# **AGENDA**



# MOLALLA CITY COUNCIL WORK SESSION May 19, 2023 6:00 PM Molalla Civic Center 315 Kennel Ave, Molalla, OR 97038

**Mayor Scott Keyser** 

Council President Jody Newland Councilor Terry Shankle Councilor Eric Vermillion Councilor Leota Childress Councilor Crystal Robles Councilor RaeLynn Botsford

In accordance with House Bill 2560, the City of Molalla adheres to the following practices:

Live-streaming of the Molalla City Council Meetings are available on Facebook at "Molalla City Council Meetings –

LIVE" and "Molalla City Council Meetings" on YouTube.

Citizens can submit Public Comment in the following ways: attend the meeting, email the City Recorder @ <a href="mailto:recorder@cityofmolalla.com">recorder@cityofmolalla.com</a> by 4:00pm on the day of the meeting, or drop it off at City Hall, 117 N. Molalla Avenue.

- 1. CALL TO ORDER AND ROLL CALL
- 2. DISCUSSION ITEMS
  - A. Housing Production Strategies Presentation
- 3. ADJOURN

Agenda posted at City Hall, Library, and the City Website at http://www.cityofmolalla.com/meetings.This meeting location is wheelchair accessible. Disabled individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-829-6855.

# **CITY OF MOLALLA**



117 N. Molalla Avenue PO Box 248 Molalla, OR 97038

# **Staff Report**

# **Agenda Category: Work Session and First Hearing**

**Agenda Date** 5/24/2023 **From:** Dan Zinder

Approved by: Mac Corthell

# **SUBJECT:**

First hearing for Molalla draft Housing Production Strategies (HPS) preceded by a Council work session on the HPS draft.

#### **FISCAL IMPACT:**

None.

#### **RECOMMENDATION/RECOMMEND MOTION:**

Provide a public forum to receive Community and Council input on the Draft HPS. Council will evaluate the selected strategies in the draft and propose revisions, omissions, and additional strategies as applicable.

# **BACKGROUND:**

In late 2021, Molalla received grant funding from DLCD to complete a Housing Needs Analysis, Housing Production Strategy (HPS), and residential Buildable Lands Inventory to bring the City into compliance with HB 2003 and OAR 660. The City is finalizing its draft Housing Needs Analysis and Buildable Lands inventory in accordance with feedback from the Council from the February 8 hearing and DLCD. The City now presents a draft HPS with strategies designed to address the housing needs identified in the HNA. The Draft HPS is included in this staff report as "Exhibit A."

This hearing presents an opportunity for comment from Council and the Public to evaluate the strategies proposed in the draft and propose new strategies to meet the housing needs outlined in the HNA. The City is required to bring final drafts to DLCD by May 31 to close out the grant but adoption is not required for closeout. Council can expect an adoption ready package for both HNA and HPS for the first July meeting.

Notably, the City's workplan to pursue the sequential UGB Amendment process outlined in ORS 197.626(3) and OAR 660-025-0185(1) & (2). OAR 660-025-0185 was accepted by DLCD in early May. With an approved workplan, adoption of the HNA, BLI, and HPS can now be adopted as components of the sequential review process.

# **EXHIBITS:**

Exhibit A – DRAFT CITY OF MOLALLA - 2022 – 2042 Housing Production Strategy

# Exhibit A CITY OF MOLALLA 2022 – 2042 Housing Production Strategy

# Introduction

This document serves as the Housing Production Strategy (HPS) report for the City of Molalla as required by State Law (OAR 660-048-0050). The HPS was developed in partnership with the community and local stakeholders in 2022 and 2023. The HPS addresses housing needs identified in the City's Housing Needs Analysis.

The Housing Production strategy is organized in five sections:

- Strategies and Actions Summary Table lists all the strategies and actions included in the HPS
  along with their affordability, housing type, tenure, and equity targets. To be included in future
  draft.
- Section 1: Molalla's Contextualized Housing Needs provides a summary of Molalla's current and future housing needs, of factors affecting housing production, and housing-related equity concerns.
- Section 2: Engagement includes a summary of stakeholder and community input that was used to develop the strategies and actions included in the HPS as well as some recommendations for future engagement.
- Section 3: Strategies to Meet Future Housing Need contains a list of ten (10) specific actions the City intends to undertake to fulfill its commitment to meeting the housing needs.
- Section 4: Achieving Fair and Equitable Housing Outcomes includes a narrative summarizing how the actions in the HPS, in combination with other City actions, will achieve equitable housing outcomes.

# Section 1: Molalla's Contextualized Housing Needs Summary

The 2022 Housing Needs Analysis and the Contextualized Housing Needs summary (Appendix 1) informed selection of the strategies and actions included in the HPS.

#### **Current Needs**

- Single-Family houses makeup most of the housing stock in Molalla and will continue to be the key housing need.
- Housing costs are high relative to income levels in Molalla.
- The City has a significant deficit of both affordable and market-rate rental apartments.

