning code as chapter 33.245. See page 19 for more details. This amendment adds the inclusionary housing reference section to the table of contents for this base zones chapter.

33.140 Employment and Industrial Zones

140

Sections:

General

- 33.140.010 General Purpose of the Zones
- 33.140.020 List of the Employment and Industrial Zones
- 33.140.030 Characteristics of the Zones
- 33.140.040 Other Zoning Regulations

Use Regulations

- 33.140.100 Primary Uses
- 33.140.110 Accessory Uses
- 33.140.130 Nuisance-Related Impacts
- 33.140.140 On-Site Waste Disposal

Site Development Standards

- 33.140.200 Lot Size
- 33.140.205 Floor Area Ratio
- 33.140.210 Height
- 33.140.215 Setbacks
- 33.140.220 Building Coverage
- 33.140.225 Landscaped Areas
- 33.140.227 Trees
- 33.140.230 Ground Floor Windows in the EX Zones
- 33.140.235 Screening
- 33.140.240 Pedestrian Standards
- 33.140.242 Transit Street Main Entrance
- 33.140.245 Exterior Display, Storage, and Work Activities
- 33.140.250 Trucks and Equipment
- 33.140.255 Drive-Through Facilities
- 33.140.265 Residential Development
- 33.140.270 Detached Accessory Structures
- 33.140.275 Fences
- 33.140.280 Demolitions
- 33.140.290 Nonconforming Development
- 33.140.295 Parking and Loading
- 33.140.300 Signs
- 33.140.310 Superblock Requirements
- 33.140.315 Recycling Areas
- 33.140.320 Inclusionary Housing

Commentary

33.140.205.C Bonus FAR

See commentary for 33.130 on page 44.

33.140.205 Floor Area Ratio

- A. Purpose.** Floor area ratios (FARs) regulate the amount of use (the intensity) allowed on a site. FARs provide a means to match the potential amount of uses with the desired character of the area and the provision of public services. FARs also work with the height, setback, and building coverage standards to control the overall bulk of development.
- B. The floor area standards.** The FARs are stated in Table 140-3. The FARs apply to all nonresidential development in all of the zones and to residential uses in the EX zone. The FAR standards of plan districts supersede the FAR standards of this chapter.
- C. Maximum increase in FAR.** An increase in FAR of more than 3 to 1 is prohibited. The total increased FAR includes FAR from transfers and additional FAR allowed from bonus provisions.
- 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 as follows:
 - a. Bonus FAR is allowed when at least 10 percent of the total number of new dwelling units on the site are affordable to those earning no more than 60 percent of the area median family income, or at least 20 percent of the total number of new dwelling units on the site are affordable to those earning no more than 80 percent of the area median family income. The affordable dwelling units may be on-site or off-site. To qualify for this bonus, the following requirements must be met:
 - (1) 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; and
 - (2) Prior to issuance of a building permit, the property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant 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.

Commentary

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.

CE. Transfer of FAR from Landmarks in the EX Zone. Floor area ratios may be transferred from a site zoned EX that contains a Landmark as follows:

- ~~1.~~ ~~Maximum increase in FAR. An increase in FAR on the receiving site of more than 3 to 1 is prohibited. The total increased FAR includes FAR transferred from Landmarks, and additional FAR allowed at the receiving site from bonus provisions, or from other transfers;~~
- ~~12.~~ Development standards. The building on the receiving site must meet the development standards of the base zone, overlay zone, and plan district except floor area ratio, which is regulated by paragraph C.1 above;
- ~~23.~~ Receiving site. The transfer must be to a site that is:
 - a. Zoned C or EX; and
 - b. Within the recognized neighborhood where the Landmark is located, or to any site within two miles of the Landmark; and
- ~~34.~~ The property owner executes a covenant with the City that is attached to and recorded with the deed of both the site transferring and the site receiving the density reflecting the respective increase and decrease of potential density. The covenant for the receiving site must meet the requirements of Section 33.700.060, Covenants with the City. The covenant for the Landmark transferring the density must meet the requirements of 33.445.610.D., Covenant.

DF. Transfer of FAR from Landmarks in the EG Zones. Floor area ratios may be transferred from a site zoned EG1 or EG2 that contains a Landmark as follows:

- ~~1.~~ ~~Maximum increase in FAR. An increase in FAR on the receiving site of more than 3 to 1 is prohibited. The total increased FAR includes FAR transferred from Landmarks, and additional FAR allowed at the receiving site from bonus provisions, or from other transfers;~~
- ~~12.~~ Development standards. The building on the receiving site must meet the development standards of the base zone, overlay zone, and plan district except floor area ratio, which is regulated by Paragraph D.1 above;
- ~~23.~~ Receiving site. The transfer must be to a site that is:
 - a. Zoned EG1 or EG2; and

Commentary

Table 140-3

The 5:1 Maximum FAR allowance for the EX zone reflects early implementation of the CM3 base and bonus allowances identified in the Mixed Use Zones Project. Central City EX base allowances reflect specific plan district bonuses outside the base zone.

33.140.320 Inclusionary Housing

This amendment provides a reference to the mandatory inclusionary housing requirements in proposed Zoning Code chapter 33.245. See page 19.

- b. Within the recognized neighborhood where the Landmark is located, or to any site within two miles of the Landmark; and
34. The property owner executes a covenant with the City that is attached to and recorded with the deed of both the site transferring and the site receiving the density reflecting the respective increase and decrease of potential density. The covenant must meet the requirements of Section 33.700.060, Covenants with the City. The covenant for the Landmark transferring the density must meet the requirements of 33.445.610.D., Covenant.

Table 140-3 Development Standards						
Standard	EG1	EG2	EX	IG1	IG2	IH
Maximum FAR (see 33.140.205)	3 to 1	3 to 1	3 to 1	no limit	no limit	no limit
Maximum FAR with Inclusionary Housing Bonus (see 33.140.205.C)	NA	NA	5 to 1	NA	NA	NA
Maximum Height (see 33.140.210)	45 ft.	no limit	65 ft	no limit	no limit	no limit
Min. Building Setbacks Street Lot Line (see 33.140.215)	5 ft.	25 ft.	0	0	25 ft.	5 ft.
- Lot line abutting an OS, C, E, or I zoned lot	0	0	0	0	0	0
- Lot line abutting an R zoned lot	See Table 140-4	15 ft.	See Table 140-4	See Table 140-4	15 ft.	15 ft.
Max. Building Stbks (see 33.140.215) Transit Street or Pedestrian District	10 ft.	None	10 ft.	None	None	None
Maximum Building Coverage (see 33.140.220)	85% of site area	85% of site area	100% of site area	100% of site area	85% of site area	100% of site area
Min. Landscaped Area (see 140.225)	15% of site area	15% of site area	None	None	15% of site area	None
Ground Floor Window Standards apply (see 33.140.230)	No	No	Yes	No	No	No
Pedestrian Standards Apply (see 33.140.240)	Yes	Yes	Yes	No	No	No

33.140.320 Inclusionary Housing

The standards pertaining to inclusionary housing are stated in Chapter 33.245, Inclusionary Housing.

