

# Chapter Five: Recommendations for Implementation

## **I. INTRODUCTION**

This *Regional Affordable Housing Strategy* (RAHS) serves as both a short term (5-year) and long-term (to 2017) blueprint to address the need for increased affordable housing production in this region. As such, the RAHS reflects planning efforts that should be expected, encouraged or required of various entities including federal, state, regional and local governments, housing providers, other businesses, community based organizations and citizens.

The H-TAC recommendations described in this chapter do not address all of the affordable housing needs of our region. However, they will help to increase the inventory of affordable housing and improving the livability of this region. This chapter is divided into two parts. The first part describes the broad planning and administrative actions that various entities are encouraged to make as a first step towards implementation of the RAHS. The second part describes specific actions that must taken by Metro and local jurisdictions to enhance current and future activities for affordable housing production in our region.

## **II. ROLES AND RESPONSIBILITIES**

This section includes a description of the roles and responsibilities of Metro, local governments, and other entities that must be undertaken for the RAHS to be implemented successfully.

### **A. Metro**

H-TAC has recommended Metro action in three planning and administrative areas, including technical assistance for local jurisdictions to enhance their implementation efforts, monitoring and measurement of progress made by jurisdictions and the region toward affordable housing production goals, and staffing a housing advisory committee in the future.

#### **1. Technical Assistance**

##### **a. Best Practices, Guidelines and Voluntary Model Ordinances**

H-TAC, through the analysis and development of the affordable housing tools and strategies described in Chapter 4: Strategies for Increasing and Preserving the Supply of Affordable Housing, identified the need for a best practices manual to assist jurisdictions in implementing strategies that would be most effective locally. The best practices manual could also provide information on the types of partnerships that enhance the production of new and rehabilitated units. H-TAC also identified a need for Metro to develop specific guidelines to encourage regionwide consistency in the development and implementation of strategies. In addition, the Regional Framework Plan (RFP) stated that in making recommendations, H-TAC should consider model ordinances, especially for strategies that could be considered for inclusion in the functional plan such as replacement housing ordinances, density bonus incentives, and voluntary inclusionary housing. H-TAC has recommended the development of a handbook containing best practices, regional guidelines, and voluntary model ordinances for affordable housing as described in Table 13 below.

**Table 13. Recommended Content of a “Best Practices Handbook”**

| <b>Best Practices</b>                        | <b>Regional Guidelines</b>  | <b>Voluntary Model Ordinances</b> |
|--|---|-----------------------------------|
| Long-Term or Permanent Affordability         | Property Tax Exemption  | Density Bonus                     |
| Density Bonus Incentives                     | Local Regulatory Constraints/ Discrepancies in Planning and Zoning Codes/Local Permitting or Approval Process | Voluntary Inclusionary Housing    |
| Inclusionary Housing (voluntary & mandatory) |   |                                   |
| Transfer of Development Rights               |   |                                   |

**b. Coordination through Regional Forums**

H-TAC recommends that, in order to reduce the inefficiency created by a lack of better coordination among funding sources<sup>1</sup>, Metro take the following actions to help streamline affordable housing funding application requirements, timing, policies and goals of the funders.

- Create a forum for an ongoing policy dialogue that would ensure coordination of local and state policies and goals with state funding requirements in order to meet regional and local affordable housing needs.
- Create a forum for an ongoing dialogue among various entities in the region to enhance local first time homebuyer programs.
- Encourage coordination among local entities and the Oregon Building Codes Division to minimize the cost impact of codes on affordable housing production in the region.

**c. Regional Housing Fund**

Assist local governments in setting up a regional administrative infrastructure for the administration of a Regional Housing Fund when the fund becomes available.

**d. Other Activities related to Current Metro Programs**

- Consider the cost of providing infrastructure to land within the urban growth boundary when expanding the boundary since much of the undeveloped land inside the urban growth boundary is located on steep slopes or faces other outside constraints, and thus tends to be more expensive to develop.
- Consider using a cost/benefit analysis to determine the impact of new regulations on local housing activities related to housing production.
- Address storm-water detention/runoff on a watershed basis so as to facilitate local implementation of off-site improvements, where appropriate, to reduce the overall cost of developing housing.
- Consider affordable housing when developing regional natural resource protection programs so as to enhance the implementation of local off-site improvement requirements.
- Review Metro’s goals for consistency in its overall regional planning policies and their impact on local planning and zoning activities.
- Consider “voluntary inclusionary housing” requirements when amending the Urban Growth Boundary.
- Provide a legal opinion on Metro’s authority on the implementation of strategies recommended for system development charges, permit fees, and off-site improvement requirements.
- Include consideration of job wage levels to the cost of housing in a jurisdiction or subregion when conducting an analysis of jobs/housing balance.