#### **Future Needs**

- Molalla expects to add around 5,432 new residents over the next 20 years. To accommodate these new residents, 2,077 new dwelling units are needed, consisting of:
  - 55% Low Density Residential Single-Family (1,143 dwelling units)
  - 25% Medium Density Residential

    Single-Family attached & detached and Plexes (519 dwelling units)
  - 20% Medium-High density Residential

     Multi-Family (415 dwelling units)
- Single-Family detached housing will continue to be a key housing need in the city, accounting for over 50% of the future housing need.

- Demographic changes are driving a shift in housing demand and needs. About 45% of the future housing need will be a mix of plexes (duplex, tri-plex, quad-plex), townhomes and apartments, and 55% will be single-family, manufactured housing, and other housing types.
- New Housing is needed for all income levels in order to create a healthy, well-functioning housing market.

#### **Factors Affecting Housing Production**

- The conclusion of the Molalla Buildable Lands Inventory stated more land area is needed to accommodate needed housing and therefore expansion of the Urban Growth Boundary is necessary.
- There is a tighter supply of land for high density housing, such as apartments and townhomes than low or medium density housing.
- Market factors outside the City's control such as job and population growth, construction costs, the developer pool, and availability of financing – will continue to impact how much and what type of housing is produced.

# **Section 2: Engagement**

Input from housing stakeholders, the project's Technical Advisory Committee (TAC), and the public shaped the HPS. The general themes of this input included:

- An initial online community survey
- Reached out Directly to stakeholders (Schools, Emergency Services, etc.)
- A Town Hall meeting
- Second online community survey

#### **Section 3: Strategies to Meet Future Housing Need**

The strategies and actions included in this document were initially identified by the project consulting team based on experience with similar policies, best practices research, and a list of potential strategies published by Department of Land Conservation and Development (DLCD). Working collaboratively with staff and based on input from stakeholders and the community, the consulting team refined the strategies and actions to best fit Molalla's housing needs and the City's capacity for implementation over time.

The actions in this document fall into four strategic categories: (1) Land Use and Zoning Changes; (2) Development Incentives; (3) Public Projects and Resources; and (4) partnerships. There is a one-page summary devoted to each action, which includes a description of the action, steps to implement it, implementation considerations, an adoption timeline, an estimate of magnitude of the action's impact, some suggestions for measuring progress on implementation, and a summary of the action's targets.

# **Section 4: Achieving Fair and Equitable Housing Outcomes**

The fairness and equity of the actions included in the HPS have been evaluated in terms of their impacts on:

- Location of Housing
- Fair Housing and Housing Choice

- Housing Options for Residents Experiencing Homelessness
- Affordable Homeownership and Affordable Rental Housing
- Gentrification, Displacement, and Housing Stability

Of the ten (10) actions included in the HPS:

- Two (2) may have a high impact on development of market-rate housing.
- Three (3) may have a high impact on development impacting senior residents and a student populations.
- Four (4) may have a high impact on development of housing for rent.
- One (1) may have a high impact on development of housing for sale.

#### **Appendices**

**Appendix 1** contains a report summarizing Molalla's housing needs.

**Appendix 2** contains a summary of community engagement efforts that informed development of the HPS.

**Appendix 3** contains a summary of all strategies considered for inclusion in the Housing Production Strategy (HPS) to meet the housing need.

**Appendix 4** includes a summary of how the actions in the HPS, in combination with other City actions, will achieve equitable housing outcomes.

# **Appendix 1**: Molalla's Contextualized Housing Needs

Molalla completed the work for a Housing Needs Analysis (HNA) in 2022 for adoption in 2023. The HNA provides a basis for the City to anticipate future land and housing needs and to develop strategies to meet those needs using data and projections related to buildable lands, population growth, and employment trends.

The purpose of this summary is to provide the City of Molalla with a factual basis to inform and guide future planning efforts related to residential development and redevelopment.

# **Current Housing Needs**

Single-family homes makeup most of the housing stock and will continue to be a key housing need. Using the Safe Harbor Method, the housing need is still strong for single-family homes but with a slightly different distribution of housing needs for the R-2 and R-3 zones.

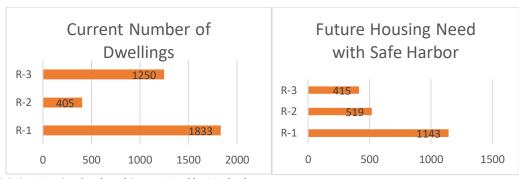


Figure 1: Existing Housing Stock and Future Need by Method

Approximately 92% of single-family homes in Molalla are owner-occupied. In addition, of the renter occupied dwelling units in Molalla are predominantly split among the single-family detached homes, Triplex/quadplexes, and apartment communities.

#### **Housing Costs**

According to the 2021 Census, the median cost for housing in Molalla is \$327,200 for those with a mortgage<sup>1</sup> and \$257,800 for those without a mortgage<sup>2</sup>. In 2020, the median rent in Molalla was \$1,118 per month according to the Census data<sup>3</sup>. Renters are significantly more likely to be rent burdened in all income categories than are homeowners. However, most homeowners still pay more than 30% of their income on housing in Molalla. Data for Clackamas County shows similar trends with renters significantly more rent burdened than homeowners and higher costs of living.