Commentary

33.266.110 Minimum Required Parking Spaces

A.-D. No change

E. Exceptions to the minimum number of parking spaces.

1. The minimum number of required parking spaces may not be reduced by more than 50 percent through the exceptions of this subsection. The 50 percent limit applies cumulatively to all exceptions in this subsection.
2. Exceptions for sites where trees are preserved. Minimum parking may be reduced by one parking space for each tree 12 inches in diameter and larger that is preserved. A maximum of 2 parking spaces or 10 percent of the total required may be reduced, whichever is greater. However, required parking may not be reduced below 4 parking spaces under this provision.
3. Bicycle parking may substitute for up to 25 percent of required parking. For every five non-required bicycle parking spaces that meet the short or long-term bicycle parking standards, the motor vehicle parking requirement is reduced by one space. Existing parking may be converted to take advantage of this provision.
4. Substitution of transit-supportive plazas for required parking. Sites where at least 20 parking spaces are required, and where at least one street lot line abuts a transit street may substitute transit-supportive plazas for required parking, as follows. Existing parking areas may be converted to take advantage of these provisions. Adjustments to the regulations of this paragraph are prohibited.
 - a. Transit-supportive plazas may be substituted for up to 10 percent of the required parking spaces on the site;
 - b. The plaza must be adjacent to and visible from the transit street. If there is a bus stop along the site's frontage, the plaza must be adjacent to the bus stop;
 - c. The plaza must be at least 300 square feet in area and be shaped so that a 10'x10' square will fit entirely in the plaza; and
 - d. The plaza must include all of the following elements:
 - (1) A plaza open to the public. The owner must record a public access easement that allows public access to the plaza;
 - (2) A bench or other sitting area with at least 5 linear feet of seating;
 - (3) A shelter or other weather protection. The shelter must cover at least 20 square feet. If the plaza is adjacent to the bus stop, TriMet must approve the shelter; and

Commentary

33.266.110 E.8 Exceptions to the minimum number of parking spaces

This regulation exempts parking requirements for any affordable unit that is provided under the inclusionary housing program. The intention of this exception is reduce parking requirements for the affordable units in a proposal to help offset the cost of providing the affordable units through inclusion in the incentive package as identified by the Portland Housing Bureau. The affordable unit parking exemption will be defined in Title 30.

- (4) Landscaping. At least 10 percent, but not more than 25 percent of the transit-supportive plaza must be landscaped to the L1 standard of Chapter 33.248, Landscaping and Screening. This landscaping is in addition to any other landscaping or screening required for parking areas by the Zoning Code.
- 5. Motorcycle parking may substitute for up to 5 spaces or 5 percent of required automobile parking, whichever is less. For every 4 motorcycle parking spaces provided, the automobile parking requirement is reduced by one space. Each motorcycle space must be at least 4 feet wide and 8 feet deep. Existing parking may be converted to take advantage of this provision.
- 6. Substitution of car sharing spaces for required parking. Substitution of car sharing spaces for required parking is allowed if all of the following are met:
 - a. For every car-sharing parking space that is provided, the motor vehicle parking requirement is reduced by two spaces, up to a maximum of 25 percent of the required parking spaces;
 - b. The car-sharing parking spaces must be shown on the building plans; and
 - c. A copy of the car-sharing agreement between the property owner and the car-sharing company must be submitted with the building permit.
- 7. Substitution of bike sharing facility for required parking. Substitution of a bike sharing facility for required parking is allowed if all of the following are met:
 - a. A bike sharing station providing 15 docks and eight shared bicycles reduces the motor vehicle parking requirement by three spaces. The provision of each additional of four docks and two shared bicycles reduces the motor vehicle parking requirement by an additional space, up to a maximum of 25 percent of the required parking spaces;
 - b. The bike sharing facility must be adjacent to, and visible from the street, and must be publicly accessible;
 - c. The bike sharing facility must be shown on the building plans; and
 - d. Bike sharing agreement.
 - (1) The property owner must have a bike sharing agreement with a bike-sharing company;
 - (2) The bike sharing agreement must be approved by the Portland Bureau of Transportation; and
 - (3) A copy of the signed agreement between the property owner and the bike-sharing company, accompanied by a letter of approval from the Bureau of Transportation, must be submitted before the building permit is approved.
- 8. Parking is not required for dwelling units that are affordable as defined by Title 30.XXX.XXX.

Commentary

33.510.200 Floor Area Ratios

- A. Purpose.** The maximum floor area ratio (FAR) standards are intended to accomplish several purposes of the Central City Plan. These include coordinating private development with public investments in transportation systems and other infrastructure, limiting and stepping down building bulk to the Willamette River, residential neighborhoods, and historic districts. While consistent with these purposes, the floor area ratios are intended to be the largest in the Portland region.
- B. Floor area ratio standard.**
1. Generally. The maximum floor area ratios for all sites in the Central City plan district are shown on Map 510-2 at the end of this chapter. Floor area ratios greater than shown on Map 510-2 are prohibited unless allowed by Subsections C. through G., below, or by 33.510.210.
 2. Goose Hollow. The minimum floor area ratio in the Goose Hollow subdistrict is 1 to 1.
 3. Specified sites in the West End Subarea. In the area shown on Map 510-14, the following regulations apply:
 - a. Maximum. The maximum floor area ratio is 6 to 1. If at least 33 percent of floor area is in residential use, the maximum floor area ratio is 9 to 1.
 - b. Minimum. The minimum floor area ratio is 2 to 1.
 4. South Waterfront Subdistrict. In the South Waterfront Subdistrict, floor area used for automated parking is not counted towards maximum FAR for the site. The automated parking facility must rely on a mechanical system instead of a vehicle operator to transport vehicles to a storage space within the facility.
- C. Limit on increased floor area.**
1. Generally. Except as provided under C.2.through C.5, below, increases in FAR, whether by transfers of floor area or bonus floor area options, of more than 3 to 1 are prohibited;
 2. In the portion of the West End subarea that is not shown on Map 510-14, the following applies. There is no maximum to the amount of bonus floor area that may be earned. However, the total floor area on a site, including bonus floor area and transferred floor area, may not be more than 12 to 1. Adjustments are prohibited.
 3. South Park Blocks frontages. Transfers of floor area to RX-zoned sites on the Park Block frontages shown on Map 510-13 are prohibited. This prohibition applies to all RX-zoned sites on the Park Block frontages, including those within the West End subarea.

Commentary

4. South Waterfront subdistrict. In the South Waterfront Subdistrict the following applies:
 - a. Generally. Except as allowed under Subparagraphs 4.b. and c., below, no more than 2:1 FAR may be earned on a site through the use of bonuses. There is no maximum to the amount of floor area that may be transferred to a site. However, the total floor area on a site, including bonus floor area and transferred floor area, may not be more than 9 to 1, except as allowed under C.4.c, below. Adjustments to the regulations of this paragraph are prohibited.
 - b. An FAR of more than 2 to 1 may be earned on a site through the use of bonuses if at least 1 to 1 FAR is earned on the site through the use of the open space bonus option, open space fund bonus option, or South Waterfront Willamette River Greenway bonus option. However, the total floor area on the site, including bonus floor area and transferred floor area, may not be more than 9 to 1.
 - c. The total floor area on a site, including bonus floor area and transferred floor area, may be more than 9 to 1 if all of the following are met:
 - (1) The floor area above the 9 to 1 ratio must be transferred from the South Waterfront Greenway Area; and
 - (2) The portion of the South Waterfront Greenway Area that floor area is being transferred from must have been dedicated to the City since September 1, 2002.

5. North Pearl Subarea. In the North Pearl Subarea bonus options target area, shown on Map 510-4, the following applies:
 - a. An FAR increase of more than 3 to 1 may be earned on a site through the following provisions. However, the total floor area on a site may not be more than 9 to 1, except as allowed under 5.b below. Adjustments to the regulations of this paragraph are prohibited:
 - (1) Floor area bonuses;
 - (2) Transfers from the site of an historic resource meeting Subsection H. below.
 - b. The total floor area on a site, including bonus floor area and transferred floor area, may be more than 9 to 1 if the floor area above the 9 to 1 ratio is transferred from the site of an historic resource as specified in Subsection H. below.

D. Transfer of floor area within a project. In the CX and EX zones, floor area, including bonus floor area, may be transferred between abutting lots within a site or sites being developed jointly. This also applies to lots within a site which would be abutting but for a right-of-way. Floor area transfers are subject to the following restrictions:

Commentary

1. If the site is within the Downtown subdistrict as shown on Map 510-1, floor area may be transferred between abutting lots within a site or sites being developed jointly provided the lots are within the same block. Floor area transfers across rights-of-way are prohibited in the Downtown subdistrict.
2. Buildings on each site may not exceed the height limit established for that site by the regulations of this chapter;
3. If bonus floor area is included in the transfer, those facilities to be provided in exchange for the bonus floor area must be completed in advance or at the time of issuing any occupancy permit for the other lot; and
4. The property owner(s) must execute a covenant with the City which is attached to and recorded with the deed of both the lot transferring and the lot receiving the floor area reflecting the respective increase and decrease of potential floor area. The covenant must meet the requirements of 33.700.060.