**2. Monitoring and Measuring Success**

Monitoring and measuring our success is a vital component in the implementation of the RAHS. As stated in Chapter 4: Strategies for Increasing and Preserving the Supply of Affordable Housing, the region currently lacks the vital data necessary to track progress in meeting the affordable housing production goals. In addition, there is a lack of data necessary to track the cost of producing publicly subsidized

<sup>1</sup> Such as local, state and federal governments and other private and public sources.

housing which is essential in developing regional and local affordable housing funding goals, policies and objectives.

H-TAC has recommended that in the implementation of the RAHS, Metro should use the 2000 U.S. Census data to analyze and update the region's affordable housing needs. H-TAC has also determined that during the implementation of the RAHS, Metro should conduct a periodic survey to determine which strategies are working and not working, including why a strategy might work well in one place and not others.

Several questions still remain related to the type of data needed to measure progress towards the affordable housing production goals. The RAHS Implementation Advisory Committee, described in the next section, should assist Metro in identifying the most appropriate data to use in monitoring and measuring the success of the RAHS.

### **3. RAHS Implementation Advisory Committee**

H-TAC recommends that Metro staff a RAHS Implementation Committee that will advise Metro and help to review the effectiveness of the strategies and appropriateness of the regional affordable housing production goal. If necessary, the committee could recommend changes to both the strategies and the affordable housing production goals. The committee could meet on a quarterly basis. The structure and composition of the committee could be the same as H-TAC or downsized.

## **B. Local Governments**

H-TAC has recommended that local governments take action in several ways, as described in Chapter 4: Strategies for Increasing and Preserving the Supply of Affordable Housing. The roles and responsibilities recommended by H-TAC for local jurisdictions can be grouped into three areas: broad actions that can be taken by local jurisdictions (Section 2); strategies recommended for local jurisdiction consideration (Section 3B); and strategies local jurisdictions should use to amend their Comprehensive Plans (Section 3C).

### **1. Local Government Functions and Opportunities for Cooperation in the Provision of Affordable Housing**

While H-TAC has identified a number of tools and strategies that can be used by local governments to encourage the development of affordable housing, the committee recognizes the fact that local governments typically do not build or operate affordable housing. Historically, local governments have deferred housing production to nonprofit, for-profit and housing providers such as the Housing Authorities. However, the local governments do play a key role in facilitating the production and maintenance of affordable housing in their communities. Table 14 describes some of the important roles a local government may play through regulation, funding, and facilitation to impact the provision of affordable housing for local residents.

**Table 14. Roles of Local Governments in Housing**

| Role*               | Example of Mechanisms for Providing Housing  |   |  |
|---------------------|--|---|--|
|                     | <i>Land Availability</i>   | <i>Development</i>  | <i>Maintenance</i>   |
| <b>Regulation</b>   | <ul style="list-style-type: none"> <li>• Comprehensive plans</li> <li>• Zoning</li> <li>• Opportunities for diverse range of housing</li> <li>• Opportunities for mixed use housing</li> <li>• Rehabilitation and use of existing buildings</li> </ul> | <ul style="list-style-type: none"> <li>• Development standards</li> <li>• Review plans</li> <li>• Building permits and inspections</li> </ul>   | <ul style="list-style-type: none"> <li>• Preservation ordinance</li> <li>• Building &amp; Rehabilitation Code enforcement</li> <li>• Enforcement of Federal Fair Housing laws</li> </ul>   |
| <b>Funding</b>      | <ul style="list-style-type: none"> <li>• Donate surplus land</li> <li>• Land banking</li> </ul>  | <ul style="list-style-type: none"> <li>• Reduce or forgive fees</li> <li>• Loans and Grants</li> <li>• Tax exemptions &amp; abatements</li> </ul>   | <ul style="list-style-type: none"> <li>• Home repair and rehabilitation loans and grants</li> <li>• Loans and grants to apartment owners to rehabilitate</li> </ul>  |
| <b>Facilitation</b> | <ul style="list-style-type: none"> <li>• Community Land Trust</li> </ul>   | <ul style="list-style-type: none"> <li>• Technical assistance in the funding and development process</li> <li>• Support of Community Development Corporations</li> <li>• Public/private partnerships</li> </ul> | <ul style="list-style-type: none"> <li>• Technical assistance</li> <li>• Coordinate rehabilitation and repair programs with Community Development Corporations</li> <li>• Volunteerism for tree planting and neighborhood beautification programs</li> </ul> |

\*Three major roles that could increase the supply of affordable housing and improve the quality of housing stock.

The mechanisms in Table 14 describe some of the opportunities for cooperation among local governments and private organizations to create and maintain affordable housing. An example of a cooperative effort is the consortium of local government agencies involved in the preparation of the Consolidated Plans required by HUD.

