



**GLADSTONE PLANNING COMMISSION WORK SESSION  
GLADSTONE CITY HALL, 525 PORTLAND AVENUE**

**Tuesday, December 18, 2018**

**6:30 P.M. CALL TO ORDER**  
ROLL CALL  
FLAG SALUTE

**SEVERLY RENT BURDENED POPULATION DISCUSSION**

**Required Public Meeting Agenda**

1. Summary of the Requirements for House Bill (HB) 4006
2. Overview of Oregon Housing Planning Project Code Audit
3. Barriers to Reducing Rent-Burdened Conditions
  - a. Input on Rent Burden and Affordable Housing Survey
  - b. Presentation by Northwest Housing Alternatives
  - c. Addressing Oregon's Housing Needs (see publication)
4. Solutions to Reduce Rent Burdened Conditions
  - a. Presentation from Julie Garver, Housing Development Director, Innovative Housing, Inc.
  - b. Round table discussion on areas where the City should focus

ADJOURN



**AGENDA**  
**ITEM #1**





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## Frequently Asked Questions

### Rent Burden and Housing Affordability Survey, Public Meeting, and Production Reporting under HB 4006 (2018)

HB 4006 requires cities greater than 10,000 who are “severely rent burdened” to complete a survey and hold a public meeting to discuss the causes of severe rent burdens, the barriers to reducing rent burdens, and possible solutions. In addition, all cities greater than 10,000 must report on housing production. These requirements are a result of HB 4006 (2018) and implementing rules adopted by Oregon Housing and Community Services.

#### Severe Rent Burden

- 1. How is severe rent burden determined?** The legislation defines a household as “severely rent burdened” if the household spends more than 50 percent of the income of the household on gross rent. A city is “severely rent burdened” if more than 25 percent of the renter households are severely rent burdened.
- 2. Who determines if a city is severely rent burdened?** OHCS determines which cities are severely rent burdened using data from American Community Survey, conducted by the United States Census Bureau. By March 1 of each year, OHCS will provide notice to cities if they are severely rent burdened. Cities do not need to make this determination on their own.

#### Public Meeting

- 3. Who has to hold a Public Meeting?** Cities with populations greater than 10,000 that are severely rent burdened cities must hold a public meeting. OHCS makes the “severe rent burden” determination and notifies such cities of their obligations.
- 4. What is the deadline for holding the Public Meeting?** Cities must hold the public meeting by December 31 of the year they are informed by OHCS and must submit the public meeting agenda together with a list of attendees, their affiliation and geographic location within the city, to OHCS by February 1 of the following year.
- 5. Who must be invited to the Public Meeting?** Representatives from local housing providers and service providers, and residents experiencing severe rent burden, including the Public Housing Authority, Community Action Agency, and nonprofit housing and service providers.



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- 6. Is any special notice required for the Public Meeting?** The notice required is the same as for a regular public meeting, and not a land use hearing. Therefore, no individual property owner notice is required under state law. A city's governing body most senior administrative employee or delegate of the governing body must conduct the meeting and provide notice in accordance with Oregon's public meetings laws as required by cities under ORS 192.610 to 192.690.
- 7. Can a city hold the public meeting during either a City Planning Commission or City Council meeting as a noticed item?** Yes. The public meeting to discuss rent burden may be held during another city meeting, such as the City Planning Commission or City Council Meeting. In addition to regular notice, however, a city would still need to invite representation from local housing providers and service providers, and residents experiencing severe rent burden to the public meeting, including the Public Housing Authority, Community Action Agency, and nonprofit housing and service providers.

#### Rent Burden and Housing Affordability Survey

- 8. Who has to complete the Rent Burden and Housing Affordability Survey?** Cities with populations greater than 10,000 that are severely rent burdened. OHCS makes the "severe rent burden" determination and notifies such cities of their obligations. Cities smaller than 10,000 and cities who are not rent burdened are welcome to complete the survey. The more information the state collects, the better we can align state resources with local needs. A web link to the survey: [https://www.surveymonkey.com/r/Oregon\\_Housing\\_Affordability\\_and\\_Rent\\_Burden\\_Survey](https://www.surveymonkey.com/r/Oregon_Housing_Affordability_and_Rent_Burden_Survey).
- 9. What is the deadline for completing the Rent Burden and Housing Affordability Survey?** For 2018, the deadline is December 1, 2018. For future years the deadline is September 1. Cities have 60 days following receipt to complete the survey.
- 10. How can my city access the Rent Burden and Housing Affordability Survey?** [https://www.surveymonkey.com/r/Oregon\\_Housing\\_Affordability\\_and\\_Rent\\_Burden\\_Survey](https://www.surveymonkey.com/r/Oregon_Housing_Affordability_and_Rent_Burden_Survey). The survey will close on December 1, 2018.
- 11. Several different people in our city have the information for different questions on the survey. Can we submit multiple responses?** Please submit only one response per city. A pdf of the entire survey is posted on DLCD's website to help cities collect the information before inputting the data.
- 12. We started completing the survey but stopped. Can we edit our existing response, or do we need to start the survey all over?** Yes, you should be able to edit your existing response if you use the same computer. Note that you can edit your response even if you already clicked "complete." If you have any difficulties or



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need assistance, please contact: Please contact Gordon Howard at DLCD ([gordon.howard@state.or.us](mailto:gordon.howard@state.or.us)).

- 13. We started completing the survey but stopped. Can we get a copy of what we submitted?** Yes. Please contact Gordon Howard at DLCD ([gordon.howard@state.or.us](mailto:gordon.howard@state.or.us)) and we can provide a pdf of what has been input into the survey.

### Production Reporting: Permitted and Built Units

- 14. How should cities report on housing production? Will a reporting template be available? When?** Cities will receive a template from DLCD to report on housing production. The template will be sent to city planning directors and city managers by the end of the calendar year (2018).
- 15. What is the deadline for reporting on production?** The legislation requires that cities report by February 1 of each year for the previous calendar year. For example, by February 1, 2019 cities must report on the number and type of units that were permitted and produced during the 2018 calendar year.
- 16. What is a “permitted unit”?** A “permitted unit” is a unit for which a building permit has been issued. The reporting is based on the number of units not the number of permits. For example, in a case of one building permit for a multifamily building with 20 units, the city would report 20 units. Note that a city does not report the number of units that approved as part of quasi-judicial development review applications. Please review the definition provided in the rules.
- 17. What is a “produced unit”?** A “produced unit” is one for which a certificate of occupancy has been issued.
- 18. What is a single family unit?** The legislation and rules define “single-family” as: single-family homes, duplexes, townhomes, row homes, manufactured dwellings, and accessory dwelling units. A building or buildings with three or more units are classified as multifamily units. The definitions may differ from other sources (e.g., HUD).
- 19. Are Accessory Dwelling Units (ADUs) included in the reporting requirement?** The rules require reporting of accessory dwelling units permitted and produced. ADUs are classified as a type of single-family residential development, so cities will include those numbers as a subset of single-family residential development in submitted reports.

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## PERMANENT ADMINISTRATIVE ORDER

**OHCS 18-2018**  
CHAPTER 813  
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT

<b>FILED</b> 10/25/2018 10:14 AM ARCHIVES DIVISION SECRETARY OF STATE & LEGISLATIVE COUNSEL
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FILING CAPTION: Adopting new rules to implement HB 4006 (2018) to address Rent Burdened Cities

EFFECTIVE DATE: 10/25/2018

AGENCY APPROVED DATE: 10/22/2018

CONTACT: Ariel Nelson  
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Oregon Housing and Community  
Services  
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Filed By:  
Colleen Needham  
Rules Coordinator

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**RULES:**

813-112-0000, 813-112-0010, 813-112-0020, 813-112-0030, 813-112-0040, 813-112-0050

ADOPT: 813-112-0000

RULE TITLE: Applicability and Purpose

NOTICE FILED DATE: 08/31/2018

RULE SUMMARY: This rule outlines the three main requirements of HB 4006 (2018), and the responsibility of the cities to report and address rent burdened populations.

**RULE TEXT:**

The rules in division 813-112 clarify the contents and timing of an annual housing affordability survey prepared by the Housing and Community Services Department and Department of Land Conservation and Development, outline the responsibilities of cities experiencing severe rent burden to complete the survey and hold an annual public meeting on severe rent burden in that city, and provide detail regarding annual reporting requirements on new housing for cities with populations greater than 10,000.

STATUTORY/OTHER AUTHORITY: HB 4006 (2018)

STATUTES/OTHER IMPLEMENTED: HB 4006 (2018)

ADOPT: 813-112-0010

RULE TITLE: Definitions

NOTICE FILED DATE: 08/31/2018

RULE SUMMARY: Definitions described in detail, as used in division 813-112. For definitions not included here, refer to OHCS general definitions rule, OAR 813-005-0005.