Oregon Housing and Community Services (OHCS) produces an annual report reviewing severe rent burdened communities of 10,000 people or larger. OHCS defines "severe rent burden" as the share of households spending more than 50% of their income on rent. Molalla was included in the 2020 report

<sup>&</sup>lt;sup>1</sup> Data source: Table S2506 American Community Survey (5-year estimate); Financial Characteristics for Housing Units with a Mortgage

<sup>&</sup>lt;sup>2</sup> Data source: Table S2507 American Community Survey; Financial Characteristics for Housing Units without a Mortgage

<sup>&</sup>lt;sup>3</sup> Data source: Table DP04 American Community Survey; Selected Housing Characteristics

after surpassing the 10,000-resident threshold. The 2020 OHCS report lists Molalla as 23.6% severe rent burdened.

Figure 2: Financially Attainable Housing – Median Family Income (MFI) for Molalla, OR

# Financially Attainable Housing.

Source: 2021 American Community Survey Data (Table S2402 & B24011). Oregon Employment Department. Emerio Design.



According to the 2020 Census, the median cost for housing in Molalla is \$327,200 for those with a mortgage<sup>4</sup> and \$257,800 for those without a mortgage<sup>5</sup>. In 2020, the median rent in Molalla was \$1,118

<sup>&</sup>lt;sup>4</sup> Data source: Table S2506 American Community Survey; Financial Characteristics for Housing Units with a Mortgage

<sup>&</sup>lt;sup>5</sup> Data source: Table S2507 American Community Survey; Financial Characteristics for Housing Units without a Mortgage

per month according to the Census data<sup>6</sup>. Table 1 shows the estimated number of owner and renter households that spend less than 20% of their income on housing costs, 20 to 29 percent of their income on housing, and 30 percent or more of their income on housing. Housing that requires no more than 30% of a household's income is generally considered affordable. Conversely, households that spend more than 30 percent of their income on housing costs are considered "rent burdened," despite the fact that both homeowners and renters can be rent burdened.

Oregon Housing and Community Services (OHCS) produces an annual report reviewing severe rent burdened communities of 10,000 people or larger. OHCS defines "severe rent burden" as the share of households spending more than 50% of their income on rent. Molalla was included in the 2020 report after surpassing the 10,000-resident threshold. The 2020 OHCS report lists Molalla as 23.6% severe rent burdened.

Not surprisingly, the less a household earns the more likely they are to spend a greater portion of their income on housing. Due to rents often increasing yearly, renters are typically more likely to be rent burdened than are homeowners, particularly in tight housing markets where rent increases outpace gains in wages.

As Table 1 demonstrates, this holds true in Molalla and in Clackamas County. Renters are significantly more likely to be rent burdened in all income categories than are homeowners.

<sup>&</sup>lt;sup>6</sup> Data source: Table DP04 American Community Survey; Selected Housing Characteristics

Table 1: Percentage of Income Spent on Housing; Monthly (Estimate)

Table 1: Percentage of	Molalla:	Molalla:	Clackamas	Clackamas
	Owner-	Renter-	Co.: Owner	Co.: Renter
	Occupied	Occupied	Occupied	Occupied
	Housing	Housing	Housing	Housing
	Units	Units	Units	Units
Less than \$20,000:				
Less than 20 percent	0	23	112	0
20 to 29 percent	39	9	64	462
30 percent or more	71	249	4,768	7,725
\$20,000 to \$34,999:				
Less than 20 percent	27	0	1,206	0
20 to 29 percent	25	41	1,133	165
30 percent or more	26	140	5,634	6,146
\$35,000 to \$49,999:				
Less than 20 percent	82	32	2,030	32
20 to 29 percent	26	0	1,481	102
30 percent or more	83	118	6,200	5,866
\$50,000 to \$74,999:				
Less than 20 percent	90	24	4,151	521
20 to 29 percent	189	258	2,516	3,165
30 percent or more	146	6	5,884	3,834
\$75,000 or more:				
Less than 20 percent	765	36	51,965	6,828
20 to 29 percent	592	74	22,016	5,280
30 percent or more	128	9	9,108	1,249

Source: U.S. Census, ACS 5-Year Estimates, Emerio Design, LLC

Table ID: S2503

# **Future Housing Need**

Molalla is expected to add approximately 15,660 people by 2024, as forecasted by Portland State University Population Research Center. Based on local housing mix preferences outlined in the Safe Harbor Method, it is anticipated that 55% of the dwelling unit demand (1,143 dwelling units) will consist of single-family detached homes including manufactured dwellings, 25% will be medium density such as townhouse/plexes (519 dwelling units), and 20% (415 dwelling units) will be high density such as multifamily or smaller lot developments. Vacancy rates were also studied as part of this analysis. The City of Molalla had overall vacancy rate lower than Clackamas County and indicates a constrained housing market. In 2020, Molalla saw a vacancy rate of 2% compared to Clackamas County at 3.7%<sup>7</sup>. For this analysis, an assumed vacancy rate of 4% was used to accommodate for large margins of error in Census data and the housing market fluctuation that occurred between 2020 and 2022.