Developing programs to encourage the provision of affordable housing requires an understanding of funding resources available to local governments and as well as the types of tools and strategies that can facilitate the development of affordable units. H-TAC found that many local governments, often due to a lack of staff resources, are not currently utilizing some of the existing funding resources in the region. H-TAC encourages local jurisdictions to dedicate some staff resources towards housing in order to meet local affordable housing needs.

## **2. Guidelines for Implementation**

The intent of many of the strategies described in Chapter 4: Strategies for Increasing and Preserving the Supply of Affordable Housing is to reduce the cost of producing and operating housing, thereby increasing the affordability for the “end user,” or resident. Thus, H-TAC identified a need for local governments to consider developing guidelines for the implementation of the strategies aimed at providing fee waivers or other funding incentives.

State and some local housing funding programs often include a review process to ensure that construction, development and operating costs conform to acceptable benchmarks. However, some local jurisdictions do not currently have a method of ensuring that local funding programs and cost reductions provided by the jurisdiction result in an increase in housing affordability for the “end user.” Jurisdictions are encouraged to develop mechanisms to ensure that incentives are retained in the form of reduced development and operating project costs and passed through to the “end user.” H-TAC recommended that Metro collect information on the cost of producing housing, including amount and type of subsidy, to further enable local jurisdictions to develop guidelines for the implementation of local programs.

### **3. Regional Housing Fund**

Federal and State governments have traditionally provided the bulk of funds for affordable housing. Some local governments, especially urban cities and counties, also allocate local funds towards affordable housing production. As stated in Chapter 2: Affordable Housing Needs, H-TAC has estimated the regional Benchmark Need by 2017 for new and existing households earning less than 50% of regional median household income (MHI) to be 90,479 units. H-TAC has also recommended a 5-year Affordable Housing Production Goal of 9,048 housing units for households earning 50%MHI and less (\$26,850).

A regional housing fund would help meet the 5-year Affordable Housing Production Goals and could also help provide first time homeownership opportunities. As stated previously in Chapter 3: Regional Housing Goals, there is approximately \$27,538,761<sup>2</sup> available annually for housing production (new and rehabilitated units) in the region. If we rely only on the federal and state resources to meet the 5-year goal, the remaining subsidy needed is approximately \$96,672,183. While the other strategies described in Chapter 4: Increasing and Preserving the Supply of Affordable Housing will help to provide additional affordable housing, they will not be sufficient to meet the affordable housing needs of the region. Hence, H-TAC recommends that a regional Real Estate Transfer Tax (RETT) be implemented to provide dollars for a regional housing fund that could be used to leverage other affordable housing resources.

The RETT provides the best opportunity to raise a relatively large amount of money for housing that could be managed by the region. The concept generated strong support in a focus group H-TAC held to gather additional input from housing and financial specialists not involved in the H-TAC process. A proposal describing the RETT has been circulated among all the local elected officials in the region. Local elected officials and development industry representatives have expressed support for a RETT, with the Realtors Association providing the only significant objection.

As currently proposed, funds raised from a RETT would be allocated to: a) provide new and rehabilitated housing units to households earning less than 50%MHI; b) help lower income first time homebuyers purchase homes throughout the region ; and c) fund local infrastructure improvements for affordable housing development. A RETT would ensure that part of the benefit of increased land and housing values is dedicated to affordable housing. H-TAC has proposed exempting the tax on all homes sold for less than \$120,000. Two potential taxation rates are shown 0.50% and 0.75% in Appendix C, as well as potential revenues in both a strong and weak economy. Potential revenues range from \$4.8 to \$40.6 million per year.

Local governments have a major role to play in the implementation of a RETT. The main actions that must be taken include convincing the Oregon Legislature to: 1) exempt the Metro region from the current law that prohibits local governments from collecting a RETT and allow a ballot measure to implement the RETT in the Metro region, or 2) enact a statewide or Metro area RETT. Local governments also have a major role to play in the use and administration of a new regional housing fund. H-TAC recommends that negotiations over how the fund should be allocated and administered should not be conducted until further work has been done to get a regional fund in place (more detail on this recommendation is in Appendix C).

### **4. Consolidated Plans**

H-TAC recommends that entitlement jurisdictions currently working to develop Consolidated Plans include a section in each Consolidated Plan that describes regional efforts to address housing issues. Efforts should also be made to discuss further coordination in the future.

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<sup>2</sup> Federal (\$9,684,600) and State (\$17,854,161).