RULE TEXT:

For purposes of division 813-112, the following definitions apply:

- (1) "Dwelling unit" is a single unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation.
- (2) "Multifamily residential unit" is a dwelling unit that includes triplex, fourplex and other structures with five or more dwelling units, whether owned or rented.
- (3) "Permitted" is a building permit issued by a building official that authorizes construction of one or more new dwelling units.
- (4) "Produced" is a new dwelling unit that has received a certificate of occupancy or a temporary certificate of occupancy.
- (5) "Regulated affordable unit" is a dwelling unit subject to a regulatory agreement that runs with the land and that requires affordability for an established income level for a defined period of time.
- (6) "Severe rent burden" or "severely rent burdened" is the circumstance where a household spends more than 50 percent of the household income on gross rent for housing.
- (7) "Severely Rent Burdened City" is a city where at least 25 percent of the renter households in the city are severely rent burdened, based upon the most current data available from the United States Census Bureau, as determined by the Housing and Community Services Department.
- (8) "Single-family unit" means a dwelling unit, including single-family homes, accessory dwelling units, duplexes, townhomes, row homes and manufactured homes, whether owned or rented.

STATUTORY/OTHER AUTHORITY: HB 4006 (2018)

STATUTES/OTHER IMPLEMENTED: HB 4006 (2018)

ADOPT: 813-112-0020

RULE TITLE: Cities Rent Burden Determination

NOTICE FILED DATE: 08/31/2018

RULE SUMMARY: This rule outlines the steps that OHCS follows to determine which cities are rent burdened.

RULE TEXT:

No later than the March 1 of each year, the Housing and Community Services Department shall:

- (1) Determine percentage of severely rent burdened households for each city;
- (2) Provide the data described in subsection (1) to all cities in Oregon with a population greater than 10,000; and
- (3) Notify all Severely Rent Burdened Cities that have a population greater than 10,000 of the obligation to submit a response to the survey described in OAR 813-112-0040.

STATUTORY/OTHER AUTHORITY: HB 4006 (2018)

STATUTES/OTHER IMPLEMENTED: HB 4006 (2018)

ADOPT: 813-112-0030

RULE TITLE: Public Meeting

NOTICE FILED DATE: 08/31/2018

RULE SUMMARY: Once a city has been informed by OHCS that they are rent burdened, they are required by HB 4006 (2018) to hold a public meeting. This rule outlines that process and the requirements of the public meeting.

RULE TEXT:

(1) When a city with a population greater than 10,000 is informed by the Housing and Community Services Department that at least 25 percent of the renter households in the city are severely rent burdened, the governing body shall hold at least one public meeting within the year of being informed, to discuss:

- (a) The causes and consequences of severe rent burdens within the city;
- (b) The barriers to reducing rent burdens; and
- (c) Possible solutions to reduce the rent burdened households within the city.

(2) Conduct of public meeting requires the city's governing body, most senior administrative employee or delegate of the governing body to:

- (a) Conduct the meeting and provide notice in accordance with Oregon's public meeting laws (ORS 192.610 through 192.690).
- (b) Invite representation from local housing providers and service providers, and residents experiencing severe rent burden to the public meeting, including the Public Housing Authority, Community Action Agency, and nonprofit housing and service providers.
- (c) Submit the public meeting agenda together with a list of attendees, their affiliation and geographic location within the city, to the Housing and Community Services Department by February 1.

STATUTORY/OTHER AUTHORITY: HB 4006 (2018)

STATUTES/OTHER IMPLEMENTED: HB 4006 (2018)

ADOPT: 813-112-0040

RULE TITLE: Housing Affordability Survey

NOTICE FILED DATE: 08/31/2018

RULE SUMMARY: This rule outlines the survey requirements that all rent burdened cities must fill out. For those cities not rent burdened, it is encouraged, but optional.

RULE TEXT:

(1) The Housing and Community Services Department, in collaboration with the Department of Land Conservation and Development, shall develop a survey to collect information on housing affordability within a city. The survey will request specific information related to the affordability of housing within a city, including the actions relating to land use and other matters that a city has taken or intends to take to increase housing affordability and reduce rent burdens for severely rent burdened households.

(2) No later than July 1 every year, the Housing and Community Services Department will provide the survey to the governing bodies of all Severely Rent Burdened Cities with populations greater than 10,000.

(3) No later than July 1 every year, the survey will be made available to all other cities.

(4) All Severely Rent Burdened Cities with a population over 10,000 must complete the annual survey and return it to Housing and Community Services Department and the Department of Land Conservation and Development within 60 days.

(5) Cities other than those identified in subsection (4) above may complete the annual survey and return it to Housing and Community Services Department and the Department of Land Conservation and Development within 60 days.

(6) The survey may be completed and submitted by a governing body of a city, most senior administrative employee or delegate of the governing body.

STATUTORY/OTHER AUTHORITY: HB 4006 (2018)

STATUTES/OTHER IMPLEMENTED: HB 4006 (2018)

ADOPT: 813-112-0050

RULE TITLE: Reporting Requirements

NOTICE FILED DATE: 08/31/2018

RULE SUMMARY: Following the public meeting and survey, all rent burdened cities are required to submit a report to OHCS and DLCD. This rule describes the requirements of the rent burdened city report.

RULE TEXT:

No later than February 1 of each year, the governing body of a city with a population greater than 10,000 shall submit a report to Oregon Housing and Community Services and the Department of Land Conservation and Development. Cities must provide the data on a form provided by the Department of Land Conservation and Development. The data shall be from the preceding calendar year and include the total number of units that were permitted, and the total number of dwelling units that were produced for the following:

- (1) Multi-family residential units, including the total number of units, and whether the unit is in a triplex, fourplex, or structure with five or more dwelling units;
- (2) Regulated affordable multi-family residential units, including the total number of units, and whether the unit is in a triplex, fourplex, or structure with five or more dwelling units;
- (3) Single-family units, including the total number of units, and whether the unit is a single-family detached home, accessory dwelling unit, townhome, row home, manufactured home, or in a duplex; and
- (4) Regulated affordable single-family units, including the total number of units, and whether the unit is a single-family detached home, accessory dwelling unit, townhome, row home, manufactured home, or in a duplex.

STATUTORY/OTHER AUTHORITY: HB 4006 (2018)

STATUTES/OTHER IMPLEMENTED: HB 4006 (2018)

### Severe Rent Burden in Oregon (2016)

Severe rent burden by City (population >10,000): Share of households that spend more than 50 percent of income on rent

City	% Severely Rent Burdened	Population	Severely Rent Burdened	Total Renter Households
Albany	28%	51,919	2,179	7,649
Ashland	35%	21,002	1,472	4,178
Beaverton	25%	94,865	4,884	19,394
Bend	26%	84,416	3,485	13,429
Canby	16%	17,218	323	2,007
Central Point	16%	17,793	380	2,373
Coos Bay	22%	16,129	594	2,642
Cornelius	10%	12,241	83	797
Corvallis	41%	55,766	4,593	11,337
Dallas	30%	15,175	594	2,002
Damascus	33%	10,842	101	306
Eugene	39%	161,649	12,322	31,877
Forest Grove	34%	23,214	1,044	3,076
Gladstone	34%	11,850	628	1,827
Grants Pass	33%	36,776	2,262	6,849
Gresham	32%	110,042	5,624	17,833
Happy Valley	11%	17,474	83	755
Hermiston	16%	17,150	387	2,423
Hillsboro	21%	100,462	3,575	16,800
Keizer	27%	37,497	1,402	5,104
Klamath Falls	33%	21,322	1,605	4,841
La Grande	28%	13,079	673	2,384
Lake Oswego	29%	38,065	1,426	5,001
Lebanon	36%	16,162	1,023	2,843
McMinnville	24%	33,724	1,194	4,987
Medford	33%	78,856	4,585	14,043
Milwaukie	27%	20,643	940	3,510
Newberg	28%	22,749	790	2,853
Newport	23%	10,139	499	2,130
Ontario	34%	11,045	703	2,092
Oregon City	25%	35,057	1,016	4,077
Pendleton	19%	16,861	494	2,555
Portland	28%	620,589	32,369	114,657
Redmond	33%	27,998	1,633	4,889
Roseburg	33%	22,201	1,297	3,963
Salem	24%	161,975	6,222	26,300
Sandy	18%	10,369	223	1,225
Sherwood	22%	18,965	345	1,567
Springfield	23%	60,611	2,613	11,290
St. Helens	27%	13,169	474	1,729
The Dalles	33%	15,276	700	2,137
Tigard	28%	50,787	2,212	7,962
Troutdale	33%	16,535	718	2,154
Tualatin	24%	27,024	1,119	4,734
West Linn	20%	26,242	454	2,256
Wilsonville	16%	21,814	760	4,791
Woodburn	26%	24,765	763	2,951

Source: U.S. Census Bureau, 2012-2016 5-Year American Community Survey Estimates

# **AGENDA**

## **ITEM #2**



# **Memorandum of Understanding between the Oregon Dept. of Land Conservation and Development and the City of Gladstone**

## **Oregon Housing Planning Project – Code Audit**

This Memorandum of Understanding explains and memorializes a no-cost working relationship between the Department of Land Conservation and Development (DLCD) and Gladstone (City). The purpose of this collaboration is to review the City's land use regulations with regards to the provision of needed housing.

### **I. BACKGROUND**

Every region of Oregon is experiencing housing availability or affordability problems, or both. In some cases, the comprehensive plan for the urban area is out of date so housing needs have not been determined. In other cases, the need may be known but the zoning code presents barriers to development of needed housing or does not allow a variety of housing types to meet the diverse needs of residents.