<sup>7</sup> Data source: US Census Table CP04 American Community Survey; Comparative Housing Characteristics

# **Appendix 2**: Community Engagement

The implementation of the Housing Production Strategies (HPS) will impact many existing and future residents of Molalla. The HPS was developed with input from a variety of community members and stakeholders in the housing development process. This engagement process included two surveys, a Town Hall public meeting and City Council work sessions. Additionally, Emerio and City Staff met with the Technical Advisory Committee (TAC) for this project several times throughout this process. The TAC includes representatives from Molalla (Planning & Community Development), Clackamas County, Oregon Department of Land Conservation and Development (DLCD), and all TAC meetings are open to the public with time allowed for community members to provide feedback and/or ask questions.

# **Survey Results**

An initial survey was posted on the City's engagement website, The Molalla Current<sup>8</sup> in late 2021, and a second survey posted in spring 2023 to the same engagement site. Both surveys provided helpful feedback to guide the decision-making process on which strategies to pursue. Approximately 1,055 citizens of Molalla and the surrounding area responded to the surveys.

The first survey included 2 demographic questions to establish the audience participating and 4 multiple choice questions which allowed for open-ended responses. The second survey was presented in a similar format but with more multiple-choice questions (still including the open-ended response options). The following is a summary of the key themes that emerged in the community survey results.

- Residential affordability is important to the citizens of Molalla and community members are
  open to seeing a variety of housing options in existing residential neighborhoods if the housing
  provides ownership opportunities, rather than rentals.
- It is important to provide off-street parking options for new housing developments for all housing types.
- Many residents of Molalla feel there are too many apartments and other rental options but not enough affordable ownership opportunities.
- Providing land area for future parks and schools is a high priority for most community members who responded to both surveys although park and school needs were not studied as part of this report.

# Responding to Community Feedback

Input from the public, TAC meetings, Town Hall meeting, and work sessions with the Planning Commission and the City Council helped shape the HPS. Feedback was used to narrow down the list of strategies from the exhaustive list provided by DLCD to strategies to those included in this report.

# Recommendations for Future Engagement

For future updates to the HPS, a recommendation for additional engagement would be to hold advisory committee meetings made up of local professionals including real estate professionals, home builders, contractors, and realtors who will be working with the new regulations in a professional manner.

<sup>&</sup>lt;sup>8</sup> Molalla Current Website: <a href="https://current.cityofmolalla.com/">https://current.cityofmolalla.com/</a>

# Appendix 3: Strategies to Meet Future Housing Need

# **Housing Production Strategy**

The purpose of this appendix is to propose a draft set of strategies and actions to be identified in the City of Molalla's Housing Production Strategy. The City of Molalla conducted a Housing Needs Analysis (HNA) in 2022 for adoption in 2023. As required by state law, the HNA projects the housing needs of the City over the next 20 years and evaluates the City's supply of residentially zoned land designated to meet the need.

Through the passage of House Bill 2003 in 2019, the state legislature directed Department of Land Conservation and Development (DLCD) to require that each City with a population of more than 10,000 produce a Housing Production Strategy (HPS) that includes a list of specific actions the City intends to undertake to fulfill the commitment of meeting the housing needs identified in the HNA, as well as an expected timeline for adoption and implementation of each action.

## Implementation and Review by DLCD

The strategies and actions included in this appendix are in draft form. If they are included in the final HPS report, then the City is committing into implementation the actions with a timeline that will be defined in the final HPS report. The City will be required to submit a narrative report on implementation of the HPS to DLCD for review and comment for (4) years after it adopts its HPS. The narrative must include a summary of the work already completed to implement the actions included in the HPS.

If the City has not implemented specific actions, it must provide an explanation of the circumstances or factors that posed a barrier to implementation and an alternative plan for addressing the housing need that the strategy was intended to address.

# Organization of the Housing Production Strategy Appendix

This document is organized in three sections:

- Section 1: Strategies and Actions provides a summary description of each proposed strategy and action. There are four overall strategies identified, each with a set of actions to implement the strategy. For each action, the document summarizes the proposal, provides relevant background information, identifies the benefits and drawbacks of the action, and provides considerations for how the action could be most effectively implemented by the City.
- Section 2: Analysis of Impacts presents an evaluation of the potential impacts of each action on the City's housing needs. The Analysis considered affordability levels of housing that may be produced, whether the action will produce for-sale or for-rent housing units, and how the action may benefit the housing needs of certain populations.
- Section 3: Future Potential Strategies includes a list of strategies and actions that were either
  discussed or considered by the City, but not included as part of the near-term implementation
  plan. The City may revisit these in the future.