E. SRO housing transfer of floor area.

1. Purpose. Transfer of floor area ratio potential from sites occupied by single room occupancy housing (SROs) is allowed in order to encourage the development of new SROs and reduce market pressure for removal of existing SROs.
2. Allowable floor area transfers.
 - a. The owners of qualifying sites may sell the rights to their unused floor area potential. The rights to the floor area may be used anywhere in the Central City plan district.
 - b. Floor area increases transferred to a site are limited to that allowed by Subsection C. above.
 - c. The SRO property owner must execute a covenant with the City which reflects the decrease of potential floor area. The covenant must require future continuation and maintenance of the SRO housing in conformance with the standards of this subsection. The covenant must meet the requirements of 33.700.060.
3. Qualifying SRO projects and restrictions.
 - a. Vacant, existing, and new SRO housing developments located in a CX or EX zone qualify for the floor area transfer. Vacant, existing, and new SRO housing developments located in the RX zone qualify for the floor area transfer if the sending and receiving sites are located in the RX zone, or if the sending site is within the RX zone and the receiving site is in the CX or EX zone. At least 60 percent of the floor area of the SRO structure must be used for housing.
 - b. For existing SRO housing, the building must be in full compliance with the Oregon Structural Specialty Code (the Uniform Building Code as amended by the State of Oregon) at the time of transfer of the development rights. If not, the structure must be brought into compliance before an occupancy permit is issued for a development using the transferred floor area.

Commentary

- c. For proposed new SRO housing, the excess floor area rights may be transferred prior to construction if done as part of a development proposal to which the floor area is being transferred. The SRO units must receive an occupancy permit in advance of issuing an occupancy permit for any other part of the development.
- d. The SRO structure may not be demolished or converted to other uses unless the number of SRO units lost will be replaced either on the site or at another location in the Central City plan district. SRO units being provided at another site must receive an occupancy permit in advance of issuing an occupancy permit for a new use on the former SRO site or issuing a demolition permit for the site. In addition, the decreased floor area potential on the SRO site continues.

F. Transfer of residential floor area.

- 1. Purpose. Transfer of floor area ratio potential from sites occupied by residential development is allowed in order to reduce market pressure for removal of existing housing.
- 2. Allowable floor area transfers.
 - a. The owners of qualifying sites may transfer the rights to their unused floor area potential. The rights to the floor area may be used anywhere in the Central City plan district.
 - b. Floor area transferred to a site is limited to that allowed by 33.510.200.C.
 - c. The sending residential property owner must execute a covenant with the City that reflects the decrease of potential floor area. The covenant must require future continuation and maintenance of the housing in conformance with the standards of this subsection. The covenant must meet the requirements of 33.700.060.

G. Transfer of floor area within the South Waterfront Subdistrict. In the South Waterfront Subdistrict, floor area, including bonus floor area, may be transferred between sites. The sites are not required to be abutting; however, both the sending site and the receiving site must be located within the South Waterfront Subdistrict. Floor area transfers are subject to the following:

- 1. Buildings on each site may not exceed the height limit established for that site by the regulations of this chapter;
- 2. If bonus floor area is included in the transfer, those facilities to be provided in exchange for the bonus floor area must be completed in advance or at the time of issuing any occupancy permit for buildings taking advantage of the bonus floor area; and
- 3. The property owners must execute a covenant with the City that is attached to and recorded with the deed of both the sending and receiving sites reflecting the respective increase and decrease of potential floor area. The covenant must meet the requirements of 33.700.060.

Commentary

33.510.200.I Neighborhood Facilities

This amendment reflects direction identified in the Central City 2035 Plan.

H. Transfer of floor area from Historic Resources in specified areas.

1. Where these regulations apply. These regulations apply to sites located in the Pearl Development Transfer Opportunity Area on Map 510-20.
2. Sites eligible to transfer floor area. Sites eligible to transfer floor area must be located within the area shown on Map 510-20 and must contain:
 - a. A landmark;
 - b. A contributing resource in an Historic District; or
 - c. A Rank I, II, or III resource listed in the City's Historic Resource Inventory.
3. Sites eligible to receive floor area. A site within the area shown on Map 510-20 is eligible to receive floor area from the historic resources listed above in H.2.
4. Covenants. The owners of both the sending and receiving sites must execute a covenant with the City that is attached to and recorded with the deed. The covenants may not be revoked or rescinded. The covenants must include the following:
 - a. Both sites. The covenant for each site must reflect the respective increase and decrease of potential floor area. The covenant must meet the requirements of Section 33.700.060, Covenants with the City.
 - b. Sending site. The covenant for the sending site must state that the owner will not demolish or relocate the historic resource unless the City approves the demolition or relocation through demolition review.
5. Exception for Landmarks. Landmarks located in the Pearl Development Transfer Opportunity Area on Map 510-20 may elect to transfer floor area to a receiving site outside of the area on Map 510-20 if they meet the standards of 33.130.205.C or 33.140.205.C.
6. Adjustments. Adjustments and modifications to these regulations are prohibited.

I. Neighborhood facilities ~~within the North Pearl Subarea.~~

1. Purpose. This regulation encourages creation of facilities to serve those who live in the Central City ~~and work in the North Pearl Subarea~~. These facilities are necessary elements of a neighborhood.
2. Standards. ~~In the North Pearl Subarea,~~ floor area used for specified neighborhood facilities is not counted towards maximum FAR for the site. The specified neighborhood facilities are public schools, public community centers, daycare facilities for children, and public libraries. To qualify for this provision, the following requirements must be met:
 - a. Schools. Floor area to be used for public schools does not count towards maximum FAR for the site if the school will be operated by or for a public school district.

Commentary

33.510.200.I.2.b Daycare

These two sentences are being deleted because the bonus provision referenced in the text is being deleted in favor of bonuses for inclusionary housing.

33.520.210.B.1 Floor Area and Height Bonus Options General Regulations

This code is being deleted to apply Inclusionary Housing requirements to capture the addition of 20 or more units to an existing residential structure, and a conversion of a warehouse to a residential or mixed use building as long as the residential portion of the building is 20 or more units.

- b. Daycare. Floor area to be used for daycare facilities for children does not count towards maximum FAR for the site. Applicants may choose to either earn bonus FAR under 33.510.210.C.23, or to have the daycare not counted towards maximum FAR for the site under this subsection. Both provisions may not be used on a site.
- c. Libraries. Floor area to be used for public libraries does not count towards maximum FAR for the site if the library will be operated by the Multnomah County Library or does not charge membership fees.
- d. Public community centers. Floor area to be used for community centers does not count towards maximum FAR for the site. Public community centers are not for exclusive use by residents of a site and their guests.
- e. All facilities. All neighborhood facilities must meet the following:
 - (1) The floor area of the facility must be reserved for the exclusive use of the neighborhood facility for at least 10 years from the date a certificate of occupancy is issued for the qualifying floor area. No uses other than those listed in this subsection are allowed.
 - (2) The applicant must document that there is a binding agreement with an operator for each facility. This documentation must be submitted with the application for design review; and
 - (3) The property owner must execute a covenant with the City which is attached to an recorded with the deed of the site. The covenant must ensure that the owner will reserve the floor area as specified in I.2.e(1). The covenant must comply with the requirements of Section 33.700.060.

33.510.210 Floor Area and Height Bonus Options

A. Purpose. Floor area and height bonus options are offered as incentives to encourage facilities and amenities that implement the Central City Plan.

B. General regulations.

- 1. The bonus options are only allowed in situations where stated. ~~Only new developments are eligible for the bonuses unless specifically stated otherwise.~~ Exceptions to the requirements and the amount of bonus floor area or height earned are prohibited.
- 2. Projects may use more than one bonus option unless specifically stated otherwise. Bonuses may be done in conjunction with allowed transfers of floor area.
- 3. The maximum floor area increase that may be earned through the bonus options must be within the limits for overall floor area increases stated in 33.510.200.C.
- 4. Buildings using bonus floor area must not exceed the maximum height limits shown on Map 510-3 unless eligible for bonus height.

Commentary

33.510.210.B.5 The residential bonus option is being deleted, so this hierarchy will no longer be relevant. In its place a hierarchy that prioritizes the inclusionary housing FAR bonuses over the other FAR bonus and transfer options is added.