DLCD will provide technical assistance (via a Consultant) to the City for the purpose of increasing the supply and affordability of housing within the boundaries of the City. Technical assistance will be provided to complete a code audit or code update to help ensure the zoning code allows, and does not include barriers to, development of needed housing.

DLCD has received a special appropriation of funds for 2018-2019 to assist cities in updating their comprehensive plans and land use regulations to promote housing availability and affordability. The Oregon Housing Planning Project (Project) is financed with State of Oregon General Funds. State funds are paid under this Agreement by DLCD to Siegel Planning Services, LLC (Consultant), who will assist the City as described in the Scope of Work below. No funds will be given to the City for tasks outlined in this MOU or any expenses incurred by the City as a result of this Project.

### **II. PROJECT OBJECTIVE AND MAJOR DELIVERABLES**

The primary objective of this Project is to prepare an analysis of the City's land use regulations pertaining to needed housing. The project will include an audit of the City's regulations (specifically Title 17 of the City's Municipal Code) to determine whether the code:

- Complies with the requirement for a clear and objective path for approval of needed housing and addresses the preliminary Gladstone specific recommendations of Clackamas County's Housing Needs analysis, as feasible.
- Includes criteria or procedures that may hinder development of needed housing
- Contains permitted use lists and development standards that ensure the mix and density of allowed housing can accommodate needed housing as preliminarily identified in the City's housing needs analysis, as feasible.

- Addresses circulation, transportation and parking needs associated with increased housing units in the City
- Contains appropriate residential zones to accommodate a mix of housing types

The project will identify changes to the code(s) that are needed to address issues identified in the audit and develop a draft schedule and implementation plan for completing a code update.

### **III. ROLES AND RESPONSIBILITIES**

**City:** Overall management of the Project will be the responsibility of the City. City will appoint a Project Manager to be the City’s principal contact person for DLCD’s Contract Administrator and the Consultant on all matters dealing with the Project.

Specific project management duties of the City will include:

- a. Coordinating project schedule and deliverables with Consultant;
- b. Coordinating City staff and Consultant work;
- c. Reviewing and editing Consultant work;
- d. Appointing a project advisory committee; and
- e. Noticing, scheduling, and assisting with advisory committee meetings and public official work sessions and public hearings, if any. Activities include preparing and distributing meeting notices and agendas; and assisting the Consultant with meeting facilitation.

**DLCD:** DLCD will provide financial, administrative, and technical assistance to the Project. DLCD will participate in advisory committees. Additional technical assistance may be provided as requested by the City or Consultant. DLCD will review and approve Consultant’s work, invoices, and progress reports. DLCD will review the Consultant’s performance and deliverables with the City prior to paying invoices received by the Consultant. DLCD will assist in the mediation of Consultant/City conflicts, or issues with the project or deliverables.

### **IV. KEY CONTACTS**

#### City of Gladstone

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#### Department of Land Conservation and Development

##### *Project Manager*

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##### *Regional Representative*

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Consultant

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scot@siegelplanning.com  
503-476-6650

**V. SCOPE OF WORK**

This Project for the City of Gladstone is composed of the following tasks outlined below. The City and Consultant must create interim project deadlines as needed to manage the Project (see Task 1). All Consultant work must be completed no later than June 30, 2019. Requests by the City or Consultant to change the Scope of Work outlined in this MOU, intended to modify the tasks or deliverables of the Consultant, must be reviewed and approved by DLCD.

*\*\* For informational purposes only, the primary Consultant deliverables are shown for each task.*

**Task 1: Project Kick-Off**

The purpose of the project kick-off is for Consultant to become familiar with local conditions and with City's planning documents, for the parties to confirm the objectives of the project and refine the project schedule, and for the City to prepare for the Project. Consultant will contact City via a conference call or in person to ask preliminary questions to establish project expectations and familiarize itself with city-specific concerns. Consultant will verify the action items identified through this initial conference call with the participating city and will develop and share a proposed schedule for the actions required for the completion of all tasks. The level of detail required for the proposed project schedule should be determined and with mutual agreement by the City and the Consultant.

*Task 1 Consultant Deliverables:*

- Summary of major tasks and action items for the Project
- Proposed Project, meetings, and deliverables schedule

*Task 1 City Deliverable:*

1.1 Copy of the City's comprehensive plan and zoning code

*Deadline:* Kick-Off to be held within 30 days of completion of consultant contract and MOU.

**Task 2: Draft Code Audit**

Consultant will review the City's comprehensive plan, zoning ordinance, and other land development documents and regulations (if any) to identify legal or policy issues related to residential development. This will include, but not be limited to, the Consultant determining

whether the comprehensive plan and zoning code (Title 17 of the Gladstone Municipal Code) contains:

- Internal consistency with housing objectives of the Comprehensive Plan
- A clear and objective path for approval of all residential development in each of the City's zoning districts intended to accommodate residential uses
- Residential zoning districts appropriate to address the City's housing needs and residential development trends
- Standards, conditions, or procedures that have the effect, either in themselves or cumulatively, of discouraging needed housing through unreasonable cost or delay
- Criteria or procedures related to application requirements, review, or appeal that may hinder development of needed housing
- Permitted use lists and development standards that ensure the mix and density of allowed housing can accommodate needed housing as identified in the housing needs analysis
- Standards to ensure adequate circulation, transportation and parking is addressed with increased housing units in the City.
- General consistency with the objectives of the City's Downtown Revitalization Plan and Transportation System Plan

City will schedule and provide notice and an agenda for one or more advisory committee meetings to review the draft code audit deliverables. Consultant will coordinate with City on meeting arrangements and facilitate the advisory committee meetings.

*Task 2 Consultant Deliverable:*

- One (1) preliminary draft code audit in ~~strikeout~~ underline format, and one (1) final draft code audit in ~~strikeout~~/underline format with City staff comments addressed
- An analysis of the major recommended code modifications suggested in the draft Code Audit specifically addressing their internal consistency with the zoning code and the Comprehensive Plan.
- A Stakeholders Mailing List, based on the City's draft stakeholder's list
- Presentation materials to explain preliminary analyses and findings to the advisory committee, the public, and interest groups
- Attendance at (2) in person team coordination meetings
- Attendance at one (1) Public Stakeholder meeting and associated presentation. To include preparation of all presentation materials such as meeting boards, graphics, and any other visual aids.
- Attendance at two (2) advisory committee meetings
- Internal Team Meeting Notes
- Advisory committee meeting notes
- Public meeting summary, available in a user friendly format for stakeholders and the public

\*This Task assumes that the Consultant will prepare any revised Maps/Figures suggested for inclusion in the Zoning Code or to accompany revisions to the City's existing residential zoning districts

*Task 2 City Deliverable:*

- 2.1 Advisory committee appointments
- 2.2 Advisory committee meeting notices and agendas
- 2.3 Public meeting notice(s)
- 2.4 Draft stakeholder list

*Deadline:* Consultant shall complete draft code audit and review the audit with the advisory committee on or before February 28, 2019.

**Task 3: Final Code Audit**

After review of the code audit with the advisory committee at one or more committee meetings, Consultant will prepare a final audit of the City's zoning ordinance, other development codes (if any), and comprehensive plan (if required), addressing issues identified in Task 2. Consultant will prepare a proposed code update schedule based upon input from the City and advisory committee.

*Task 3 Consultant Deliverables:*

- Final code audit, incorporating City staff, advisory committee, and public feedback
- Proposed code update schedule and implementation plan
- Attendance and presentation of the final code audit at one (1) City Council meeting and one (1) Planning Commission meeting

*Task 3 City Deliverable:*

- 3.1 Attendance at City Council and Planning Commission Meeting

*Deadline:* Consultant shall complete final code audit and shall prepare a proposed code update schedule following consultation with staff and the advisory committee on or before May 31, 2019.

**VI. OTHER CONSIDERATIONS**

This agreement will be effective as of the date of the last signature. The termination of this document may occur by mutual consent of the parties with 60 days written notice.

Except as provided herein, nothing in this Memorandum of Understanding shall be construed as obligating the other party to expend funds or obligate future payment of money authorized by law and administratively available for this work.

City of Gladstone

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**AGENDA**  
**ITEM #3.c.**



# Addressing Oregon's Housing Needs

**F**rom 2000-2015, Oregon underproduced housing units by nearly 155,000, according to a recent report from Up For Growth, in partnership with ECONorthwest. The shortage in development was not isolated to one area of the state, and now cities, counties and the state are looking for options of how to catch up. Oregon now has a new Statewide Housing Plan, and counties are finding that a lack of housing is impacting economic development efforts. However, cities are also responsible for meeting this crisis directly, as 67 percent of Oregonians reside in a city.

Housing development starts with long-term planning, but it takes more than completing a housing needs analysis and securing an adequate land supply to get housing built. Many cities are working on the next steps in incentivizing housing development, but others do not know how to approach the options. Cities can learn lessons from those that are in the process of addressing these complicated issues, but each city will need to focus on what the needs and desires of its community are to be successful.