# **Process for Developing Strategies and Actions**

The strategies and actions included in this document were initially identified by the project consulting team based on experience with similar policies in similar jurisdictions, an audit of the City's existing

zoning code and housing policies, best practices research, an da list of potential strategies published by DLCD. Working collaboratively with Staff, the consulting team refined the strategies and actions to best fit Molalla's housing needs and the City's capacity for implementation.

# Public Meetings and Town Hall

Appendix 2 describes the level of engagement that occurred as strategies were being chosen. *Expansion* of this section to be provided in a future draft.

# **Advisory Committee**

The strategies and actions were also presented to the project Technical Advisory Committee along with the first draft of this report. The consultant team is currently working on incorporating feedback from DLCD and other TAC members into a future draft of this report.

Expansion of this section to be provided in a future draft.

# **Section 1: Strategies and Actions**

This section of the Appendix provides a summary of the four strategies, followed by detailed descriptions of each implementing action related to the four broad strategies.

Str	ategy	Summary
1	Reform zoning and land use regulations to respond to housing needs	This strategy presents a set of actions that would remove or lessen regulatory barriers to housing development to help meet the City's housing needs. The actions are based on an in-depth review of the City's Development Code.
2	Modify tax and fee policies to reduce the cost to develop and operate housing	This strategy presents a set of potential actions for the City to restructure property taxes or development fees to encourage development of needed housing types.
3	Organize public projects and resources to catalyze housing development	This strategy presents a set of actions the City can take to organize existing planning efforts or implement new partnerships and programs to directly spur housing development.
4	Support local partners in their efforts to acquire land and assets to meet housing needs	This strategy presents a set of actions the City can take, in concert with other local agencies and organizations, to acquire land and properties that can be used to meet housing needs.

Category A: Zoning and Code Changes

These are Strategies that a city can take to proactively encourage needed housing production through zoning and code modifications. These Strategies may also include regulations to ensure housing goals are met.

	Strategies may also include regulations to ensure housing goals are met.				
#	Strategy	Description	Affordability	Tenure	
			Target	Target	
A5	Code Provisions for	ADUs are smaller, ancillary dwelling units	Workforce (80-120%	For Rent	
	ADUs	located on the same lot as a primary	AMI)	For Sale	
		residence. They are typically complete	Market Rate (>		
		dwellings with their own kitchen, bathroom	120% AMI)		
		and sleeping area. Given that there is great			
		potential for ADUs to be built by individual			
		homeowners with limited experience or			
		financial resources, code provisions can have a			
		significant influence on the feasibility of their development and enable more widespread			
		production. For example, easing occupancy			
		requirements, allowing more ADUs on a lot,			
		and expanding maximum size requirements.			
		Certain building and development code			
		regulations can inadvertently drive up ADU			
		construction costs. More flexibility in siting,			
		design, construction and lower fees are also			
		needed to achieve feasibility in many cases.			
A8	Promote Cottage	Cottage clusters are groups of relatively small	Publicly-Subsidized	For Rent	
	Cluster Housing	homes typically oriented around shared	(< 30% AMI)	For Sale	
		common grounds with 4- 14 homes typically	Affordable (30-80%		
		between 1,000-1200 square feet in size. By	AMI) Workforce (80-		
		further defining cottage cluster design and	120% AMI) Market		
		development standards, housing code can	Rate (> 120% AMI)		
		effectively address a predictable process for			
		developers, and potentially encourage greater			
		production for this housing type. Some			
		examples may include: allowing for a wide			
		range of sizes and attached/detached options			
		for housing; not specifying ownership			
		structure so that both renters/owners can live			
		on the same cluster; ensuring that minimum			
		site size, setbacks and building coverage			
		· · · · · · · · · · · · · · · · · · ·			
		, , ,			
		and allowing shared underground			
		infrastructure when practical (e.g. sewer lines			
		=			

		that runs out to street, rather than 8 parallel		
		lines out to street).		
A9	Short-Term Rentals Regulations	Short-term rentals can be seen as an investment strategy for small investors, but can also remove rental housing supply from the market, in effect driving up rent from the local housing market. To avoid this effect, regulations can include definitions for various forms of short-term rentals, defining use, and occupancy standards, and even adding limits to the number of days that a short term rental can be in operation in order to mitigate their impact on the local housing market. Short Term Rental Regulation should begin with/include registration requirements for all short term rentals.	Affordable (30-80% AMI) Workforce (80- 120% AMI) Market Rate (> 120% AMI)	For Rent
A10	Inclusionary Zoning	Requiring that a portion of the units within a market rate development be set aside as affordable housing. This tool will often be combined with property tax exemptions, fee waivers, or development bonuses to offset the cost of affordable housing units. Careful consideration should be employed when enacting inclusionary zoning. Note: A number of studies, including those analyzing the IZ Ordinance in Portland, have shown that IZ suppresses, rather than increases, the creation of new housing. Given that, if IZ is proposed, the financial components need to be calculated right to ensure that the inclusionary rate is not too high for the offsets provided and that overall housing production increases as a result.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80- 120% AMI)	For Rent
A11	Add Restrictive Covenants to Ensure Affordability	Adding restrictive covenants to ensure affordability over time at a certain income level for affordable housing developments. Restrictive covenants are usually placed on a property in exchange for a local or state government providing financial contribution to the project. These covenants work best over the short-term (up to 30 years); after that they become unable to accommodate changed circumstances.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI)	For Rent For Sale
A14	Re-examine Requirements for Ground-floor Retail/Commercial	Critically re-assess requirements for ground floor retail; lively streetscape is a worthy goal, but not for every street. Jurisdictions can inadvertently impose massive costs on developers by requiring ground floor retail and commercial space even when it's unlikely to be fully occupied or generate nearly enough revenue to pay for itself. Ground floor uses should be driven by market demand; with	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80- 120% AMI) Market Rate (> 120% AMI)	For Rent