~~5. In residential bonus target areas, as shown on Map 510-4, the residential bonus option must be used before any other bonus. A bonus floor area ratio of at least 1.5 to 1 from the residential bonus option must be earned before the project qualifies for other bonus options.~~

5. Except as required by Paragraph B.6., the mandatory inclusionary housing bonus or the voluntary inclusionary housing bonus option must be used before any other bonus or transfer option. A bonus floor area of at least 3 to 1 must be earned from one of the inclusionary housing bonus options before qualifying for other bonus or transfer options.

6. If any portion of the site is in the Greenway bonus target area, as shown on Map 510-4, the South Waterfront Willamette River Greenway bonus option must be used before any other bonus. Bonus floor area of at least 7,500 square feet from the South Waterfront Willamette River Greenway bonus option must be earned before the project qualifies for other bonus options.

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 earns bonus FAR as follows:

a. An additional FAR of 3 to 1 is earned for projects that voluntarily provide at least 10 percent of the total number of new dwelling units on the site at 60 percent of the area median family income, or at least 20 percent of the total number of new dwelling units on the site at 80 percent of the area median family income. The affordable dwelling unit may be located on-site or off-site. To qualify for this bonus, the following requirements must be met:

(1) 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; and

Commentary

33.510.210.C.1 Residential floor area bonus

This bonus was adopted in 1990 as a means to promote new residential development in the Central City. In the post war era following WWII, tens of thousands of residential units were lost in the city center due to large scale infrastructure and redevelopment projects, such as Interstate-405 and 5 construction and Memorial Coliseum and the Auditorium District. This combined with a national trend toward suburban development resulted in a disinvestment in existing and new residential projects downtown. These conditions also made speculative residential development a risky venture for developers and investors.

To encourage a return of residential development in the city center, the residential floor area bonus was developed. Although now viewed as a "give away" to those already proposing to develop a condo or apartment tower, in the 1990's this was a means to increase residential densities and provide a financial incentive for development whose success was uncertain at best.

This bonus has been used at least 51 times and has resulted not only in the creation of thousands of new units, but also the creation of new neighborhoods, such as the Pearl, but also encouraged new housing in older communities such as the West End and Goose Hollow.

As residential development in the Central City is now a common if not the predominate use being developed, there no longer exists a need to incent housing for the sake of housing alone. Thus, this bonus is proposed to be retired and new bonuses addressing the growing and significant need for affordable housing is proposed to take its place.

(2) Prior to issuance of a building permit, the property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant 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.

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.]

Commentary

- ~~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. General bonus heights.** Bonus height is also earned at certain locations in addition to the bonus floor area achieved through the bonus options. Bonus height is in addition to the maximum heights of Map 510-3. Qualifying areas, shown on Map 510-3, are located such that increased height will not violate established view corridors, the preservation of the character of historical districts, the protection of public open spaces from shadow, and the preservation of the City's visual focus on important buildings (such as the Union Station Clock Tower).

The height bonus allowed is based on the floor area bonuses and transfers listed in Paragraph D.1., below. The amount of bonus height awarded is specified in Paragraphs D.2. and D.3., below.

1. The height bonus allowed is based on the following:
 - a. The floor area bonus options of Subsection 33.510.210.C., above;
 - b. The transfer of floor area from sites occupied by SROs, as allowed by Subsection 33.510.200.E; and
 - c. The transfer of floor area from sites of Historic Landmarks, as allowed by the regulations of the base zones.
2. In areas qualifying for a height bonus, on sites up to 40,000 square feet in area, the amount of bonus height awarded is based on the following schedule:
 - a. For achieving a bonus floor area ratio of at least 1 to 1, but less than 2 to 1, a height bonus of 15 feet is earned.
 - b. For achieving a bonus floor area ratio of at least 2 to 1, but less than 3 to 1, a height bonus of 30 feet is earned.

Commentary

33.510.210.E.3.a Bonus height option for housing

This subparagraph is being amended to remove a reference to C.1, which is the residential floor area bonus option. That bonus option is being deleted and replaced with the inclusionary housing bonus options.

- c. For achieving a bonus floor area ratio of 3 to 1, a height bonus of 45 feet is earned.
3. In areas qualifying for a height bonus, on sites larger than 40,000 square feet in area, the amount of bonus height awarded is based on the following schedule. The height bonus is applied only to the building where the bonus floor area is achieved or transferred, not to the entire site:
- a. For achieving bonus floor area of at least 40,000 square feet, but less than 80,000 square feet, a height bonus of 15 feet is earned.
 - b. For achieving bonus floor area of at least 80,000 square feet, but less than 120,000 square feet, a height bonus of 30 feet is earned.
 - c. For achieving bonus floor area of 120,000 square feet or more, a height bonus of 45 feet is earned.

E. Bonus height option for housing.

- 1. Generally. In the bonus height areas, building heights may be allowed to be greater than shown on Map 510-3 if the bonus height is for housing. Although this subsection allows the review body to approve bonus height, the review body may also require reconfiguration of the building, including reducing its height, and may approve all, some or none of the bonus height requested, based on application of the criteria in E.4, below.
- 2. Standard. The maximum height bonus that may be allowed is 75 feet.
- 3. Relationship to Subsection D.
 - a. On sites shown on Map 510-3 as eligible for general and housing height bonuses, both the bonus height options of this subsection and Subsection D., above may be used. However, if both options are used, the combined bonus height may not exceed 75 feet. Bonus height in excess of the maximum allowed through Subsection D., above, must be used exclusively for housing, ~~and may not be used to qualify for the residential floor area bonus option in Subsection C.1., above;~~
 - b. On sites shown on Map 510-3 as eligible for housing height bonuses, only the housing height bonus of this subsection may be used.
- 4. Approval Criteria. The approval of the bonus height is made as part of the design review of the project. The bonus height may be approved if the review body finds that the applicant has shown that all of the following criteria have been met:
 - a. The increased height will not violate an established view corridor;
 - b. If the site is within 500 feet of an R zone, the proposed building will not cast shadows that have significant negative impacts on dwelling units in R zoned lands;

Commentary

- c. If the site is shown on Map 510-3 as eligible for the Open Space (OS) performance standard, the project must meet the performance standards of Subsection 33.510.205.E.;
- d. If the site is on a block adjacent to the Yamhill or Skidmore Fountain/Old Town Historic Districts, the project must meet the performance standards of Subsection 33.510.205.D.;
- e. The increased height will result in a project that better meets the applicable design guidelines; and
- f. Approval of the increased height is consistent with the purposes stated in Subsection 33.510.205.A.

F. Bonus height option for high ceilings in the West End. In the West End subarea, proposals where any of the residential floor-to-ceiling heights exceed 8 feet receive bonus height. Each floor that has a ceiling height of more than 8 feet may receive up to four feet of bonus height; for each foot of floor-to-ceiling height over 8 feet, an additional foot of height is allowed above that shown on Map 510-3. To be eligible for this bonus, the floors where this bonus is earned must be in residential use, and at least 75 percent of ceiling square footage must qualify for the bonus that is being sought.

For example, the height bonus for a ten story, totally residential building where 3 floors have 10-foot ceilings ($3 \times 2 = 6$), two floors have 12-foot ceilings ($2 \times 4 = 8$), two floors have 14-foot ceilings ($2 \times 4 = 8$) and three floors have 8-foot ceilings ($3 \times 0 = 0$), the height bonus allowed would be 22 feet.

G. Bonus height in the South Waterfront Subdistrict. Within the South Waterfront Subdistrict, buildings receive bonus height if they include bonus floor area or floor area transferred onto the site. Buildings that include any floor area achieved through bonuses or from transfers onto the site earn a height bonus of 125 feet, up to a maximum building height of 250 feet. The additional height may not be applied to any portion of a building within 150 feet of the top of bank line as shown on Map 510-17, South Waterfront 2002 Top of Bank Line.