## 5. Monitoring and Measuring Success

A key factor in determining the success of the RAHS is monitoring and measuring the region's progress. H-TAC therefore recommends that local governments help in the data collection process by providing Metro pertinent information such as:

- Publicly assisted rental units
  - By size, location, income group
  - Number for seniors, people with disabilities, etc.
  - Existing
  - Newly produced
  - Accessibility of newly produced units
  - Rehab or new construction
  - Cost of production by construction type, size (# of bedrooms) and location
- Completing a periodic survey to assess success of specific strategies

## C. Other Entities

### 1. Federal Government

Historically the federal government has taken the lead in providing funds for the provision of affordable housing. However, long term federal commitments for lower income housing are declining introducing uncertainties for tenants, owners, communities and lenders.

Consistent, year-to-year subsidies provide certainty. If affordable housing is based on federal budgets, investors, residents, and communities need certainty in HUD appropriations. The absence of that certainty increases anxiety and costs as participants factor in additional risks to the cost of participation in HUD programs, leading, for example, to the exodus of owners in the Section 8 project based program.

H-TAC therefore recommends that the region should encourage Congress through the Oregon Congressional delegation to:

- Expand the amount of Low Income Housing Tax Credits (LIHTC) available for affordable housing production;
- Increase the amount of Section 8 Vouchers available to the Portland metropolitan region (currently there are close to 8,000 vouchers in use in the region);
- Support changes with HUD and other Federal programs to encourage the development of affordable housing as follows:
  - *Change the length of the contract.* Federal budget accounting should be changed to permit longer-term contracts for all HUD rental assistance, even in the absence of an increase in the total units, which should also be supported. This would give greater parity to programs that serve the very lowest income tenants (other federally funded programs providing benefits for higher income tenants than rental assistance programs – such as the LIHTC program).
  - *Allow more discretion to local housing authorities to use project-based Section 8 vouchers.* Administrative rules should be changed to permit simple project basing of vouchers, subject to a 15% cap of the total units. HUD estimates that this would support an estimated \$90-120 million one time acquisition or construction of affordable and available units.
  - *All publicly assisted projects should accept vouchers.* Encourage elected leaders in the Metro region to execute an intergovernmental agreement to require that all publicly assisted projects accept voucher tenants using the same screening criteria as other tenants.

### 2. State Government

The Oregon Housing and Community Services Department (OHCSA) allocates Low Income Housing Tax Credits (LIHTC) on a competitive basis to housing providers throughout the state. Thus, the state sets funding priorities and criteria for funding applications. The state also has created housing funding

programs, the Oregon Housing Trust Fund and the Oregon Affordable Housing Tax Credit (OAHTC) program, used to generate homeownership and multifamily rental housing opportunities. H-TAC recommends that OHCS D work to increase funds available for affordable housing production and rehabilitation. H-TAC also recommends that the state work with housing providers and local governments to ensure that state funding requirements are coordinated with local priorities and housing needs. The state should also work towards joint monitoring of projects and streamlining application processes.

The state also plays a key role in the affordability of housing by implementing building codes. H-TAC recommends that the Oregon Department of Consumer and Business Services, Building Codes Division consider the following recommendations:

1. Analyze current building codes. A cost/benefit analysis of the existing building codes should be conducted that accounts for the high priority placed on providing affordable housing to residents of the state. Amendments to State and local buildings codes should be based on cost/benefit of implementing additional codes, weighing the safety issues with housing affordability.
2. Evaluate the effectiveness of SB 512 and 587 and implement appropriate standardized plan review and permit processes statewide. Increase the use of technology and training to effectively implement more consistent code interpretations.
3. Compare the current Oregon code requirements for rehabilitation of existing buildings to models used in New Jersey and elsewhere, and develop appropriate code changes for consideration by the Building Codes Division and appropriate advisory committees and boards. This could include developing a separate set of codes for rehabilitation of older buildings, as was done in New Jersey.
4. Improve partnership among state and local building officials, builders and other trade groups involved in housing production with the goal of improving regulatory activities to enhance affordable housing production and improvements.
5. Consider setting up an independent review panel to consider the cost impact of new and existing codes.
6. Strengthen the current educational system for code related matters that provides opportunities for all (many community colleges currently offer related course).
7. Develop a checklist of applicable code requirements for specific categories of work to be used by developers and other contractors. This would help to facilitate the permit and code approval process.

### **3. Housing Providers**

Housing providers in the region have a major role to play in meeting the 5-year affordable housing production goal (9,048 units) explained in detail in Chapter 3. Inasmuch as the for profit developers produce housing for all income groups, some of them produce affordable housing. Nonprofit developers have traditionally produced only affordable housing. Currently there are about 30 nonprofit community development corporations in the region.

With the reduction in federal funds for the construction of new public housing units through the public housing authorities, nonprofit community development corporations have stepped in to meet local needs for the provision of lower income housing construction. Nonprofits are generally community based and form to meet the needs of specific geographic areas or specific groups, such as senior citizens, persons with disabilities, or large families.

H-TAC recommends that nonprofit, for-profit and other housing providers and developers consider the following suggestions:

1. Efficiencies in the management and rental of affordable housing can often be found with economies of scale. Cooperation among housing providers in managing affordable housing developments should be considered.