		residential use more beneficial to meet needed housing in some cases (eg. affordable housing).		
A17	Small Dwelling Unit Developments	Allow a land division where small lots or parcels are created below the standard lot/parcel size for dwelling units that are limited in size. Calculate density differently for the dwelling units due to their limited size. Density example: a. Dwelling units 600 square feet or smaller: 0.25 of a dwelling unit. b. Dwelling units 601 to 1,200 square feet: 0.50 of a dwelling unit.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80- 120% AMI)	For Rent For Sale
A21	Pre-Approved Plan Sets for ADUs	Provide a pre-approved set of plans for ADU designs (6-10 sizes/configurations) that, if chosen by a developer/owner, would lead to automatic approvals and reduced permitting schedule. Plans would reduce the need for architectural costs and reduce barriers to entry	Affordable (30-80% AMI) Workforce (80- 120% AMI) Market Rate (> 120% AMI)	For Rent For Sale
A25	Legalize and Encourage Tiny Homes and Villages	The Oregon Reach Code, Part II, defines a 'tiny house' as a dwelling that is 400 square feet or less in floor area, excluding lofts. While many (though not all) jurisdictions allow tiny homes to be sited as a primary or accessory dwelling, few encourage their development through regulatory incentives. Legalizing the siting of tiny homes as primary or accessory dwellings through the removal of minimum unit size requirements can enable the development of this housing type. Jurisdictions can encourage the development of tiny houses and tiny house villages by providing regulatory incentives – such as reductions in required off-street parking or open space – for units less than 400 SF in floor area.	Affordable (30-80% AMI) Workforce (80- 120% AMI)	For Rent For Sale

# **Category B: Reduce Regulatory Impediments**

These Strategies address known impediments to providing needed housing. These include but are not limited to process, permitting, and infrastructure impediments.

#	Strategy	Description	Affordability	Tenure
			Target	Target
B2	Remove Development Code Impediments for Conversions	Streamlining the conversion of larger single-family homes into multi-unit dwellings (e.g. duplex or triplex). This should be aligned with reduced off-street parking requirements, so that conversion doesn't trigger the need to add additional driveways (or isn't halted by inability to add additional driveways).	Affordable (30-80% AMI) Workforce (80- 120% AMI) Market Rate (> 120% AMI)	For Rent
B5	Reduce Regulatory Barriers to Lot Division	Remove barriers such as minimum street frontage, driveway requirements, etc., that impact minimum lot size/density during lot division. Preferably allow by-right lot division up to max number of units allowed.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI)Workforce (80- 120% AMI)	For Rent For Sale

			Market Rate (> 120% AMI)	
В7	Flexible Regulatory Concessions for Affordable Housing	Often, nonprofit housing developers and housing agencies face regulatory impediments to building affordable housing, which can often derail projects. This strategy provides a flexible framework for delivery of affordable housing including, but not limited to, reduced minimum setbacks, height bonuses, and/or allowing for flexibility in how units are delivered. This strategy is not intended to allow for a lower quality of dwelling units for affordable housing buildings.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI)	For Rent For Sale
B18	Prioritize Home Ownership	Jurisdictions would develop a comprehensive review of the impediments to the development of homeownership opportunities and actionable steps to remove those impediments. Note: An important impediment to condominium development is the risk associated with the current condominium law in Oregon. A revamp of this law is needed to increase homeownership opportunities that are smaller in size. This would require action at the state level.	Affordable (30-80% AMI) Workforce (80- 120% AMI) Market Rate (> 120% AMI)	For Sale

# **Category C: Financial Incentives**

These are a list of financial incentives that cities can offer to developers to encourage them to produce needed housing.