Commentary

Map 510-4

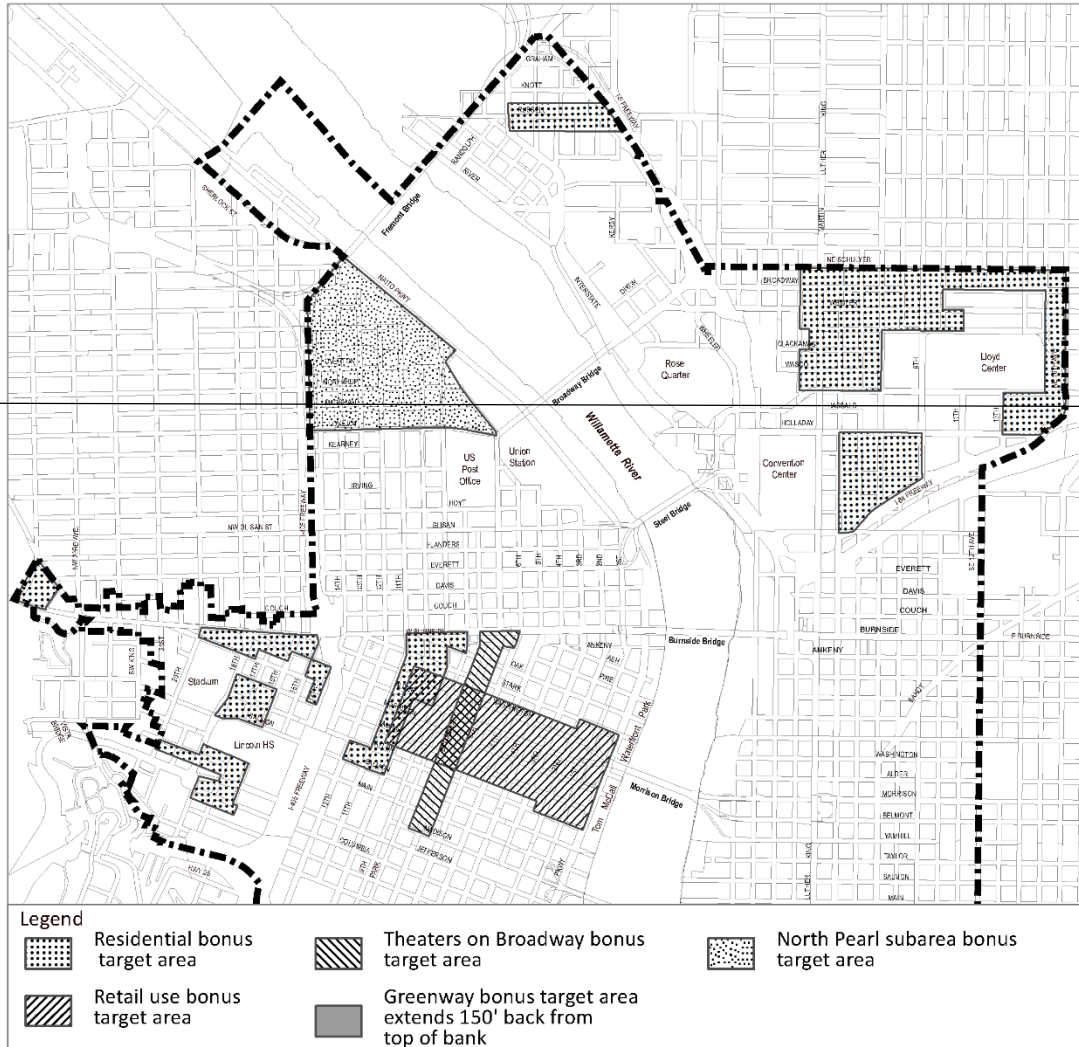
This map 510-4 is being deleted. A new version of the map is shown on page 89.