Home construction in John Day

# Oregon's Housing Crisis

## Communities Grapple With Lack of Affordability, Homelessness

By Melody Finnemore

**F**rom coastal towns and rural cities in eastern Oregon to the Columbia River Gorge and larger metropolitan areas, Oregon's housing crisis is a multifaceted issue that most everyone agrees is an ever-growing problem that must be solved sooner rather than later, though opinions vary about the best ways to accomplish that.

Yachats may be the "gem of the Oregon Coast," but it and several of its neighboring hamlets to the north and south are struggling to balance the number of second homes and vacation rentals with homes for full-time residents and people who work there. While tourists flocking to the beach spend money in local businesses, the economic boost tends to be seasonal rather than a sustainable, year-round flow. And vacation rentals can actually cause property values to decline as a city's residential character yields to that of a tourist town, according to former Yachats Mayor Ron Brean.

Meanwhile, low-income housing is virtually non-existent in Cannon Beach, according to *LowIncomeHousing.us*, which found the nearest low-income housing seven miles from the city and the second-closest accommodations 19 miles away in Warrenton.

Workforce housing is scarce throughout the state, leading Governor Kate Brown to launch the Workforce Housing

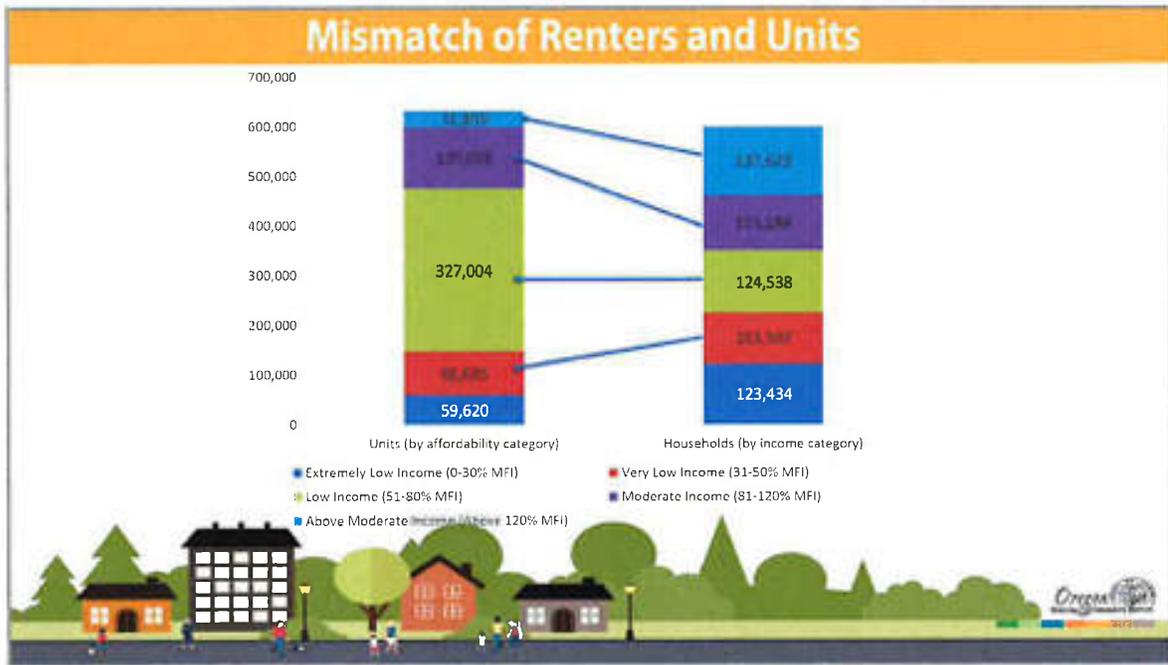
Initiative. Five housing pilot projects will result in more than 115 workforce housing units in Donald, Pacific City, Warm Springs, and Harney and Lincoln counties. Through the initiative, the communities will receive loans, grants and targeted technical assistance to bolster public-private partnerships that lead to more affordable housing and stronger economic opportunities.

State agencies, regional economic development organizations, city leaders, affordable housing advocates and others are working to address the problem of housing security in Oregon.

### Incentive Programs Spur New Construction, Renovations in John Day

Over the past decade, John Day has had very little new home construction, with just three site-built homes in the last 10 years. The city recently spent 18 months working with real estate developers, land developers, mortgage lenders, residents and business owners to identify why it did not have more new home construction.

"We ultimately determined there was a profitability gap for builders and an affordability gap for homeowners because the cost of construction exceeded the market value of the home after it was built," City Manager Nick Green said.



Source: Oregon Housing and Community Services

Three decades of population decline and economic stagnation led the city into a cost-value disconnect that was so severe land developers couldn't sell buildable lots for what it cost to create them, and homebuilders ended up losing money on spec homes because the average home in John Day was selling at \$88 per square foot, but the average cost to build exceeded \$120 per square foot. The city even did a regression analysis to estimate what a new home would be worth in the market because it had so little new home construction.

Ultimately, city leaders determined they would need to create a program to help people build new homes and incentivize existing homeowners to make significant improvements to their properties. They developed a new-home construction incentive that offers a 7 percent rebate on the home's final assessed value and payment of all system development charges. A second incentive program offers a 15 percent rebate on major remodels that result in an increase of \$10,000 or more in the home's assessed value.

"We are already seeing early indicators of success," Green said. "This is the first year of the program and we have six homes under construction and four more planned, plus three major remodels, so we're looking at about a five-times increase in the first year over what we've seen in the past decade."

John Day's programs are in place for the next 20 years and were created as part of an urban renewal area. As a result, the city will recover 100 percent of the incentives through the increase in property tax values within five to seven years of issuing the rebate.

"After that the money becomes available for the next home, so in effect we have created a perpetual investment fund to spur new home construction. We seeded the fund with \$600,000 and expect it will be enough to keep it going through the two-decade eligibility period, or until we reach our goal of 100 new homes," Green said.

### 'The Rent Eats First' Means Tenants Often Don't

Ed Johnson, director of litigation for the Oregon Law Center, works with people facing housing issues in a variety of ways and estimates the state has a shortage of at least 100,000 affordable homes. Rent burden is a predominant housing issue. People who pay more than 30 percent of their income on rent are categorized as rent burdened, and those who pay more than 50 percent are severely rent burdened.

"In this market there are tens of thousands of people who are severely rent burdened," Johnson said. "There is a saying that the rent eats first, so a lot of times the family doesn't eat and they skip meals or they may miss doctor's appointments to pay the rent."

When the rent escalates beyond what people can pay, those who are fortunate will find another place to move but it may be further from their job so they have to pay higher transportation costs.

Others are evicted and may lose everything and, often, their children can't stay in the same school. Research shows that being homeless is associated with lower school achievement and increased risk of dropping out of school.

As failed policies around affordable housing and a hot real estate market have led to more people experiencing homelessness, communities have struggled to provide adequate services. Some do not have warming or cooling centers while others cannot provide enough shelter space, forcing people to live outside. That, in turn, results in increased involvement by law enforcement, Johnson said.

### As Prices Rise, Bend Explores Multilayered Approach

A report by ECONorthwest states that the median price of homes has grown by an average of 14 percent a year in

*(continued on page 34)*



“The thing about a housing needs analysis is that it’s great to do a big study, but if you aren’t looking back at it and making sure that you are implementing those solutions then it just grows dusty.”

Bend since 2012, and the average price of a home there was \$466,926 in 2017. A homebuyer would need to make about \$81,000 a year to afford an average-priced home, but the city’s median income is \$59,400.

City leaders and the Bend Affordable Housing Advisory Committee are exploring a variety of solutions to address the shortage. The city council decided last year to exempt developers from system development charges, even though the city relies on those fees to help pay for its public infrastructure.

The city expanded its urban growth boundary in late 2016 and is obligated to provide infrastructure for housing in those areas newly opened to development. It is striving to reduce barriers to short-term housing, and deed-restricted affordable housing is fully exempt from system development charges. Bend also updated its comprehensive land use plan and included a new policy that provides incentives for and removes barriers to housing of all types in all residential zones. Bend’s construction excise tax has created a gap that affordable housing developers can use to leverage other investment.

Short-term rentals in this vacation destination were also affecting the housing supply for full-time residents. The city in 2015 revamped its policy to prevent entire neighborhoods from being converted to short-term rentals and will track the outcomes of the policy change in the coming years. In addition, the city works with its affordable housing advisory committee to review the inventory of properties it owns and issue requests for proposals for development.

### Collaboration Yields Positive Results for Large Metro Areas

Eugene was second only to Seattle as the most constrained housing market in 2017, and the cost to own a home in Lane County has increased 73 percent since 1999. The cost of rent has increased by 48 percent since then, while household incomes have grown by just 28 percent, according to the Neighborhood Economic Development Corp. and Cornerstone Community Housing.

Lane County’s housing shortage is accompanied by a homeless population that exceeds 1,640 people on any given night, according to its 2018 one-night Homeless Point in Time Count. The 1,642 people included in this year’s count is actually a decrease from the 2,553 people counted in 2010, and the numbers fell to slightly more than 1,450 in 2015 and 2016 before rising to 1,528 last year. Eugene and other cities in Lane County are collaborating with public agencies, social services and nonprofit organizations to address their shortage of affordable housing.