2. Community Development Corporations should consider seeking and retaining a variety of funding sources for operating support to keep housing costs down.
3. Consider the overlapping roles and missions of housing providers in certain areas of the region, and work towards collaboration and cooperation to better serve those in need of affordable housing.

#### **4. Other Organizations**

##### ***Private Funders***

Financial institutions play a key role in the production of affordable housing. Housing cannot be built without the loans provided by the banking industry. However, many affordable housing developments are financed with resources from a variety of sources. Often, each funding source will have a different application package with sometimes opposing requirements. Lenders could work together to coordinate funding applications as well as ensuring that project requirements are not inconsistent with local priorities and goals. An example is the requirement for a certain number of parking spaces per unit, even when the target population may not even be able to use cars (elderly, people with disabilities, etc.). Lenders should also support funding projects with pro formas that allow good design and management.

***Community Reinvestment Act:*** Under the Federal Community Reinvestment Act (CRA), bank regulators evaluate a bank's record of helping to meet the credit needs of their communities, consistent with safe and sound operations. Included in a community's credit needs are loans for affordable housing. Bank's make direct construction loans, permanent loans, investments and grants to affordable housing projects which helps them achieve a positive CRA rating. Also, as a participant in the Network for Oregon Affordable Housing (NOAH), banks can participate in long-term permanent loans on affordable housing projects throughout the state.

***Enterprise Foundation Regional Acquisition Fund:*** The Portland Regional Land Banking Program is an excellent example of a partnership between private funders and public sector that could help the region achieve the affordable housing production goal. The land banking program is a partnership between The Enterprise Foundation, Housing Development Center, City of Portland and other local jurisdictions. The purpose of the fund is to acquire and hold development sites throughout the region, preserving the opportunity for the creation of community-based developments. The fund may also provide an opportunity to the public sector to leverage private sector resources. The fund will function as a revolving account, capitalized with \$20 million from The Enterprise Foundation, providing local jurisdictions the opportunity to access the fund by providing loan guarantees to purchase property.

***Training Program:*** A training program could be developed by a partnership of local jurisdictions, nonprofit and for profit housing developers, and lenders to enable them to increase efficiency in producing affordable units. Possible components of the training program include:

- *Management of Program.* The program could be run through an existing organization that provides technical assistance for affordable housing development, such as the Neighborhood Partnership Fund.
- *Annual Training Sessions.* Annual 1-2 day training sessions focused on grant writing, resource management, effective tools and providing opportunities for jurisdictional coordination.
- *Internet Resource Site.* Add to the Enterprise Foundation web site, to provide information from annual training sessions as well as resources, best practices, and grant deadlines.
- *E-mail List Serve.* Compile an email list serve of those interested in receiving updates on funding opportunities, and to serve as a forum for issues related to increasing the supply of affordable housing in the region. The Enterprise Foundation website is a good start ([www.enterprisefoundation.org](http://www.enterprisefoundation.org))
- *Expanded Scope.* Annual training sessions and other resources could be focused specifically on funding opportunities or expanded to provide a forum for dispersing information on best practices for cost reduction and land use strategies.

### **Large Employers/Businesses**

Housing is a pivotal issue for employees. The availability of convenient, affordable housing enhances a company's ability to attract, retain, and reward its workforce. As found in a national survey by the Work/Life Institute<sup>3</sup>, companies offering housing assistance reported an improved company image, higher employee morale and better employee retention. Employers are also able to use housing assistance as a recruiting tool for new employees, and generally the benefits of providing housing assistance outweigh the costs or are cost neutral.

Large employers in the region are encouraged to consider setting up assisted housing programs for their employees, such as the Siltronic Home Ownership Program (SHOP), the Legacy Emanuel Neighborhood Home Ownership Program (ENHOP), the Portland School District "Homeroom" Program, and the Summit at Government Camp Housing Project for the three nearby ski resorts (Timberline, Mt. Hood Meadows and Ski Bowl). (More information on these programs is in Chapter 4: Strategies for Increasing and Preserving the Supply of Affordable Housing and Appendix C.)

### **Tri-Met**

Increasing, reducing, or removing public transport service from specific routes has a large impact on the development of affordable housing in certain neighborhoods. Thus, H-TAC recommends that Tri-Met take into consideration these actions that would minimize the impact of its actions on the development of affordable housing.