Bonus Options Target Areas

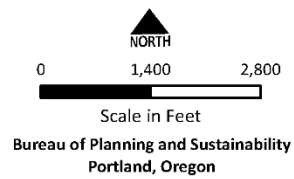
Map 510-4

Map 1 of 2

Map Revised March 1, 2015



 Central City Plan District boundary



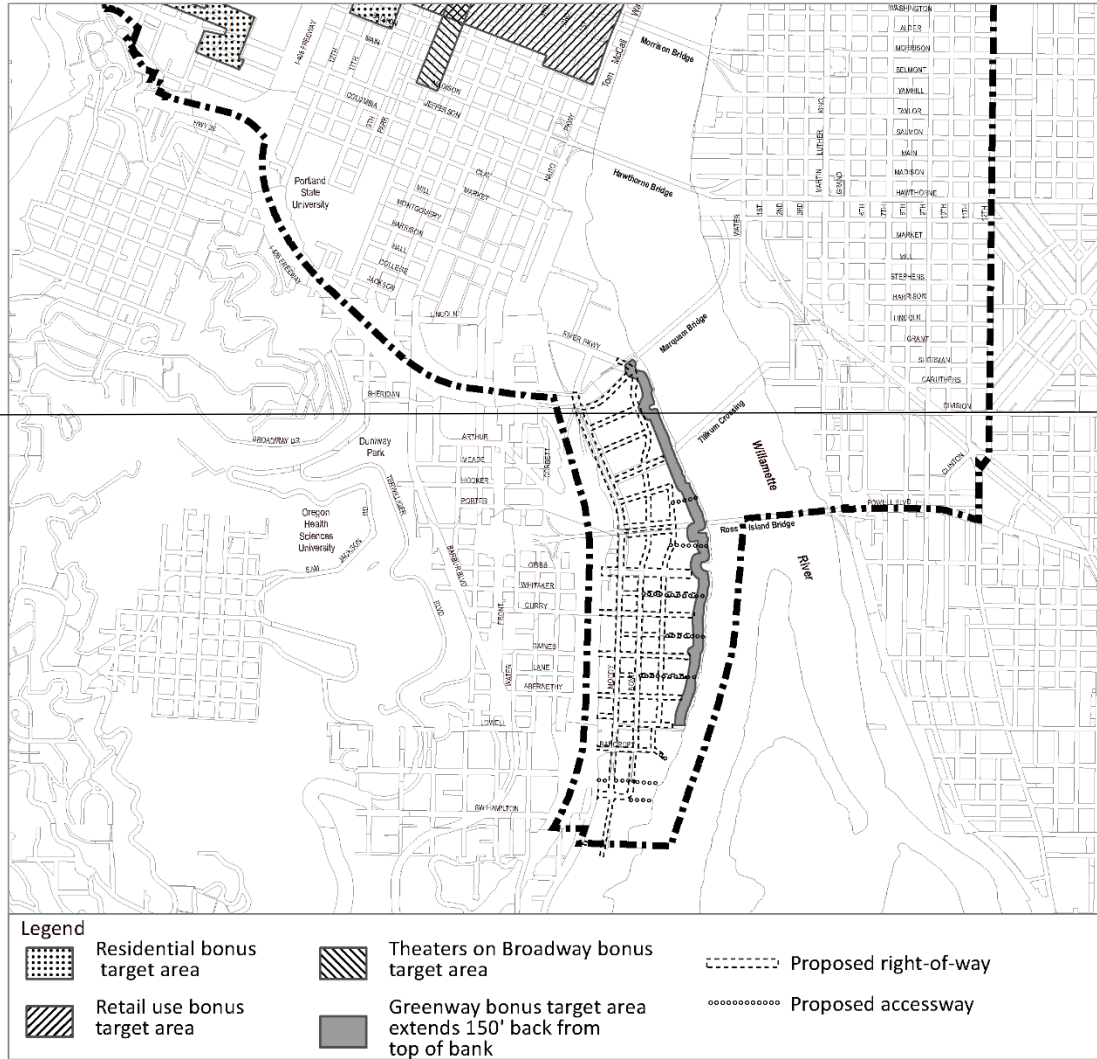
Commentary


Bonus Options Target Areas

Map 510-4

Map 2 of 2

Map Revised March 1, 2015



 Central City Plan District boundary



Scale in Feet
Bureau of Planning and Sustainability
Portland, Oregon

Commentary

Map 510-4

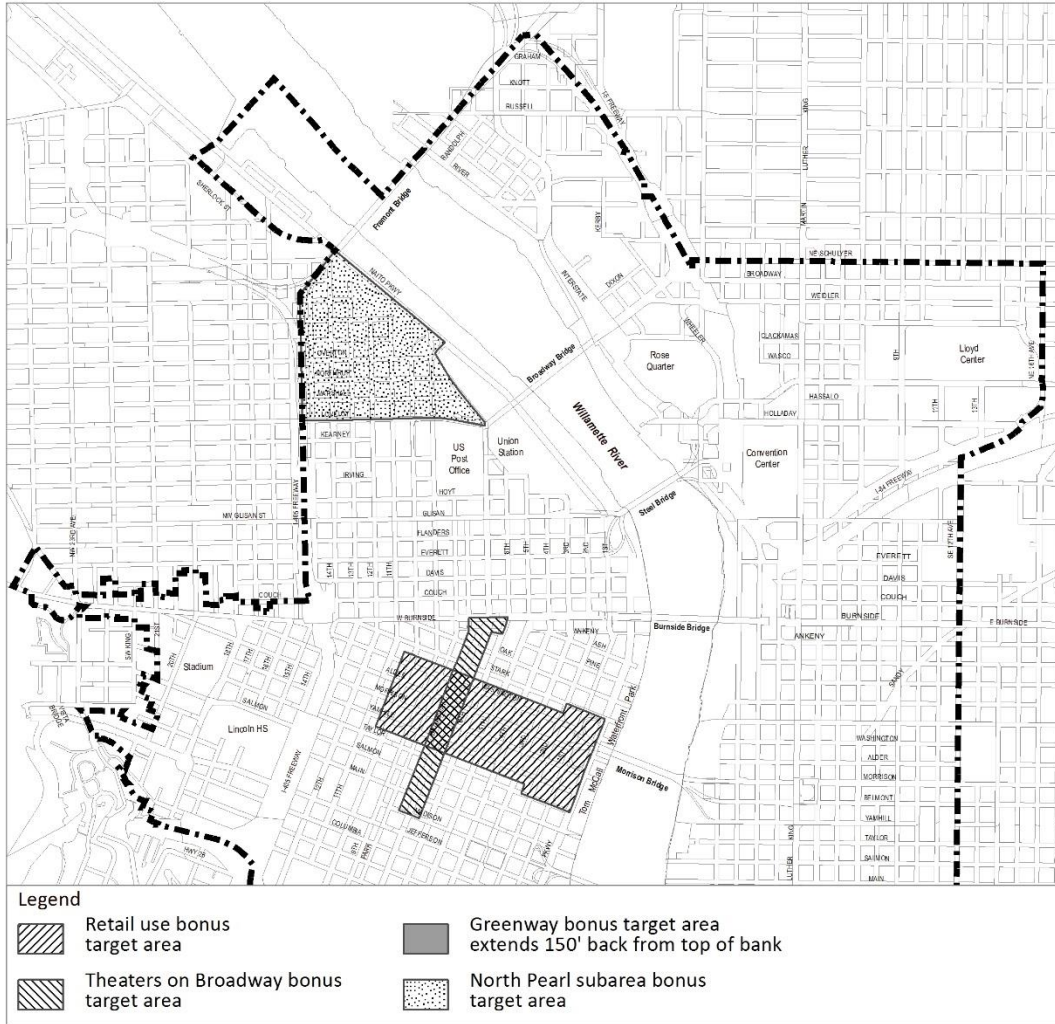
This is a new map 510-4 that does not show the residential bonus target area because that bonus has been deleted.

Bonus Options Target Areas

Map 510-4

Map 1 of 2

Map Revised XXXXXX XX, 201X



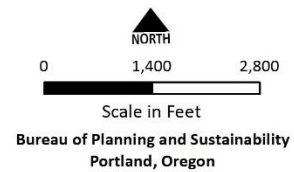
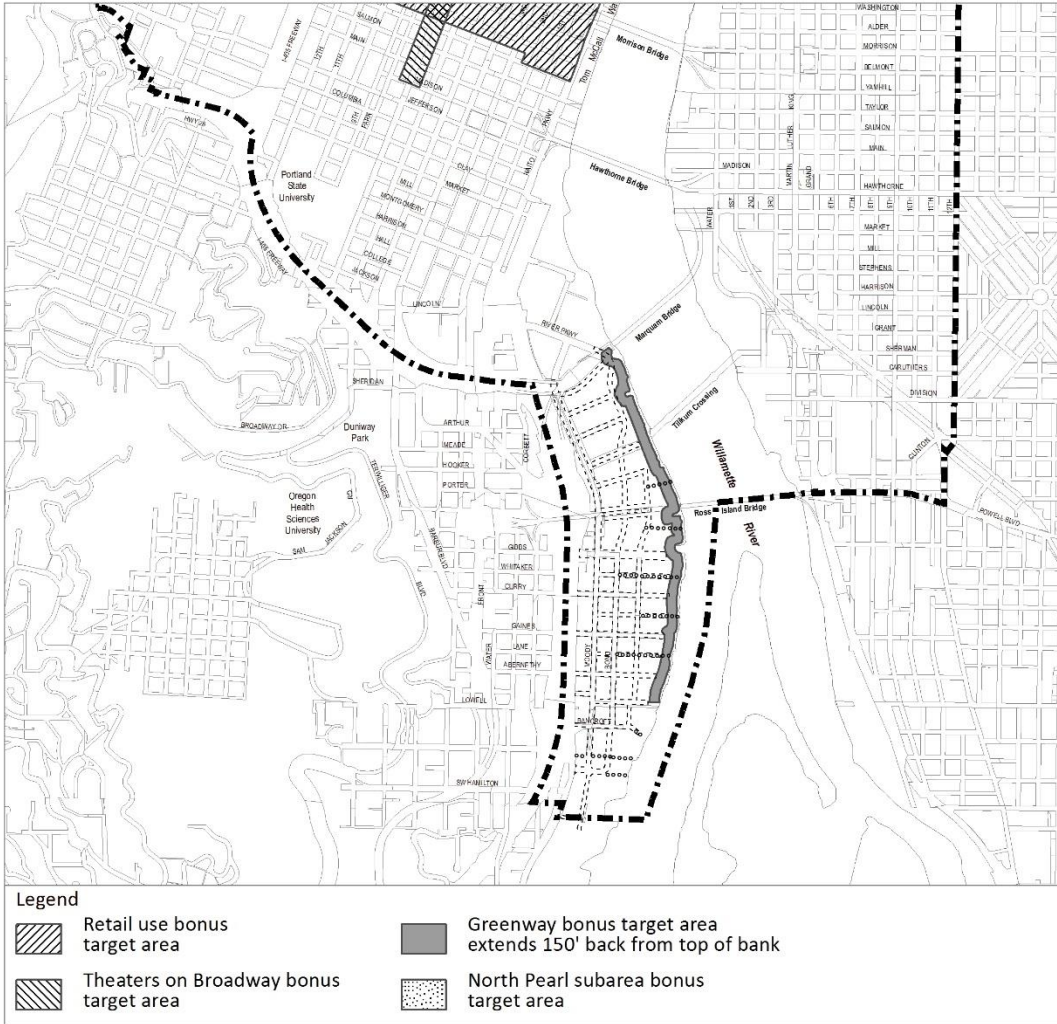
Commentary

Bonus Options Target Areas

Map 510-4

Map 2 of 2

Map Revised XXXXXX XX, 201X



Commentary

33.526.230 Gateway Plan District FAR and Height Bonus Options

Like the Central City plan district, the Gateway plan district has its own maximum FAR and FAR bonus system that supersedes the base zone bonus and transfer options. To ensure that the automatic and voluntary inclusionary housing bonuses are available in the Gateway plan district, they are being added to this section.

33.526.220 Floor Area Ratio

- A. Purpose.** These regulations encourage intense development throughout the plan district with a higher level of intensity occurring around light rail stations. This increased development reinforces Gateway’s role as a regional center. In addition, the standards ensure a minimum level of development on some sites.
- B. Maximum floor area ratio.** The maximum floor area ratios (FAR) allowed are shown on Map 526-3 at the end of this chapter.
 - 1. On sites with a maximum FAR of 6:1 or less where at least 80 percent of the proposed floor area on the site will be in Residential uses, an additional 2:1 FAR is allowed.
 - 2. FARs greater than shown on Map 526-3 or allowed by Paragraph B.1 are prohibited unless allowed by Section 33.526.230.
- C. Minimum floor area ratio.** The minimum floor area ratio (FAR) for new development is shown on Map 526-3.
- D. Limit on increased floor area.** Increases in FAR, whether by transfers of floor area or bonus floor area options, of more than 3 to 1 are prohibited.

