

APPENDICES

Appendix A. Metro Policies Of the Regional Affordable Housing Strategy

June 2000



Housing Section of the Metro's Regional Framework Plan adopted by the Metro Council, in November 1996 (Note: the following housing policy is the revised version of the original housing policy in the Regional Framework Plan)

1.3 Housing and Affordable Housing

Purpose

The Metro Council, with the advice and consultation of MPAC, has determined that the subject matter of affordable housing is a growth management and land use planning matter that is of metropolitan concern and will benefit from regional planning. Metro will develop a "fair share strategy" for meeting the housing needs of the urban population in cities and counties based on a subregional analysis.

The purpose of this section 1.3 of the Regional Framework Plan is to address the need for a regional affordable housing strategy, in order to achieve this fair share strategy. These policy initiatives are intended to provide that:

- a diverse range of housing types will be available within cities and counties inside the UGB;
- specific goals for low- and moderate-income and market rate housing are adopted to ensure that sufficient and affordable housing is available to households of all income levels that live or have a member working in each jurisdiction;
- housing densities and housing costs support the development of the regional transportation system and designated centers and corridors;
- an appropriate balance of jobs and housing of all types exists within the region and subregions.
- at least 20% of new units in regionwide opportunity areas inside the UGB and in first tier urban reserves are built to be affordable to households at or below the median income without public subsidy.
- accessory dwelling units begin to be a significant part of new development.

The Metro Council adopted a Housing Needs Analysis Report in December, 1997, that is the preliminary factual basis for the determination that there is a need for a Regional Affordable Housing Strategy. The Housing Needs Analysis is premised on a concept of "affordable housing" that is based on the expectation that all households should be able to obtain appropriate housing at a cost that does not exceed 30% of total household income. As used in this section, the term "affordable housing" may include different types of housing. The Housing Needs Analysis Report identified four types: senior housing, owner occupied family homes, moderate income rentals, and assisted rental and special needs housing. In the future, other categories of affordable housing may be identified.

A wide variety of measures will be needed in order to achieve the purposes of the regional affordable housing strategy. Metro's legal authority to require cities and counties to amend their comprehensive plans and implementing ordinances is only one of the mechanisms that may be used. The use of land use planning tools will be helpful to encourage the development and retention of some types of affordable

housing. However, land use planning requirements may have limited effect in encouraging some types of affordable housing. Many of the measures to be addressed in developing the regional strategy are not suitable for inclusion in functional plans or in comprehensive land use plans. These measures can be addressed with a voluntary, cooperative effort. Metro has additional powers, including financing authority, that may be used. Other governmental agencies and non-profit entities will need to be partners in achieving the goals of the Regional Affordable Housing Strategy. Special district service providers, public housing agencies, urban renewal agencies and others will play significant roles.

Affordable Housing Technical Advisory Committee

Metro will create an Affordable Housing Technical Advisory Committee with representatives of homebuilders, affordable housing providers and advocate groups, major employers, financial institutions, local governments and citizens to assist in carrying out the provisions of this section and identify cooperative approaches, regulatory reforms and incentives to be considered to ensure that needed affordable housing is built. The Committee will report to the Metro Council. The Affordable Housing Technical Advisory Committee shall seek and provide advice and consultation from and to the Metro Policy Advisory Committee (MPAC).

The Affordable Housing Technical Advisory Committee shall be created by the adoption of an ordinance. The ordinance shall specify the membership and method of appointment of Committee members. The Council shall establish timelines for the Committee to report on the matters specified in this section. Metro shall fund the work of the Committee sufficiently to allow its choices to be based on adequate factual information and to allow coordination with affected persons.

The Affordable Housing Technical Advisory Committee shall recommend a Regional Affordable Housing Strategy and amendments thereto, and make recommendations on other matters related to affordable housing referred to it by the Metro Council or MPAC. Any recommendation from the Affordable Housing Technical Advisory Committee for amendments to this Regional Framework Plan, for the adoption of Metro Functional Plan requirements and for the adoption of or amendments to the Regional Affordable Housing Strategy, shall be forwarded by the Affordable Housing Technical Advisory Committee to MPAC for its review prior to being transmitted to the Council. MPAC will provide consultation and advice to the Council for all proposals for amendments to the Regional Framework Plan and any functional plan.

The Committee should base its recommendations upon factual information. The Committee should evaluate contributing factors to the need for affordable housing and alternative courses of action or inaction and consider the consequences. This is particularly important for any recommendation on the content of the Urban Growth Management Functional Plan.

In particular, the Committee should consider the magnitude of any need for a particular housing type, whether that need is uniform throughout the region, the roles of the public and private sectors in satisfying that need, whether the need is being addressed by existing market forces and public policies,

whether the need is being addressed by public and private entities, and the financial resources available to satisfy the need. Opportunities shall be provided for review and comment by citizens and affected governmental units during the preparation and review of the recommendations of the Affordable Housing Technical Advisory Committee.