### **Faith Based Organizations**

Opportunities for partnership between faith-based organizations and other entities, including the public sector should be explored, encouraged and supported. Faith-based organizations can support the development of affordable housing in a variety of ways, including:

- *Providing land.* Many faith-based organizations own land that is not currently being fully utilized. This land can be used to provide housing, donate land for other housing providers to build on, or provided through a long term lease on the land. An analysis of vacant tax exempt land in the Metro Regional Land Information System (RLIS) shows that faith-based organizations own approximately 700 acres of undeveloped land in the Metro region. (See *Land Cost and Availability Strategy* in Appendix C).
- *Providing money.* Faith-based organizations can provide money to other housing providers through the charitable donations of their congregations.
- *Providing services.* Some faith-based organizations offer social services that would further help to integrate affordable housing residents into a larger community.
- *Education.* Faith-based organizations have the opportunity to influence their congregations and can raise the awareness of the importance of providing safe, decent, affordable housing to families and others in need. For example, faith-based organizations can encourage landlords to accept Section 8 vouchers.
- *Shared housing.* Faith-based organizations can develop programs to aid those who own homes but are unable to continue maintaining them as well as providing those in need with a home. Shared housing is often used to connect elderly people with able-bodied people in need of a home. The arrangement benefits both parties, especially with the faith-based organization providing support.

The US Department of Housing and Urban Development (HUD) has been involved in efforts relating to community and faith-based groups. HUD acknowledges that many of its current programs grew out of the visions and activities of community and faith-based groups. In 1997, HUD established the Center for Community and Interfaith Partnership. The mission of the center is to focus, integrate, and intensify HUD's effort in working with interfaith organizations and other community-based organizations.

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<sup>3</sup> Work/Life Institute Survey, November 1998 (preliminary results)

Several faith based organization in the region are currently involved in providing affordable housing and other services to low income residents and persons with disabilities. For example, the St. Anthony's Village Enterprise based in southeast Portland has successfully developed an award-winning residential community (127 housing units and services at various levels) for seniors and persons with disabilities. The village offers a combination of assisted living facilities, including units specifically designed for seniors suffering from Alzheimer's disease. The combination of housing and other services may eliminate some of the psychological and physical consequences associated with seniors placed in a medical-model nursing home or an incomplete care center, which could save as much as \$1 million per year in Medicaid costs.<sup>4</sup>

Other faith-based housing partnerships include Mercy Housing, Downtown Community Housing, Inc., St. Vincent de Paul, Catholic Charities, Episcopal Senior Living Services, Inc., Lutheran Family Services, programs at Ecumenical Ministries of Oregon and other groups and churches.

### **Citizens**

Assist in the following ways:

- Support affordable housing production by participating in neighborhood organization meeting and providing comments on siting projects, design and property management methods; and
- Volunteer with non-profit developers in programs such clean-up days, Paint-a-Thons, building homes, donating money, special events and working on boards and committees.

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<sup>4</sup> "St. Anthony Starts Pioneering Project." *Affordable Housing Finance*, April 1999. Pages 38-39.

### **III. RECOMMENDATIONS FOR STRATEGIES TO BE INCLUDED IN METRO'S REGIONAL FRAMEWORK PLAN AND/OR URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN**

#### **A. Introduction**

Metro implements the region's vision for future growth through two main planning documents: the Regional Framework Plan (RFP) and the Urban Growth Management Functional Plan (Functional Plan) which implements RFP policies, including the 2040 Growth Concept.

The RFP contains specific policies to direct the region's future growth. It brings together the contents of previous regional policies to create an integrated land-use, transportation and greenspaces framework. The plan is intended to ensure a coordinated, consistent approach to issues of regional significance. Examples of RFP policies include those that established H-TAC and gave the committee the charge of developing this Regional Affordable Housing Strategy (RAHS).

The Functional Plan is a set of regional requirements and recommendations, adopted in November 1996, for cities and counties to implement. It begins to implement the Region 2040 Growth Concept<sup>5</sup>. The Functional Plan addresses issues including projected housing and job growth, parking management, water quality and a regional road system.

An example of a requirement in the Functional Plan is Title 1 – Requirements for Housing and Employment Accommodation. The intent of Title 1 is to require local jurisdictions to change their zoning to accommodate development at higher density in communities supported by the transportation system. As a matter of regional policy, each city and county must contribute to increasing the development capacity of land within the urban growth boundary. Title 1 includes a requirement that plans allow accessory dwelling units – one form of affordable housing. Title 1 also includes a requirement that local plans establish minimum density requirements which assure that planned densities are built. This supports smaller, more affordable units in residential zones. H-TAC is now recommending additional strategies in the RAHS that could be used to increase the inventory of affordable housing in the region.

H-TAC considered making a recommendation to the Metro Council as to where the strategies described in this section should be placed, in the RFP and/or Functional Plan. However, H-TAC members concluded that the Metro Council should make the final determination as to the most appropriate places to make amendments in order to carry out the RAHS to increase the supply of affordable housing in the region.