33.526.230 Floor Area and Height Bonus Options

- A. Purpose.** Floor area and height bonus options are offered as incentives to encourage facilities and amenities that are desired around the light rail stations and on sites with a Gateway Master Plan.
- B. General regulations.**
 - 1. Eligible sites. The mandatory inclusionary housing and voluntary inclusionary housing bonus options may be used in the R3, R2, R1, RH, commercial and EX zones in the Gateway plan district. The other bonus options may be used only in areas shown on Map 526-5, and on sites with a Gateway Master Plan. The residential bonus option may be used only in those areas on sites in a C or E zone.
 - 2. New floor area. Only new floor area is eligible for the bonuses unless specifically stated otherwise. Exceptions to the requirements and the amount of bonus floor area or height earned are prohibited.
 - 3. Number of bonus options. Proposals may use more than one bonus option unless specifically stated otherwise. Bonuses may be done in conjunction with allowed transfers of floor area.
 - 4. Maximum floor area increase. The maximum floor area increase that may be earned through the bonus options must be within the limits for overall floor area increases stated in 33.526.220.D.

Commentary

5. Maximum height increase. Buildings using bonus floor area must not exceed the maximum height limits shown on Map 526-2 unless eligible for bonus height.

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 that voluntarily provide at least 10 percent of the total number of new dwelling units on the site at 60 percent of the area median family income, or at least 20 percent of the total number of new dwelling units on the site at 80 percent of the area median family income. The affordable dwelling units may be located on-site or off-site. To qualify for this bonus, the following requirements must be met:

(1) 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; and

(2) Prior to issuance of a building permit, the property owner must execute a covenant with the City that complies with the requirements of Section 33.700.060. The covenant 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.

Commentary

- 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.
23. Open Space bonus option. Proposals that provide open space that may be used by the public will receive bonus floor area. For each square foot of open space provided, a bonus of one square foot of additional floor area is earned. To qualify for this bonus, the following requirements must be met:
- a. Size and dimensions. The open space must include at least 5,000 square feet of contiguous area;
 - b. Ownership and use. One of the following must be met:
 - (1) The open space must be dedicated to the City, subject to paragraph 2.d.; or
 - (2) A public access easement must be provided that allows for public access to and use of all the open space;
 - c. Maintenance. The property owner must execute a covenant with the City that ensures the installation, preservation, maintenance, and replacement, if necessary, of the open space features, and that meets the requirements of 33.700.060, Covenants with the City; and
 - d. Parks approval. The applicant must submit with the application for land use review a letter from Portland Parks and Recreation stating that the open space features meet the requirements of the bureau, and that the space is acceptable to the bureau.
34. Eco-roof bonus option. Eco-roofs are encouraged in the Gateway Regional Center because they reduce stormwater run-off, counter the increased heat of urban areas, and provide habitat for birds. An eco-roof is a rooftop stormwater facility that has been certified by the Bureau of Environmental Services (BES).
- a. Bonus. Proposals that include eco-roofs receive bonus floor area as follows:
 - (1) Where the total area of the eco-roof is at least 10 percent but less than 30 percent of the building's footprint, each square foot of eco-roof earns one square foot of additional floor area.

Commentary

- (2) Where the total area of the eco-roof is at least 30 percent but less than 60 percent of the building's footprint, each square foot of eco-roof earns two square feet of additional floor area.
 - (3) Where the total area of the eco-roof is at least 60 percent of the building's footprint, each square foot of eco-roof earns three square feet of additional floor area.
- b. Before an application for a land use review will be approved, the applicant must submit a letter from BES certifying that BES approves the eco-roof. The letter must also specify the area of the eco-roof.
 - c. The property owner must execute a covenant with the City ensuring installation, preservation, maintenance, and replacement, if necessary, of the eco-roof. The covenant must comply with the requirements of 33.700.060, Covenants with the City.

D. General bonus heights. Bonus height is also earned in addition to the bonus floor area achieved through the bonus options. Bonus height is in addition to the maximum heights of Map 526-2. The height bonus allowed is based on the floor area bonuses and transfers listed in paragraph D.1., below. The amount of bonus height awarded is specified in paragraphs D.2. and D.3., below.

- 1. The height bonus allowed is based on the floor area bonus options of Subsection 33.526.230.C., above;
- 2. In areas qualifying for a height bonus, on sites up to 40,000 square feet in area, the amount of bonus height awarded is based on the following schedule:
 - a. For achieving a bonus floor area ratio of at least 1 to 1, but less than 2 to 1, a height bonus of 15 feet is earned.
 - b. For achieving a bonus floor area ratio of at least 2 to 1, but less than 3 to 1, a height bonus of 30 feet is earned.
 - c. For achieving a bonus floor area ratio of 3 to 1, a height bonus of 45 feet is earned.
- 3. In areas qualifying for a height bonus, on sites larger than 40,000 square feet in area, the amount of bonus height awarded is based on the following schedule. The height bonus is applied only to the building where the bonus floor area is achieved or transferred, not to the entire site:
 - a. For achieving bonus floor area of at least 20,000 square feet, but less than 80,000 square feet, a height bonus of 15 feet is earned.
 - b. For achieving bonus floor area of at least 40,000 square feet, but less than 120,000 square feet, a height bonus of 30 feet is earned.
 - c. For achieving bonus floor area of 80,000 square feet or more, a height bonus of 45 feet is earned.

Commentary

E. Bonus height option for housing.

1. Generally. In the areas eligible for bonus height shown on Map 526-5 areas, building heights may be allowed to be greater than shown on Map 526-2 if the bonus height is for housing.
2. Standard. The maximum height bonus that may be allowed is 75 feet. Projects may use both the bonus height options of this subsection and Subsection D., above. However, if both options are used, the combined bonus height may not exceed 75 feet. Bonus height in excess of the maximum allowed through Subsection D., above, must be exclusively for housing, ~~and may not be used to qualify for the residential floor area bonus option in Subsection C.1., above.~~
3. Approval criteria. The approval of the bonus height is made as part of the design review of the project. The bonus height will be approved if the review body finds that the applicant has shown that the following criteria have been met:
 - a. If the site is within 500 feet of an R zone, the proposed building will not cast shadows that have significant negative impacts on dwelling units in the R zone; and
 - b. The increased height will result in a project that better meets the applicable design guidelines.

33.526.330 Gateway Master Plan

- A. Purpose.** The Gateway master plan adds development potential and flexibility for projects in specified areas. A carefully considered master plan has the potential to ensure that new development moves sites in the plan district closer to the goals of the Gateway Regional Center, while allowing for flexibility, additional development capacity, and phasing of change. The additional development potential and flexibility are possible because the master plan demonstrates that the policy objectives of the Outer Southeast Community Plan are advanced and can be met in the long term. The Gateway master plan is an option; it is not a requirement.
- B. Flexibility achieved.** An approved Gateway master plan allows additional flexibility in any of the following situations:
1. Allocates allowed floor area to individual development sites that will not remain in the same ownership;
 2. Allows uses to be arranged on the site in the most appropriate manner by allowing uses to be located in zones where they are otherwise not permitted.
 - ~~3. Defers the building of any required housing;~~
 - ~~4.~~ 3. Allows the development of required housing at an alternate location;
 - ~~5.~~ 4. Defers the building of required open area;
 - ~~6.~~ 5. Defers the construction of required streets, accessways, and other transportation elements; or
 - ~~7.~~ 6. Allows applicants to take advantage of bonus options in 33.526.230.