In 2015, Eugene’s City Council adopted the Eugene-Springfield Consolidated Plan, which guides the use of CDBG and HOME funds to create 500 permanent affordable housing units and rehabilitate 350 units. In addition, the funds are being used to provide emergency repairs to 150 homes occupied by seniors, people with disabilities and other low-income people to prevent homelessness, and invest in 15 facilities that provide social services, emergency housing or transitional housing.

It also has supported the development of 226 units of affordable rental housing in five new construction projects and one rehabilitation project.

### Housing Needs Analyses Point to Possible Solutions

Jennifer Bragar is with Portland law firm Tomasi Salyer Martin but works on land use and housing advocacy issues throughout the state. Among her clients is the combined agency Mid-Columbia Housing Authority/Columbia Cascade Housing Corp./Columbia Gorge Housing Authority.

Bragar noted that Joel Madsen, the agency’s executive director, has worked with Hood River to conduct a housing needs analysis to identify the community’s buildable land inventory. The analysis shows that the private sector isn’t building enough affordable housing and that public land should be taken into consideration. However, in *Crowley v. City of Hood River*, the Oregon Court of Appeals recently remanded an earlier ruling that allowed the city to build affordable housing on park land.

Bragar noted that Tillamook County took a regional approach because its economy is strongly supported by tourism but the people who work there live a distance away. A regional approach to its housing needs analysis is beneficial in terms of obtaining funding and finding meaningful solutions.

President of a nonprofit organization called Housing Land Advocates, Bragar said the nonprofit’s work includes reviewing housing needs analyses to help ensure that zoning changes are made effectively and that building inventories are evaluated for their impact.

“The thing about a housing needs analysis is that it’s great to do a big study, but if you aren’t looking back at it and making sure that you are implementing those solutions then it just grows dusty,” she said. ■

*Portions of this article originally appeared in an article Ms. Finnermore wrote for the July 2018 Oregon State Bar Bulletin.*



# Housing Facts & Figures

Source: Oregon Housing and Community Services

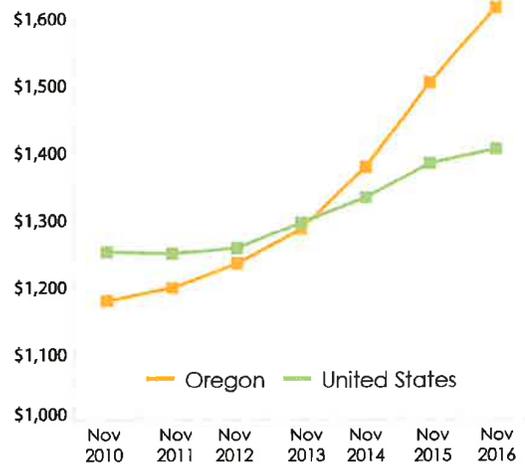
## Vacancy Rates, 2011-2015



## Median Home Sales by Region, 2015

Oregon Region	Sales Price
Central	\$276,545
Eastern	\$143,468
Gorge	\$238,045
North Coast	\$221,895
Portland MS	\$315,632
Southwestern	\$212,159
Willamette Valley	\$217,611

## Median Rents, 2010-2016



## Building Permits Issued in Oregon



## Shortage of Affordable Units, 2010-2014

Renter Affordability	< 30% MFI	< 50% MFI	< 80% MFI
Renter Households	128,950	235,185	360,215
Affordable Units	53,091	136,735	455,404
Surplus / (Deficit)	(75,859)	(98,450)	95,189
Affordable & Available*	26,334	86,452	313,465
Surplus / (Deficit)	(102,616)	(148,733)	(46,750)

\*Number of affordable units either vacant or occupied by person(s) in income group.

Owner Affordability	... for MFI	.. for 80% MFI	.. for 50% MFI
Max Affordable Value	\$245,916	\$196,733	\$122,958
% of Stock Affordable	30.6%	22.0%	10.2%



# The View from the Trenches: The Affordability Crisis

By Robert Parker, Rebecca Lewis, and Roderick Hall, University of Oregon, Institute for Policy Research and Engagement

Oregon has an affordable housing crisis. The rapid increase in rental rates experienced in the last few years has been accompanied by an increase in homelessness. Moreover, Oregon continues to be a top destination for migration in the U.S.—a trend that creates additional competition for housing at all price points. In short, the issue of housing affordability became starker in 2018 both in Oregon and across the country. This is not news; professionals working in the areas of housing policy and land use have long known about the issue. Moreover, if easy solutions existed, they would have already been implemented by the state and municipalities.

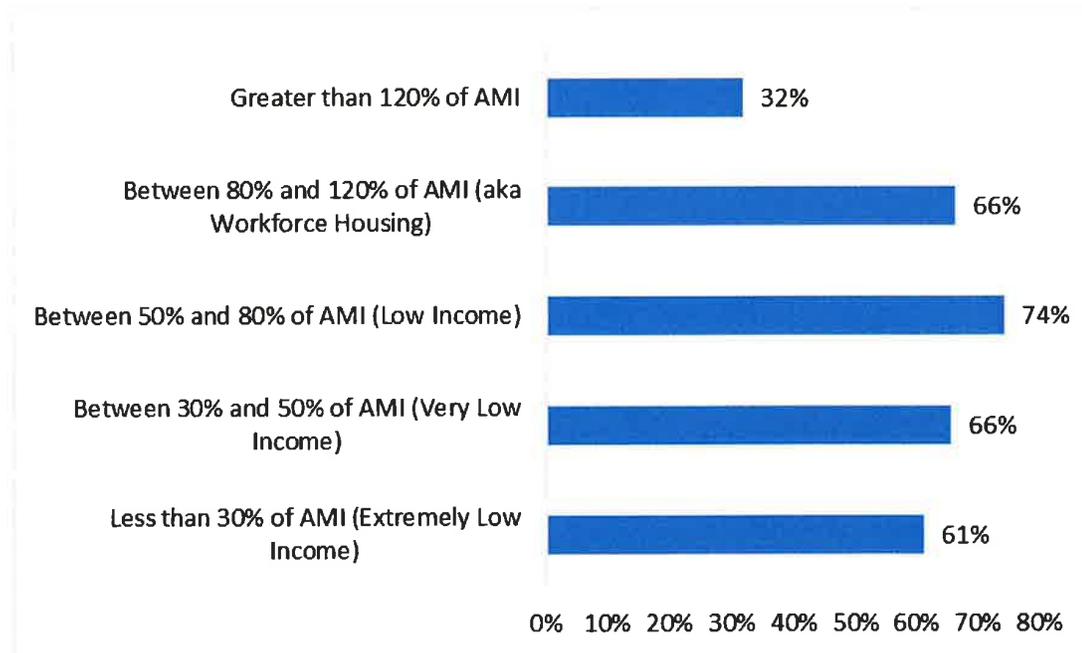
The lack of affordable housing is an issue facing urban and rural areas alike. Nationally, 21 “inexpensive and livable units” are available for every 100 extremely low-income renter households (Urban Institute, 2017). Oregon is no exception, and the issues of housing affordability in rural Oregon are pervasive but less understood. In 2016, the Oregon Legislature passed

HB 4079, which allowed for a pilot program to allow two cities to expand their urban growth boundaries for lands to be used for affordable housing. We provided research to support the rules establishing the pilot program which found that in cities outside of Portland and Salem, 76 percent of renter households were earning 80 percent or less of the area median income (AMI), and 64 percent of owner households earning 80 percent or less of the AMI are cost-burdened (e.g., they pay more than 30 percent of their household income for housing).

## Statewide Survey of Cities

Earlier this year, we published a report summarizing the results of a statewide survey of municipal governments in Oregon about housing affordability, needed types of housing, barriers to providing housing, and housing policy. We received 115 responses from Oregon's 241 cities, a 48 percent response rate. The results were sobering. The good news, if there is any, is that 66 percent reported their citizens and 62 percent reported

Housing Need By Area Median Income, 2018



Source: Oregon Housing Affordability Survey, UO Institute for Policy Research and Engagement, Q6

## Barriers to Affordable Housing, 2018



Source: Oregon Housing Affordability Survey, UO Institute for Policy Research and Engagement, Q11

their elected officials perceive housing affordability is a problem.

### Perceived Importance of Housing

We started by asking how respondents perceived the importance of housing in relation to other issues in their communities. Forty-four percent of respondents indicated it was “much more important” or “more important” than other issues facing their city. With respect to housing need, 88 percent of respondents indicated a “lack of market-rate, family-sized units” and “lack of affordable, market-rate rental units” in their community. Seventy percent indicated a need for more homeless shelters. Interestingly, a higher percentage of respondents (74 percent) indicated a need for “low-income” (housing affordable to households earning 50 percent to 80 percent of the area median income) than for very low-income (66 percent) or extremely low-income (61 percent).

### Possible Barriers to Affordable Housing

Respondents identified a number of perceived barriers to housing affordability, including lack of available vacant land (60 percent), lack of affordable housing provided by developers (59 percent), high land costs (58 percent), and lack of development ready land (50 percent). Infrastructure is an issue in many communities. Twenty-four percent indicated that infrastructure was an extreme barrier to housing development, 29 percent a moderate barrier, and 29 percent a minor barrier. Funding was the most frequently identified barrier to providing infrastructure (89 percent of respondents).