H-TAC evaluated many strategies and tools in the development of the RAHS. Through much analysis and study, H-TAC concluded that many of the strategies should be recommended for local jurisdictions to *consider* in the development of local strategies to meet the affordable housing need. H-TAC also concluded that local jurisdictions should be required to amend their local Comprehensive Plans to comply with broad regional affordable housing land use policies as a means of meeting the affordable housing need more consistently throughout the region. This section describes H-TAC's recommendations for implementation of the RAHS.

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<sup>5</sup> Metro's 2040 Growth Concept is a regional land-use policy adopted by the Metro Council in December 1995 that: a) encourages compact growth development near transit to reduce land consumption; b) preserves existing neighborhoods; c) identifies rural areas that will not be added to the urban growth boundary; d) sets goals for permanent open space within the urban growth boundary; and e) recognizes that cooperation with neighboring cities – Canby, Sandy, North Plains – is necessary to address common issues.

## B. Voluntary Actions by Metro and Local Jurisdictions

H-TAC recommends that the Metro Council and local jurisdictions adopt the Affordable Housing Production Goal as a guideline and appropriate non-land use tools and strategies as essential policies that enable the region to increase the regional and local inventory of affordable housing. As stated previously in Chapter 2, a key component of H-TAC's charge was to develop fair share targets for jurisdictions in the Metro region reflecting the current and future affordable housing needs of the region. While addressing other issues related affordable housing needs of the region, some terminology was changed as a result of much discussion. The most important change in terminology was to replace the phrase "fair share targets" with "affordable housing production goals," as described below:

| <b>CHANGE OF TERM</b>  |
|--|
| <b>Affordable Housing Production Goals (Fair Share Targets)</b>  |
| H-TAC decided to replace the term " <u>fair share targets</u> " with " <u>affordable housing production goals</u> " because the latter conveys properly the region's cooperative effort towards achieving livable communities within our region. |

### 1. Metro Adoption of Affordable Housing Production Goals

The Metro Council should adopt the Affordable Housing Production Goal (Table 15) to serve as a guide for local jurisdictions and the region to measure progress toward meeting the affordable housing needs of the region. These initial goals are established with the understanding that a new regional funding source or other financial resources are necessary to attain significantly increased progress on the inventory of housing affordable for households with incomes below 30% and 50% of median household income. This adoption of Table 15 as a guideline would be followed by a required assessment of the region's progress as described in Section III.C.5 of this chapter.

### 2. Local Jurisdictions' Adoption of Affordable Housing Production Goals

- a) Local jurisdictions should adopt the Affordable Housing Production Goal (Table 15) to serve as a guide to measure progress toward meeting the affordable housing needs of households with incomes between 0% and 50%MHI in the jurisdictions and throughout the region. This income group comprises the greatest unmet need. Jurisdictions should prioritize the use of the tools and strategies recommended in the RAHS to address this most acute need.
- b) Local jurisdictions are also encouraged to continue their efforts to promote housing affordable to households with incomes 50% to 80% and 80% to 120% of median household income.

Table 15 on the following page shows the affordable housing production goals of the region and its jurisdictions. As discussed in Chapter 2: Affordable Housing Needs, the Five-Year Affordable Housing Production Goal is 10% of the Benchmark Need.

**Table 15. Five-Year Affordable Housing Production Goal Allocated by Jurisdiction<sup>1,2</sup>**

The Five-Year Affordable Housing Production Goal is 10% of the Benchmark Need.

The Benchmark Need was determined for each jurisdiction based on 2017 population projections, the regional distribution of household incomes, and credits for the existing supply of housing affordable to households earning 50%MHI and below.