Regional Affordable Housing Strategy

With the advice and consultation of the Affordable Housing Technical Advisory Committee and MPAC, the Metro Council will adopt a Regional Affordable Housing Strategy which will serve as a blueprint to guide achievement of the goals set forth in this section. The Regional Affordable Housing Strategy will not be a regulatory document. The Strategy will contain recommendations for further actions, including appropriate amendments to the Urban Growth Management Functional Plan for those elements which are suitable for implementation through comprehensive plans and zoning regulations, as well as voluntary measures.

Relationship of Strategy to Land Use Requirements

Metro's Urban Growth Boundary regulations currently provide that an urban reserve planning requirement for affordable housing includes the establishment of requirements for a minimum percentage of affordable units and accessory dwellings. The Urban Growth Management Functional Plan currently contains provisions which further the affordable housing policies of Metro. These existing provisions require that:

- A minimum density is established in all zones allowing residential uses.
- At least one accessory unit is allowed within any detached single family dwelling.
- Housing densities are increased in light rail station communities, centers and corridors, if necessary, to implement the 2040 Growth Concept.

Implementation of the Strategy through adoption of additional Metro Urban Growth Management Function Plan requirements will be appropriate in some circumstances. These amendments will be the only regional policies which require cities and counties to amend their comprehensive plans and implementing regulations to implement the Regional Affordable Housing Strategy.

The Metro Council has made a determination that performance standards for replacement housing ordinances and zoning density bonus incentives shall be adopted in the future as functional plan requirements. Such functional plan requirements will be subject to the advice and recommendations of the Affordable Housing Technical Advisory Committee and MPAC and the planning processes as provided for in this policy. The legality and appropriateness of any functional plan requirements may be contested during this future adoption process.

Content of Regional Affordable Housing Strategy

The Affordable Housing Technical Advisory Committee shall address the following matters in developing the Regional Affordable Housing Strategy:

Fair Share Strategy

The Regional Affordable Housing Strategy will include numerical “fair share” affordable housing targets for each jurisdiction to be adopted in the Urban Growth Management Functional Plan. The “fair share” targets that will be developed should reflect the current and future affordable housing needs of the region. The targets will be consistent with the affordable housing and jobs-housing balance policies established in the Regional Framework Plan. The determination of housing needs and numerical targets will include consideration of existing jurisdictional proportions of affordable and non-affordable housing supply and the roles of existing providers of affordable housing. Intergovernmental solutions toward attainment of fair share targets are encouraged. The "fair share" targets shall be based upon housing inventories and other factual information concerning the regional and subregional demand, supply and cost of housing and buildable lands, and the income levels and housing needs of current and future residents. Once the fair share targets are established, Metro will monitor the existing and new supply and delivery of affordable housing in the region. The Affordable Housing Technical Advisory Committee may recommend that fair share targets be implemented through Urban Growth Management Functional Plan amendments.

Land Use Planning Tools

The Affordable Housing Technical Advisory Committee will make recommendations that the Regional Affordable Housing Strategy address the need for amendments to the Urban Growth Management Functional Plan to further the purposes of this section. These land use planning tools shall be considered together with other non-land use measures that may be needed to attain fair share targets. Land use planning tools for affordable housing may be in the form of recommendations to cities and counties or as requirements for amendments to adopted city and county comprehensive plans and implementing ordinances. Any land use requirements for cities and counties will need to be adopted as Urban Growth Management Functional Plan amendments by the Metro Council with the advice and consultation of MPAC.

In making its recommendations, the Affordable Housing Technical Advisory Committee shall address the need for model ordinances. The Committee shall consider the following tools which may have land use and non-land use planning elements:

- A) Performance standards for replacement housing ordinances. These ordinances are intended to ensure that existing affordable housing units which are lost to demolition or non-residential development are replaced with an equal number of new affordable housing units. The Committee shall consider methods to ensure governmental or non-profit purchase of threatened buildings, requirements for construction of replacement units, or payments to a replacement housing fund as alternatives.

Consideration shall be given to implementing tools for replacement of rental housing in older central city high density areas, as well as replacement of lower density construction outside the central city.

- B) Performance standards requiring density bonus incentives. This type of incentive allows a sufficient increase of density over the maximum allowable density in mixed use areas as an incentive in return for a percentage of units being developed as affordable units. The amount of increased density allowed needs to be high enough to ensure that it is economically feasible for developers to build affordable units. Mechanisms to ensure that units qualifying for the incentive remain affordable for at least 60 years or be subject to a shared equity mortgage program shall be considered. An exemption process shall be adopted with this performance standard to allow cities and counties an exemption from this requirement if a demonstrated lack of public facilities prevents implementation of this requirement.
- C) Urban Growth Boundary considerations. Before an exception to a Functional Plan requirement affecting housing is pursued by a city or county, the effect of the grant of the exception on the need for expansion of the Urban Growth Boundary shall be considered.
- D) Performance standards for regionwide mandatory inclusionary housing. Any regionwide mandatory housing policy requires careful consideration. Regionwide mandatory inclusionary housing based on a constitutionally valid zoning approach shall be considered for functional plan implementation if cooperative programs have not significantly moved the region toward the goals of this policy.
- E) Other tools. The land use planning aspects of the measures described below as additional Regional Affordable Housing Strategy tools should also be considered.