### How to Combat the Problem?

We were interested in what land use strategies cities are using to combat housing affordability. Only 29 percent of cities

reported they had recently updated the housing element of their comprehensive plan (after 2010). We also asked cities if they had adopted any of the land use tools identified in the Division 39 (Affordable Housing Pilot Program) rule. The four most commonly adopted tools were accessory dwelling units (55 percent), duplexes on corner lots (42 percent), skinny streets (38 percent), and minimum lot sizes smaller than 5,000 square feet (33 percent).

One of the most striking findings of the survey was that only 10 percent of respondents “understood how all of the [policy] tools work.” Moreover, 57 percent understand how few or none of the tools work. Moreover, more than one quarter of respondents indicated they did not understand how any of the rules work. The biggest barriers to adopting more land use tools were understanding of the effectiveness of the measures (46 percent) and how the tools work (38 percent).

Perceptions of the effectiveness of affordable housing efforts is not encouraging. Forty percent of respondents indicated they felt their city’s efforts were “not effective at all,” and 31 percent felt they were only “slightly effective.” Put the other way, only 13 percent of respondents thought their tools were moderately to extremely effective. Smaller cities see their policies as “not as effective at all” while larger cities are more likely to see their policies as “slightly effective.”

Addressing the housing affordability crisis needs to be a team effort. These results show that there is much work left to be done. While it is easy to focus on the negative, the results highlight a need for better understanding of what housing affordability strategies work and how they work. That information needs to get in the hands of city leaders and their partners for development of coordinated, evidence-based strategies. ■



# What's Code Got to Do With It?

By Erin Doyle, LOC Intergovernmental Relations Associate

**T**here are many approaches that cities are told to use as they strive to increase housing development. It all starts with getting the data—housing needs analysis and buildable land supply—but the next steps are not always clear. If a city can show a land shortage, it would then expand its urban growth boundary (UGB). If a city finds it has a need but cannot find developers to build, it could consider incentives like property tax exemptions, forgoing fees, or direct payments. But often, there is a requirement to look inside the existing UGB before expanding, and few cities can find extra funds to access for incentives.

So, another option is to look at the development code, determine what is preventing development, and decide whether it can be changed. Updating a development code is still not a cheap or simple process, but within that code, changes can be made to encourage development within a city's UGB that can entice developers to come to the table. Many cities that have started to dig into their housing shortages have realized that their housing development codes are outdated and are either preventing new types of development or discouraging developers from coming to town. These cities have shared the following lessons learned about how to approach this work.

### Build Your Team

The first step many cities have taken is to identify the stakeholders and create their team. In doing so, these cities have discovered the need for all points of view around the table to be considered. Updating code needs to go through a public process, but it also needs to accomplish community goals and increase the number of units built. This means including a broad range of perspectives that will assist in the process. These cities recommend starting with the developers, the people that can identify the barriers that the city code is creating. Developers can explain if some aspect of the code is increasing their cost—for example: Is the trim the city requires not easily purchased? Are setbacks and lot sizes making it hard for a development to turn a profit? What types of housing are prevented by your code requirements?

In creating their team, cities also need to include the naysayers—those individuals within the community that are likely to say no to change. It's important to hear their perspective and help provide them with the opportunity to have an impact on decision-making. However, not all naysayers will agree with the changes at the end of the process, but that doesn't mean they can be excluded. Taking the inclusive approach will allow the city to come to a final decision knowing that the team worked collaboratively toward a resolution.



Is the trim the city requires not easily purchased?

Other partners to bring to the team are employers, residents across age ranges, affordable housing developers and bankers. All of these participants have invested interests in the outcome of housing development and the look and feel of a community. City staff—including planners, economic development specialists and attorneys—should also be included. For many cities, a consultant can provide several insights, including: expertise about which codes can create barriers to housing development; understanding the interplay between land use and development; and their past experiences updating other city codes.

### Focus on Your Needs

Once the team is established, the next step is to set goals. Using the information from the housing needs analysis, it is important to determine the types of housing that will be needed to house all residents within a community—renters, owners, families, seniors, all income levels—and focus on the aspects of the code that pertain to what isn't being built. For some cities, that will be all housing types, and the first step will be to prioritize the issues.

Then, the team should start with identifying the barriers. By maintaining a focus, prioritizing developments, and knowing the barriers, stakeholders can find where to start in bringing the code up-to-date. As the team works through the code, it is important to continue to look back at the goals that were established to ensure that updates are meeting the needs of the community.

## Missing Middle Housing



### Things to Remember

There are a few other tips and requirements to keep in mind:

- There must be a clear and objective path for developers to follow to get a housing plan approved. Clear and objective does not mean that the code describes a single style of home, but it does require that subjective criteria be eliminated. If a developer wants to break away from these basic requirements, they can seek approval through a discretionary review.
- Use overlay zones to add standards to maintain important historical, architectural or other special areas of the community. These standards must also be clear and objective, so avoid requirements that require “capability with the character” of the area.
- Look at allowing duplexes, triplexes, quadplexes, town homes, and accessory dwelling units where they would be appropriate. The Oregon Department of Land Conservation and Development Transportation Growth Management program has a booklet about developing codes for a variety of housing types ([www.oregon.gov/lcd/TGM](http://www.oregon.gov/lcd/TGM)).
- Review recent updates similarly situated cities have made to their plans to see if they match the needs of your community. Almost every city is somewhere on the path of increasing housing development, and all cities can learn from each other as they move through the process.
- Include the public from the beginning. Explaining the housing shortage at the outset can bring allies to the conversation and provide an understanding of why the city is examining the development code. As the process moves forward, the city can provide examples of what new developments could look like under proposed changes. This builds trust that a new code does not mean that a city’s character will reflect community expectations and can reduce the challenges as a city adopts its new code. ■

## Housing: Demand vs. Need

**Housing need** is based on the principle that a community’s plan for housing should meet the needs of households at all income levels.

### Need

- Type
- Tenure
- Financial
- Condition
- Crowding
- Special Populations

**Housing market demand** is what households demonstrate they are willing to purchase in the marketplace.

### Demand

- Evidenced by recent development trends (e.g., type, price, and mix)

Source: ECONorthwest



# Tools for Affordable Housing Production

By Lorelei Juntunen, Emily Picha, and Madeline Baron, ECONorthwest

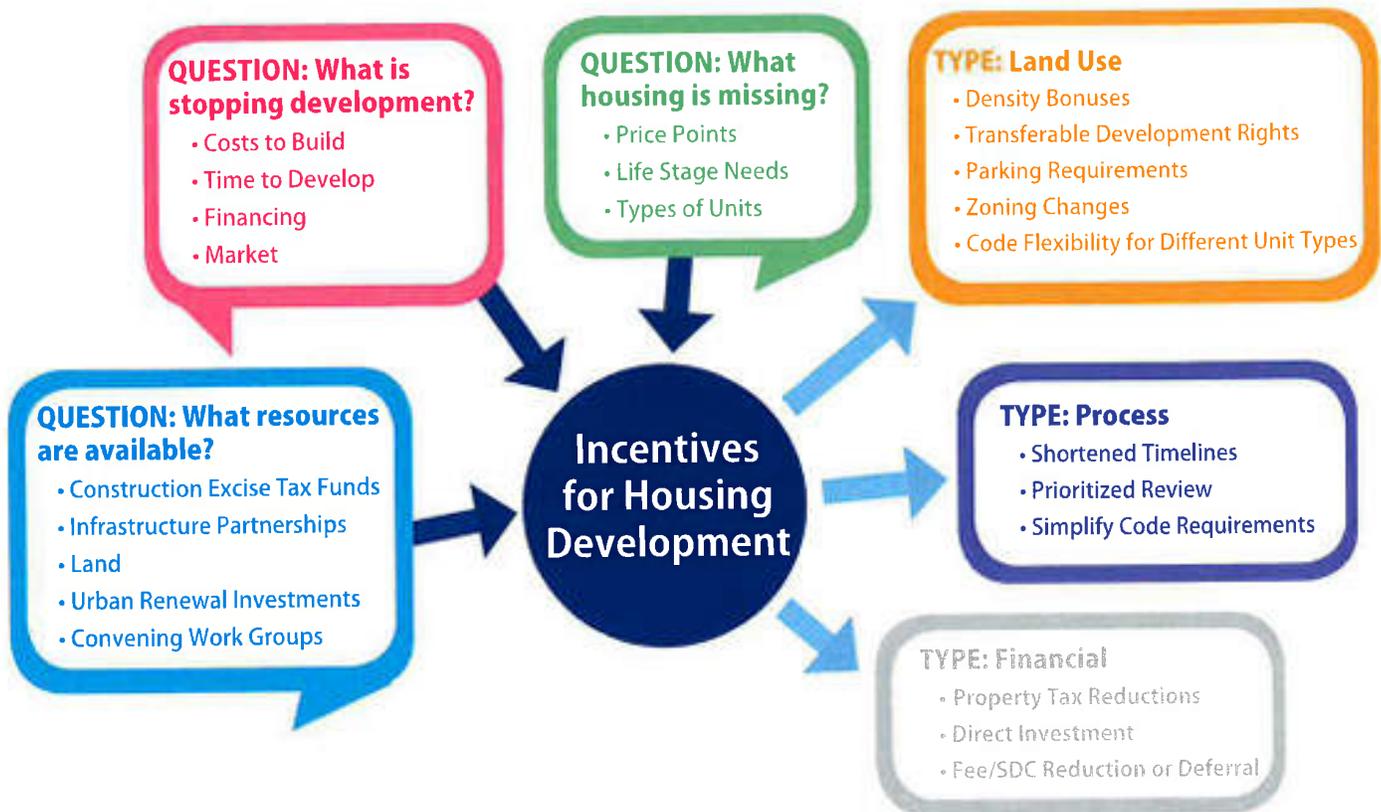
**T**hroughout Oregon, current housing production is not keeping up with demand, which has led to rising prices and limited supply. The result, in short, is the current statewide housing crisis. This situation has been further exacerbated by substantial declines in federal investment in affordable housing over the last few decades. In response, Oregon's state and local government leadership is stepping up. At the state level, Oregon Housing and Community Services is developing a statewide housing plan that will provide a policy framework for affordable housing goals and clarify the department's role as a primary funding source and a leader. Recognizing the need to support Oregon's cities as they build their capacity for this role, the Legislature this year provided the Oregon Department of Land Conservation and Development (DLCD) \$1.7 million in grants for local communities to analyze their housing needs and implement equitable housing strategies. At the local level, many communities are exploring their options as well, looking to a common set of incentives to encourage affordable housing production.