Commentary

C. Contents of a Gateway master plan. In addition to the application requirements of Section 33.730.060, a Gateway master plan must contain the components listed below. The greater the level of detail in the plan, the less need for extensive reviews of subsequent phases. Conversely, the more general the details, the greater the level of review that will be required for subsequent phases. The plan must include:

1. Floor area. How allowable floor area will be distributed throughout the site. This can be shown by location of buildings, by subareas of the site, or by amount assigned to each lot. Floor area may be reallocated within the site.
2. Location of uses. The location of proposed uses on the site. If a use is allowed on the site, it may be located on a portion of the site where the zoning would otherwise not permit it. Regardless of use, the base zone development standards will apply.
3. Housing.
 - a. The location, density, and general type of housing to be built. If residential development is required by the base zone, the plan must show how the requirement will be met. ~~If the required housing is not proposed to be built in advance or concurrently with other development, the plan must demonstrate that the proposed location for housing is of suitable size and location for the required amount of housing. The plan must identify a schedule or development phase when the required housing will be built.~~
 - b. If the required housing is proposed for a location outside of the residentially-zoned area, the proposed site must meet the following requirements. The site must be under the applicant's control. The site must be vacant or used for surface parking, or have improvements with an assessed value less than one-third the value of the land. The site must be within the Gateway plan district and be zoned CX or EX. The proposed housing site must be of suitable size and location to be attractive for the required amount of housing.

4.-9. [No change]

D.-E. [No change]

Commentary

33.580.100 Floor Area Ratios. In plan districts that have area specific FAR limits, the plan district specific limits supersede the base zone FAR limits, but the remainder to the FAR regulations in the base zone still apply. This allows any FAR bonus or transfer options to be available in plan districts that do not have their own FAR bonus or transfer structures. In this case, a large portion of the South Auditorium plan district is also in the Central City plan district, and this amendment makes it clear that on those sites, it is the FAR bonus and transfer provisions of the Central City plan district that apply rather than the base zone options.

33.580 South Auditorium Plan District

580

33.580.100 Floor Area Ratios

Maximum floor area ratios for sites in the South Auditorium plan district are shown on Map 580-2. In the portion of the South Auditorium plan district that is also in the Central City plan district, the Central City floor area bonus and transfer options apply rather than any base zone bonus or transfer options. The maximum floor area ratio for all sites in the South Auditorium plan district are as stated by the floor area ratios (FARs) shown on Map 580-2.

5. Other implementation recommendations

City Code Title 30 Changes and Administrative Rule

In October 2016, in advance of the mandatory inclusionary housing zoning hearing and work session before the Planning and Sustainability Commission, the Portland Housing Bureau will develop and publish draft code changes and administrative rules for the implementation of a mandatory inclusionary housing program. The code changes and administrative rules will include:

- Incentives for compliance with the mandatory or voluntary inclusionary housing program
- Fee-in-lieu schedules for opting out of the mandatory inclusionary housing program and purchasing bonus FAR
- Program detail regarding a build-off-site option for locating affordable options in another building in close proximity to the proposed development
- Policies and regulations with regard to quality, size, bedroom composition, and unit distribution for affordable units derived from a mandatory or voluntary inclusionary housing requirement
- Terms of affordability for units derived from a mandatory or voluntary inclusionary housing requirement

Monitoring for code effectiveness

Considering setting direction to implement this future action within the adopting ordinance:

- The Portland Housing Bureau and the Portland Bureau of Planning and Sustainability is directed to periodically monitor the effectiveness of the proposed zoning code amendments to implement underlying policies and consider code adjustments in response to impact of new development standards and zoning code regulations on the development market, changing market conditions in the development market, and unintended consequences of these code amendments in relation to existing Comprehensive Plan and 2035 Comprehensive Plan Policies.

A monitoring and adaptation approach would provide for ongoing code effectiveness within a context of changing market conditions and development trends.



OREGON LOCUS

Responsible Real Estate Developers and Investors

an affiliate of Smart Growth America's national developer coalition

Why the model was developed:

Taking away feedback and requests from the last two Panel of Expert meetings, Oregon LOCUS set out to develop a model based on today's development financing realities, populated with recent or current pro formas and then overlaid the proposed Inclusionary Housing program recommendations to see if development would continue to be feasible, or what the extent there was a "viability gap" for development. The viability gaps were measured in both offset dollars per unit needed and basis points. Basis points are one of the typical units of measurement in interest rates, key to multifamily financing. One basis point equals one hundredth of a percent (1 basis point = 0.01%), so the size of the basis point gap is the key determinant distinguishing a multifamily development that can be financed and one that cannot.

How the model works:

- The model was developed for same building types the City of Portland has modeled, but the analysis focused on podium and high rise pro formas, since those appeared to have the greatest challenges and are most critical to meeting growth goals.
- Sixteen recent/current projects were added into the model, reflecting the current 80% and 60% MFI recommendations and any "viability gaps" between real projects that worked and how they performed under the IH program proposed were identified.
- The 16 pro formas represent nearly \$1.1 billion of housing development, totaling over 2,600 units delivered, under construction or in preconstruction in Portland's urban core.

The Results—the portion of the proposal for 10% of new units at 60% MFI largely appears to work:

- The 60% MFI proposal appears to have very little viability gap, although analysis is still being done to assess feasibility from an IRR perspective, looking at the value of projects at reversion, given abatement is only ten years but the affordability obligation remains for 99 years under the proposal.
- The model shows the initial viability gap is \$26,000 needed per unit in offsets for podium and \$36,000 for high rise in central city and along transit corridors.
- In terms of yield, project yield on podium falls 47 basis points; and, high rise falls approximately 49 basis points.
- When the proposed offsets are added for **podium**, utilizing a full tax abatement, CET exemption on affordable, and SDC waiver on affordable, the yield rises 54 basis points, bridging the gap.
- For **high rise**, using a full tax abatement, CET exemption on affordable, and SDC waiver on affordable, the yield rises 45 basis points, coming 4 bps short of bridging the gap....so a modest adjustment of additional offsets should work.

As partners in meeting Portland's growth goals and housing needs, we *also* need a viable 80% MFI program to ensure the maximum number of housing units at a range of affordability need. That portion of the proposed IH program still needs work to close the viability gap.

The Results—the portion of the proposal for 20% of new units at 80% MFI has a significant viability gap for podium and high rise:

Podium—these results are true for any FAR, there really isn't a difference between +/- 5.0 in performance:

- Approximately \$43,000 in offsets are needed per unit for **podium** in central city and along transit corridors.
- In terms of return to capital, the source of funding for developments to move forward, project yield on podium falls 77 basis points
- When the proposed offsets for the 80% MFI program are added, utilizing a *full* tax abatement (the proposal only allowed partial abatement for 4.0 FAR base zones) and a CET waiver on the affordable component, the yield rises 50 basis points, still leaving a 27 basis point gap.

High Rise:

- Approximately \$61,000 in offsets are needed per unit for high rise in central city and along transit corridors.
- In terms of return to capital, project yield on high rise falls approximately 83 basis points.
- When the proposed high rise offsets for the 80% MFI program are added, utilizing a full tax abatement and a CET waiver on the affordable component, the yield rises 41 basis points, still leaving a 42 basis point gap.

Next Steps:

The model allows changes to the offsets, inclusion rates, or a combination, and instantly shows what happens to the viability gap. The model can help craft not only a workable Inclusionary Housing program, but one that produces the greatest number and range of affordable housing units possible, without negatively impacting housing supply and the City's growth goals.

Oregon LOCUS, is the newly formed local affiliate of Smart Growth America's coalition of responsible real estate investors and developers.

Our members include developers of mixed-use and multi-family properties throughout Portland's central city and transit corridors, and we are committed to achieving a successful Inclusionary Housing program that produces the greatest number and range of affordable housing units possible, without negatively impacting housing supply and the City's growth goals.



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EXHIBIT 4 - STAFF REPORT

DATE: October 26, 2016
TO: Affordable Housing Task Force Members
FROM: Heather Richards, Planning Director
SUBJECT: Ministerial Efforts

Report in Brief:

This is a discussion regarding helping to organize a forum to discuss opportunities for the McMinnville ministerial community to participate in solutions for housing challenges in McMinnville. The Planning Department is starting to field many different questions from ministerial agencies and organizations who want to do something to help.

Should the Affordable Housing Task Force sponsor a forum and bring together all of these ministerial agencies to talk collectively about solutions and collaborative efforts?