	10031113.					
#	Strategy	Description	Affordability	Tenure		
			Target	Target		
C2	Modify SDC fee schedules	Updating SDC fee schedule so that is tied to dwelling size. This strategy ensures that smaller dwelling sizes in single and multi-family housing are not disproportionately burdened by fees and therefore encouraged. Consider per square foot fees rather than per dwelling.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80- 120% AMI) Market Rate (> 120% AMI)	For Rent For Sale		
C3	Reduce or Exempt SDCs for ADUs	Waivers/reductions of SDCS for ADU production in order to improve the feasibility of the development. Create a model ordinance for the waiver, or deferment, of SDCs. Scale SDCs based on size, resource efficiency, and access to alternative transportation.	Affordable (30-80% AMI) Workforce (80- 120% AMI) Market Rate (> 120% AMI)	For Rent For Sale		

# **Category D: Financial Resources**

These are a list of resources or programs at the local, state, and federal level that can provide money for housing projects. The majority of these resources are intended to provide money for subsidized affordable housing projects.

#	Strategy	Description	Affordability	Tenure
"	Strategy	Description	Target	Target
D2	Low Income Housing Tax Credit (LIHTC)	Federal tax provision that encourages private investment in affordable rental housing by providing qualified investors with a dollar-for-dollar reduction in federal income tax liability in exchange for investment in qualifying new construction and rehabilitation projects. LIHTCs may also be paired with Tax Exempt Revenue Bonds.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI)	For Rent
D4	Operating Subsidies for Affordable Housing Developments	Operating subsidies are payments made annually (or more frequently) to owners of affordable housing developments that make the housing more affordable by covering a portion of the ongoing costs of operating the development.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80- 120% AMI)	For Rent For Sale
D6	HOME Program	HOME is a federal program established by Congress in 1990 that is designed to increase affordable housing for low- and very low-income families and individuals. All States and participating jurisdictions receive HOME funds from HUD each year, and may spend HOME on rental assistance, assistance to homebuyers, new construction, rehabilitation, improvements, demolition, relocation, and limited administrative costs.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI)	For Rent
D10	Tax Increment Financing (TIF) Set-Aside	Create a TIF set-aside for affordable housing development programs within designated Urban Renewal Areas (URAs). Target could be to begin setting aside funds for affordable housing projects as a medium-term action, over the next 5 years or so. For example: Portland City Council designates 45% of the gross amount of TIF for designated housing purposes (rental housing for households under 60% of Area Median Income (AMI) and homeownership for households under 80% of AMI.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI)	For Rent
D14	Eviction Prevention Programs	Eviction Prevention Programs provide financial assistance to help renters on the verge of eviction stay in their homes. These programs are generally designed for families who are being evicted due to nonpayment of rent during or following an unforeseen crisis, such as job loss or serious illness, rather than those who face more persistent affordability challenges. Jurisdictions may be interested in investing in eviction prevention to address concerns about displacement of low-income renters and also to avoid or reduce use of other more costly local services, like homeless shelters.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI)	For Rent

# **Category E: Tax Exemption and Abatement**

These are a list of tax exemption and abatement programs that are intended to encourage developers to produce housing

to pi	to produce housing				
#	Strategy	Description	Affordability Target	Tenure Target	
E1	Nonprofit Low- Income Rental Housing Exemption	This tool can provide a simplified way for affordable housing owned and operated by a nonprofit (as well as land held by a nonprofit for future affordable housing development) or Community Land Trusts (at least in land value) to qualify for a property tax exemption. Work should be done to make it easier for projects/land to qualify; minimizing the number of taxing authorities needed to grant an approval.	Publicly-Subsidized (< 30% AMI) Affordable (30- 80% AMI)	For Rent	
E2	Property Tax Exemption for Affordable Housing Tied to Level of Affordability	Create a Property Tax Exemption for affordable housing that is tied to level of affordability instead of the ownership structure. For example, grant a property tax exemption for affordable housing that serves households making less than 60% of AMI at initial lease up. Don't tie the property tax exemption to ownership (LLC, nonprofit, housing authority) and only require income verification at the beginning of a residents tenancy. The property should still get the exemption even if the household increases income after their initial lease up so they can build assets in place.	Publicly-Subsidized (< 30% AMI) Affordable (30- 80% AMI)	For Rent	
E7	Homestead Tax	Consider allowing Homestead Tax on second homes to support development of affordable housing.	Publicly-Subsidized (< 30% AMI)	For Rent	

# Category F: Land, Acquisition, Lease, and Partnerships

These are Strategies that secure land for needed housing, unlock the value of land for housing, and/or create partnerships that will catalyze housing developments.