In all housing markets, programs that reduce ongoing operating costs can increase operating income and improve development feasibility for affordable projects. The multi-unit limited tax

exemption (MULTE) program is a good example; communities can abate property taxes for affordable housing projects (up to 120 percent AMI) for up to 10 years, which reduces ongoing building operating costs. Each community can shape its program by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap.

In many cases, tax abatements alone may be helpful but insufficient. Other tools that can be paired with abatements to reduce up-front development costs include:

- **Land Assembly and Write-Downs** – encourage affordable housing development by reducing development costs. Communities can use this tool to ensure affordable housing is developed in high-opportunity areas near schools, job centers, and transit.
- **Financial Incentives** – such as urban renewal or other grants and loans help reduce development costs and increase project feasibility. Because they are not repaid, grants are more effective than loans for increasing feasibility, but the jurisdiction cannot recycle these funds



for more development. Loans can have favorable terms to increase feasibility such as a low interest rate.

- **Reduced/Waived/Financed Fees and SDCs** – increase project feasibility. These fees provide important infrastructure funding sources but can be costly components of new development.
- **Public-Private Partnerships for Infrastructure** – can reduce a developer’s upfront cost of site preparation or installing new infrastructure like sidewalks, parks and utilities.
- **Reduced Parking Requirements or Other Regulatory Changes** – allows developers to build space-efficient housing and provide the community with more housing choices, including smaller units or greater density.

Housing development incentives work differently depending on the local housing market, desired development outcomes, and the interests of housing developers. What works in a Portland metro community may not work in smaller communities in other parts of the state. In higher cost markets with higher-density development, other tools may also be appropriate. A few examples include:

- **Vertical housing development zones (VHDZs)**, which offer 10-year partial tax exemptions to incent mixed-use, multifamily housing in specific zones, with additional exemptions for affordable housing.
- **Inclusionary zoning (IZ)** which requires or encourages a portion of new housing to be affordable in exchange for development incentives in buildings with more than 20 units.
- **Density bonuses**, which allow greater development entitlements in exchange for affordable units. Even if traditional multifamily density bonuses are not realistic in communities

with less development activity, some communities still find that developers are interested in using density bonuses to develop “missing middle” housing types in lower-density single-family neighborhoods. This can include flexible entitlements that allow for additional units per acre or increased building height.

In all communities, finding ways to add more housing supply of all types—market rate and affordable—is the *only solution to our housing crisis*. Achieving this goal requires a complex and multi-faceted response that works with the local development market. In nearly all cases, incentives alone are insufficient to generate the amount and type of new affordable development that communities need. Additional revenue at the state and local levels to support affordable housing production must also be available. The return on this investment will be transformative for Oregon’s families and for the systems that serve them: housing stability for all means fewer school transfers, better health outcomes, increased financial capacity for daily needs, and thriving communities. ■

*Headquartered in Portland, ECONorthwest is Pacific Northwest’s largest economic consulting firm. ECONorthwest is working with Oregon Housing and Community Services to craft housing policy at the state level through OHCS’s Statewide Housing Plan. At the local level, ECONorthwest is working in communities across Oregon on a range of housing-related projects, including housing needs analyses, affordable housing policy initiatives, housing action plans, and redevelopment studies.*



# AARP Tours State to Listen to Housing Concerns, Priorities

**T**his past spring, representatives from AARP Oregon traveled to about a dozen cities across the state as part of its "Age-Friendly Oregon: Building Communities for All Ages" listening tour.

"The whole purpose was to hear from Oregonians age 50 and older about what they value in their community and what they would like to see happen so it continues to thrive," said Bandana Shrestha, the organization's director of community engagement. "The primary issue in terms of what people said their priorities are is housing. Housing came up time and again no matter where we were."

Tour participants discussed three main concerns: affordability, quantity, and accessibility for people with disabilities. In addition to a lack of affordable housing, most communities don't have enough housing inventory in general. And much of the housing that is available is not designed for people who are older and have physical challenges.

"The market does not have enough accessible homes, whether you are talking about the Portland metro area or more rural communities," Shrestha said. "Especially in rural areas, the housing stock is older and older homes tend to be less accessible."

She noted that while aging and disability don't necessarily go hand in hand, people tend to need more support as they get older.

## More Diverse Housing Options Needed to Accommodate Seniors

Aging in place, or the ability for seniors to remain in their homes regardless of their physical ability, is a priority in AARP's advocacy work. According to a national report the organization published earlier this year, between 50 and 60 percent of adults ages 18-49 surveyed said they want to remain in their communities and homes as they age, and nearly 80 percent of adults age 50 and older indicated the same desire.

"People overwhelmingly say they want to live in their home and their own community," Shrestha said, adding that while people may want to move around and explore different places when they are younger, they seek to settle into a sense of belonging, social capital and security as they age.

While many organizations and agencies are studying the state's housing crisis to determine possible solutions, AARP Oregon approaches it from a consumer perspective amid a population that is aging rapidly.

"Our counties are looking drastically different. There are going to be so many counties that have populations that are at least 21 percent people 65 and older in the coming years," Shrestha said.

This change brings up questions such as how communities will evolve to accommodate an aging population, how homes can be better designed for people to age in place, and how to create a broader stock of housing options. For example, rather than traditional single-family homes, the housing inventory should include more "missing middle housing" such as duplexes, fourplexes, villages and other multifamily models that foster walkable, age-friendly communities with access to shopping, social activities, public transit and other amenities that don't require an automobile.

## Lifelong Housing Certification Program Making Strides in Southern Oregon

In addition, Oregon needs more housing of different sizes. Some people would like to downsize as they get older and would prefer an accessory dwelling unit (ADU) while others, particularly people in diverse communities, prefer homes with more bedrooms to accommodate a multigenerational household, Shrestha said.

According to AARP's national survey, more than 60 percent of adults own their own homes, and one in three report that major modifications are needed to accommodate aging needs. While the presence of ADUs is low, seven in 10 would consider building one for a loved one who needs care. One-half of adults already share or would be willing to share a home as they age, with a major consideration being if they needed help with daily activities, the survey found.

Shrestha noted that accessibility is often left out of the discussion when it comes to private residential planning, design and construction.

"Accessible homes are really hard to find and even if they are available there is not a common nomenclature where people with disabilities are able to find those homes," she said.

## Cycle of Housing

AARP Oregon is encouraging cities and other jurisdictions to consider the aging population's needs as they develop residential infill policies, zoning changes, incentives for developers and other policies that impact the private housing market.

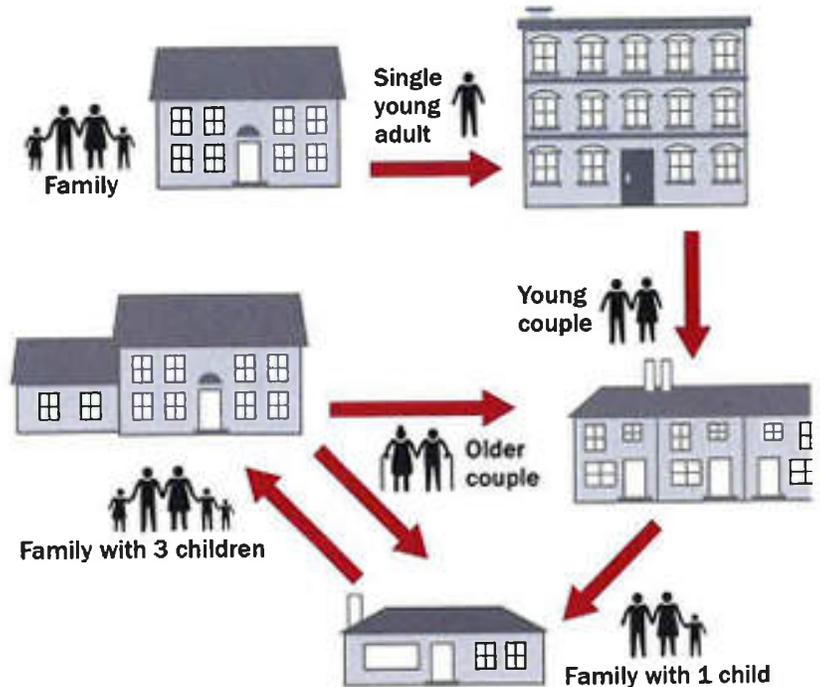
She highlighted the Rogue Valley Council of Governments and Housing Authority of Jackson County's success in encouraging the Lifelong Housing Certification program, in which homes are constructed or remodeled with several age-friendly criteria as guidelines. Between 100-150 homes in Medford and Central Point had earned the certification by mid-October. (For more information about the certification program, please visit <http://lifelonghousing.org>.)