In determining its recommendation regarding the adoption of performance standards for replacement housing ordinances, mandatory zoning density bonus incentives, or inclusionary housing policies, the Affordable Housing Technical Advisory Committee shall consider housing inventories and other factual information, including information about the demand, supply and cost of housing and buildable lands, and the incomes and housing needs of current and future residents. The Committee should evaluate alternative courses of action and review the consequences, of any particular action or failure to act. In particular, the Committee shall consider whether adoption of these performance standards would be inconsistent with other policy objectives of the Regional Framework Plan or with applicable federal and state laws and regulations. The views of affected local governments are important to consider in determining whether to adopt these types of performance standards.

Additional Regional Strategy Tools

In developing the Regional Affordable Housing Strategy, the Affordable Housing Technical Advisory Committee shall also address the following:

- A) additional measures to encourage and give incentives to develop affordable housing;

- B) types and amounts of affordable housing to be accommodated by the jurisdiction consistent with the functional plan targets;
- C) provisions to remove procedural barriers to current production of affordable housing;
- D) a variety of tools to ensure that the affordable housing to be accommodated is actually built, such as donation of tax foreclosed properties for nonprofit or government development as mixed market affordable housing, transfer of development rights, permit process incentives, fee waivers, property tax exemptions, land banking, linkage programs, expedited review processes, and affordable housing funding programs.
- E) requirements for maintaining architectural consistency of affordable units;
- F) long term or permanent affordability requirements;
- G) provision for affordable housing for seniors and the disabled;
- H) provision for preferential processing of UGB amendments in First Tier urban reserves when a minimum percentage of affordable units are included.
- I) consideration of a real estate transfer tax as a funding source for an affordable housing fund at the state, regional or local level when that option becomes available under state law.
- J) additional voluntary inclusionary housing approaches consistent with Oregon land use laws and 2040 Growth Concept design types that are supportive of maintaining neighborhood architectural consistency. These additional approaches should include inclusionary housing goals and principles that are the basis of a voluntary program for increased production of affordable housing units without regulation.
- K) development of a public-private program to reduce costs of production of new affordable housing and increase the supply of units to non-profit providers for possible subsidy. One part of such a program may be coordination between for profit builders and non profit affordable housing providers to facilitate sales of affordable for profit units to non profit affordable housing providers during the development of these units.

Adoption of Affordable Housing Strategy

The adoption by the Metro Council of the Regional Affordable Housing Strategy and any functional plan amendments shall be based upon the information and factors required by this section to be considered by the Affordable Housing Technical Advisory Committee, the recommendations of the Affordable Housing Technical Advisory Committee and MPAC, and the record created before the Metro Council.

Additional Metro Measures

In addition to developing and adopting a Regional Affordable Housing Strategy and considering amendments to the Urban Growth Management Functional Plan, Metro will undertake the following measures to further regional affordable housing goals:

- A) Metro, through the JPACT process, shall link regional transportation funding to affordable housing policy and achievement of affordable housing targets to the extent allowed by law, by creating incentives for use of discretionary funds for projects that further adopted affordable housing policies.
- B) Metro will inventory publicly owned lands, including the “air rights” above public lands, to identify underutilized public lands, excluding parks and open space, for possible development of affordable housing.
- C) Metro shall be a resource to assist developers of affordable housing and nonprofit charitable organizations to identify underutilized lands owned by nonprofit organizations, including the “air rights” above those lands, for possible development of affordable housing.
- D) Metro shall review all lands designated for residential use inside the UGB in implementation of Urban Growth Management Functional Plan to determine whether additional measures are needed to insure that an adequate supply of land, including opportunities for redevelopment, are zoned appropriately and available for affordable housing.
- E) Metro shall compile and maintain a data base on the demand, supply and cost of housing and buildable lands, income and housing needs of current and future residents, attainment of the fair share targets and other information relevant to affordable housing issues. This information is important in measuring the success of regional strategy tools and the need for revisions to the Regional Affordable Housing Strategy.

Council Review of Affordable Housing Policies

The Regional Affordable Housing Strategy shall be evaluated and may be updated no later than two years after its adoption. Thereafter, the strategy shall be reviewed as provided for in the Strategy Plan. The Council shall obtain the recommendations of the Affordable Housing Technical Advisory Committee and MPAC before amending or revising the Strategy.