Creat	reate partnerships that will catalyze housing developments.			
#	Strategy	Description	Affordability	Tenure
			Target	Target
F14	Right of First	Affordable housing providers could be	Publicly-	For
	Refusal for Land	offered a Right of First Refusal for city,	Subsidized	Rent
	Purchase	county, or state owned land when the land	(< 30% AMI)	For
		would be used for affordable housing.	Affordable (30-	Sale
		Examples include a manufactured home	80% AMI)	
		program where residents can buy out the		
		manufactured home park when the owner is		
		ready to sell.		
F15	Ordinances that	More assertive tax foreclosures to enable	Publicly-	For
	Address Zombie	zombie housing to be rehabbed into	Subsidized	Rent
	Housing	occupied housing.	(< 30% AMI)	For
			Affordable (30-	Sale
			80% AMI)	
			Workforce (80-	
			120% AMI)	
			Market Rate (>	
F10	Litilia Comples	Overally and favoral and faith in attributions	120% AMI)	F
F18	Utilize Surplus	Over the past few decades, faith institutions	Publicly- Subsidized	For
	Land Owned by Faith-Based	across the country have been declining. This	(< 30% AMI)	Rent For
	Organizations	has prompted conversations within different faith communities about how to refocus their	Affordable (30-	Sale
	for Affordable	mission of social change. The housing	80% AMI)	Jaic
	Housing	affordability crisis in many cities around the	60% Aiviij	
	Housing	country has brought these institutions into		
		the work of creating affordable housing in		
		their communities. This strategy would: 1)		
		Identify faith and community-based		
		organizations that are interested in offering		
		their available land for development of		
		affordable housing, 2) Provide design and		
		finance consultation for three organizations		
		to prepare them for future affordable		
		housing development projects, and 3)		
		Determine barriers to development and how		
		those can be addressed and/or streamlined.		

#### **Category Z: Custom Options** Any other Housing Production Strategy not listed in Categories A through F that the jurisdiction wishes to implement will be outlined in this section and numbered accordingly. Strategy Description Sidewalk Provides grant funding to residential development to aid in completion of sidewalk Z1 construction or repair Infill and Improvement Grant Provides public improvement assistance to developers in the URA, subject to the Z2 **Public** requirement to include a publicly beneficial aspect in their development (e.g. seating area, Benefit URA art, extra bicycle parking, etc.) Grant Z3 Street Elimination of concrete gutter requirement for development on streets that are Construction not arterial, major collector or truck routes. Alternatives (gutters)

Tables to include equity targets and impact level in future draft.

# **Section 2: Analysis of Impacts**

This section of the draft Housing Production Strategy provides an analysis of the impacts of each of the actions identified in Section 1. The intent is to evaluate how each action may contribute to meeting the City's housing needs, and to identify the extent to which the various actions work together as a whole to meet housing needs.

#### **Housing Need Targets**

The Analysis considers the impact of each action on targeted housing needs in three areas:

- Affordable Targets: This section evaluates the degree to which an action will help to produce housing affordability to various income levels. The evaluation is based on the housing types that are most likely to be produced as a result of the action and the extent to which the City can target the action to meet housing for certain income levels.
- **Tenure Targets:** This section evaluates the degree to which an action will help to produce housing that is either for-sale or for-rent.
- Equity Targets: This section evaluates the degree to which an action will help to produce housing that can meet the needs of specific populations that may be disproportionately impacted by housing issues.

It is important to note that the City can make a decision to implement many of the actions in a manner that achieves a specific affordability, tenure, or equity target. At this draft stage of the strategy, this evaluation is intended to identify which actions are more or less likely to impact certain housing needs and/or which actions are most easily targeted to certain needs.

# **Impact Levels**

The analysis rates the level of impact of each action on a housing need as follows:

**Low or no impact:** This indicates that the action is very unlikely to help meet the relevant housing need either because the action would not lead to production of a new housing type that would benefit that need or population or because there are limitations on how that housing type can be targeted to specifically meet the need.

**Moderate or potential impact:** This indicates that the action either (1) may have a moderate impact on meeting the relevant housing need or (2) the implementation of the action could potentially be designed to target that need.

**High impact:** This indicates that the action may directly benefit a certain housing need and is likely to be most effective at meeting that need relative to other needs.

Based on the level of impact of each action compared to the relative complexity of implementing the action, a preliminary prioritization rating is identified on a "**High**", "**Medium**", and "**Low**" scale.

Tables and expansion of section to be included in future draft.

# **Section 3: Future Potential Actions**

The actions in Section 3 were considered by the project team and stakeholders but were not selected for inclusion in the HPS. The actions will be reserved in this report for reference and may be considered for action by the City within the timeframe of the HPS if conditions change or new opportunities arise.

Table and expansion of section to be included in future draft.

# **Appendix 4: Achieving Fair and Equitable Housing Outcomes**

Description of the 30 actions chosen broken down by impact level coming in a future draft.

#### **Location of Housing**

Section to include description of strategies encouraging a specific development pattern in future draft.

# Fair Housing and Housing Choice

Section to include description of strategies furthering the fair housing goals in future draft.

# Housing Options for Residents Experiencing Homelessness

Section to include description of strategies that include impacts on residents experiencing homelessness in future draft.

#### Affordable Homeownership and Affordable Rental Housing

Section to include description of strategies that support or create opportunities to encourage production of housing units for sale or rents at prices that are affordable to the general public in future draft.

# Gentrification, Displacement, and Housing Stability

Section to include description of strategies that increase housing stability for residents and mitigate the impacts of gentrification and displacement in future draft.

As the City measures and considers the magnitude of the actions included in the HPS over time, it should continue to assess equity goals and engage communities at risk of displacement. This work should include prioritizing actions that directly address the needs of vulnerable populations as well as mitigating any strategies that have been determined to result in negative consequences for vulnerable populations.