Shrestha said AARP Oregon is compiling the findings of its statewide listening tour and will publish a full report about it early next year.

### On the Web:

[www.aarp.org](http://www.aarp.org)

[www.aarp.org/livable](http://www.aarp.org/livable)



Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.

## Housing is Key to Well-Being as We Age

Critical Roles	Challenges
Financial Security	<ul style="list-style-type: none"> <li>• High Housing Cost Burdens</li> <li>• Greater Mortgage Debt</li> </ul>
Physical Security	<ul style="list-style-type: none"> <li>• Shortage of Accessible Units</li> <li>• Trade-off with Spending on Housing, Food and Health Care</li> </ul>
Social Connections	<ul style="list-style-type: none"> <li>• Deficiencies in Housing Options, Transportation and Pedestrian Infrastructure, Increasing Risk of Isolation</li> </ul>
Linkages to Long-Term Supports and Services	<ul style="list-style-type: none"> <li>• Disconnects Between Housing Programs and Health Care System</li> </ul>

**8 in 10** people 45+ expect to stay in the same house after retirement



Salem workshop attendees listen to Marion County Commissioner Carlson about local housing goals.

# Government Partners in Housing

**T**his year, the League joined the Association of Oregon Counties (AOC), the Oregon Housing and Community Services Department (OHCS), and the Oregon Department of Land Conservation and Development (DLCD) in hosting eight regional housing workshops. Workshops were held in John Day, Hermiston, Madras, Coos Bay, Medford, Cottage Grove, Salem, and Tillamook. These workshops focused on two goals:

- Share the work local governments are doing to address housing shortages; and
- Establish what help local governments need from the state to see more success.

The presentations and conversations were the first steps in helping these partners find ways to work together.

As LOC, AOC, OHCS and DLCD start planning the next steps of their partnership, we reflected on what each agency took away from these workshops. (Answers may have been edited for formatting and space.)

### What was your top take-away from the workshops?

**AOC:** That there is a major capacity deficit in rural cities and counties that prevents them from removing barriers and seizing opportunities for all forms of housing in their jurisdictions. This capacity problem prevents them from doing the kind of work they want to do such as: conducting buildable lands inventories; changing comprehensive plans and zoning ordinances; developing local incentives; providing needed infrastructure; and convening private, civic and community groups needed to deliver housing.

**LOC:** As cities and counties work toward local solutions, there are statewide questions: how to best invest limited resources towards increased housing; how to redevelop the lost construction workforce in more rural areas; and how to determine where to start. Without enough housing, employers cannot locate, and communities will keep struggling.

**OHCS:** The desire for information sharing about what is happening across the state. Workshop participants are eager to learn what strategies and approaches are working, or what has been tried and isn't successful. This information exchange should be easy to accomplish with the right technology and a point person to assist with outcome tracking and maintaining current information.

### What singular local program do you think others should hear about across the state?

**AOC:** Some communities are offering significant local incentives to individuals and builders to construct needed housing. These incentives vary depending on the jurisdiction, but others should know that it can be done and is being done successfully. Some are using economic development funds, some are partnering with employers while others are using urban renewal and strategic investment program dollars to pay for incentives.

**DLCD:** Five years ago, Donald was a city without enough housing to satisfy local economic development needs, without the public facilities needed to serve any new housing, and without local capacity to plan for housing needs. With the assistance of DLCD planning staff, grant money to plan for new housing, active participation from a large local employer,



1. Gilliam County Judge Shaffer and John Day City Councilor Holland welcome attendees in John Day.
2. City of Madras presents on its recent housing work.
3. Attendees in Medford learn about Talent's housing planning.
4. Clatsop County Commissioner Thompson explains why housing is a priority to the coast.

and additional state funds for needed public facilities, the city has expanded its urban growth boundary and is on the path to providing more than 400 units of needed housing.

**LOC:** Talent leveraged information from a regional land use planning process to access a grant for an analysis of plans for a single site. Knowing what they needed to accomplish, the city adjusted both their expectations and development model to create a plan for a parcel that originally appeared to have a limited capacity. Talent is working on a relationship with a developer for this innovative project and expanding the lessons learned to future development.

**OHCS:** We have rarely been able to collect concrete data about the “gap” between cost to develop and return on investment. The Residual Land Value Analysis conducted by the city of Madras provides leaders and property owners a formula to better understand the amount a developer is able to pay for land based on the assumed value of the development, the assumed project costs, and the developer’s desired profit. This type of analysis provides transparency on all sides of the equation and demystifies the generic response that “it doesn’t pencil out.”

**In moving forward, partnership between the state, counties and cities is clearly needed. What does this partnership look like to you?**

**AOC:** A new kind of partnership is needed for the housing challenge. Counties and cities provide the last mile to housing construction. The role they play requires adequate

local government staff to be successful. Local government housing staff deployed on a regional basis through LOC and AOC would provide a missing link in the partnership today. Together, the state and local government could provide the seamless infrastructure for success.

**DLCD:** To create an ideal partnership to plan for meeting housing needs, the state must provide resources to cities and counties to quantify those needs. Then, after an analysis of existing capacity to meet those needs in terms of buildable lands and housing-friendly codes, we must determine what changes cities and counties need to make to eliminate barriers to provision of sufficient supplies and types of housing in urban areas.

**LOC:** Increasing the capacity of local governments will take help, both financial and technical, from the state. Cities and counties must direct local policies, but a better understanding of options, returns on investment, impacts, and consequences of planning and incentives can be provided through state investment in analysis and regional expertise.

**OHCS:** We are releasing the Statewide Housing Plan in November, which will clarify OHCS’ role, agency priorities and implementation strategy. Moving forward, it will be helpful to have clarity about the roles of other agency partners and local governments as we all work together to improve and increase housing supply in Oregon. 🏠



## ASK LOC

# What Should My City Know About SB 1051 and Accessory Dwelling Units?

Oregon has a housing shortage, which particularly impacts the number of units available for low- and middle-income earners. Currently prices are rising at rates that are outpacing wage growth. State Land Use Goal 10 requires cities to plan for housing for all residents, at all price ranges. This means that addressing the housing shortage requires land use solutions. The Legislature determined that a piece of addressing Goal 10 requirements is to allow for supply to be enhanced by inclusion of so called “accessory dwelling units” (ADUs). An ADU is a residential structure, either attached or detached, that is used in connection with or that is accessory to a single-family dwelling. Therefore, in 2017 the Legislature mandated that cities and counties of certain sizes allow for ADU development in single-family zones in SB 1051 (2017). This Ask LOC provides some basic information about that bill and highlights some things that local governments should consider regarding their zoning code.



### SB 1051

Senate Bill 1051 (2017) imposed new requirements on local governments with respect to ADUs. Among other things, SB 1051 amended ORS 197.312 to require cities with a population greater than 2,500 and counties with a population greater than 15,000 to allow the development of at least one ADU for each detached single-family dwelling in areas within an urban growth boundary zoned for detached single-family dwellings (see Or Laws ch 745, § 6). Beginning on July 1, 2018, subject cities and counties must accept applications for ADUs in such areas. SB 1051 did allow cities and counties to impose reasonable local regulations relating to the siting and design of ADUs. Whether a local government's regulation of ADU siting and design is “reasonable” will depend on the facts of each case.

### Things to Consider

- The Oregon Department of Land Conservation and Development (DLCD) suggests applying the same siting standards to ADUs as to other accessory buildings, such as sheds or detached garages.
- Oregon law requires housing design standards to be clear and objective (ORS 197.307(4)). Clear and objective standards avoid vague and subjective words like “character” and “compatible.” There may be an exception for ADUs in historic districts, where the ADU design must follow historic design requirements.
- SB 1051 requires subject cities and counties to allow “at least one accessory dwelling unit for each detached single-family dwelling,” so cities can allow more than one ADU per detached single-family dwelling. The DLCD suggests allowing one detached ADU and one interior ADU associated with the primary single-family dwelling (e.g., a basement apartment).
- Because some counties are required to allow ADUs inside unincorporated urban growth boundaries, cities should be working with the county to insure their policies will not inhibit future development in these areas.

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