| Jurisdiction             | Benchmark Need – 90,479 (2017) <sup>3</sup> |                           | Percent of Benchmark Need by Income Group |            | Five Year Affordable Housing Production Goal – 9,048 <sup>4</sup> |              |              |
|--------------------------|---|---------------------------|---|------------|---|--------------|--------------|
|                          | Benchmark need                              | Percent of benchmark need | less than 30%                             | 30-50%     | less than 30%   | 30-50%       | Totals*      |
| Beaverton                | 6,567                                       | 7.24%                     | 65%                                       | 35%        | 427   | 229          | 655          |
| Cornelius                | 497   | 0.55%                     | 80%                                       | 20%        | 40  | 10           | 50           |
| Durham                   | 92  | 0.10%                     | 61%                                       | 39%        | 6   | 4            | 9            |
| Fairview                 | 734   | 0.81%                     | 58%                                       | 42%        | 42  | 31           | 73           |
| Forest Grove             | 645   | 0.71%                     | 85%                                       | 15%        | 55  | 10           | 64           |
| Gladstone                | 532   | 0.59%                     | 82%                                       | 18%        | 43  | 10           | 53           |
| Gresham                  | 5,580                                       | 6.15%                     | 82%                                       | 18%        | 454   | 102          | 557          |
| Happy Valley             | 573   | 0.63%                     | 51%                                       | 49%        | 29  | 28           | 57           |
| Hillsboro                | 5,148                                       | 5.68%                     | 59%                                       | 41%        | 302   | 211          | 514          |
| Johnson City             | 0   | 0.00%                     | 0%  | 0%         | 0   | 0            | 0            |
| King City                | 51  | 0.06%                     | 91%                                       | 9%         | 5   | 0            | 5            |
| Lake Oswego              | 3,392                                       | 3.74%                     | 55%                                       | 45%        | 185   | 154          | 338          |
| Maywood Park             | 0   | 0.00%                     | 100%                                      | 0%         | 0   | 0            | 0            |
| Milwaukie                | 1,019                                       | 1.12%                     | 100%                                      | 0%         | 102   | 0            | 102          |
| Oregon City              | 1,585                                       | 1.75%                     | 78%                                       | 22%        | 123   | 35           | 158          |
| Portland                 | 17,948                                      | 19.79%                    | 100%                                      | 0%         | 1,791   | 0            | 1,791        |
| Rivergrove               | 27  | 0.03%                     | 52%                                       | 48%        | 1   | 1            | 3            |
| Sherwood                 | 1,231                                       | 1.36%                     | 54%                                       | 46%        | 67  | 56           | 123          |
| Tigard                   | 3,205                                       | 3.53%                     | 68%                                       | 32%        | 216   | 103          | 320          |
| Troutdale                | 1,310                                       | 1.44%                     | 57%                                       | 43%        | 75  | 56           | 131          |
| Tualatin                 | 1,904                                       | 2.10%                     | 63%                                       | 37%        | 120   | 69           | 190          |
| West Linn                | 1,700                                       | 1.87%                     | 58%                                       | 42%        | 98  | 71           | 170          |
| Wilsonville              | 1,797                                       | 1.98%                     | 56%                                       | 44%        | 100   | 80           | 179          |
| Wood Village             | 175   | 0.19%                     | 93%                                       | 7%         | 16  | 1            | 17           |
| Clackamas County Uninc.  | 11,053                                      | 12.19%                    | 66%                                       | 34%        | 729   | 374          | 1,103        |
| Multnomah County Uninc.  | 1,349                                       | 1.49%                     | 60%                                       | 40%        | 81  | 53           | 135          |
| Washington County Uninc. | 22,582                                      | 24.90%                    | 58%                                       | 42%        | 1,312   | 940          | 2,253        |
| <b>Totals</b>            | <b>90,695<sup>5</sup></b>                   | <b>100.00%</b>            | <b>72%</b>                                | <b>28%</b> | <b>6,420</b>  | <b>2,628</b> | <b>9,048</b> |

<sup>1</sup>Further explanation of calculations in this table may be found in Chapter 3: Regional Housing Goals. *H-TAC recommends that these goals be recalculated when 2000 Census data become available.*

<sup>2</sup>The Affordable Housing Production Goal is intended to be a guideline to local jurisdictions, and is voluntary.

<sup>3</sup>The Benchmark Need (90,479 units) includes a need at 30%MHI that is cancelled out by a lack of need (or surplus) in Maywood Park at 30-50%MHI; while in Johnson City there is a lack of need in both of the lower income categories. It is important to note the fact that Johnson City consists of a mobile home park on one tax lot, which impacts the data.

<sup>4</sup>Calculated by multiplying the “percent of benchmark need” by the Five-Year Affordable Housing Production Goal of 9,048 units. The result is multiplied by the “percent of benchmark need by income group” to get the goal by income group for each jurisdiction.

<sup>5</sup>The total shown here (66,000 for less than 30% and 26,343 for 30-50%) is based on excluding the projected “surplus” of affordable housing at less than 30%MHI for Johnson City, and 30-50%MHI in Johnson City, Maywood Park, Milwaukie, and Portland.

\*Totals may not add up to due rounding.

### 3. Local Jurisdictions' Adoption of Tools and Strategies

Local jurisdictions should analyze the full array of tools proposed in this RAHS, and adopt and apply local tools and strategies to promote the development of housing affordable to households at 50%MHI and below, which is the regionally identified greatest need. Local jurisdictions are encouraged to continue their efforts to promote housing affordable to households with incomes 50% to 80% and 80% to 120% of the regional median household income.

#### a. Voluntary Non-Land Use Tools and Strategies

- i) The Metro Council should encourage local jurisdictions to analyze, adopt and apply locally-appropriate non-land use tools as a means to make progress toward the Affordable Housing Production Goal. Non-land use tools and strategies that could be considered by local jurisdictions are listed in Chapter Four: Strategies for Increasing and Preserving the Supply of Affordable Housing.
- ii) The Metro Council should encourage local jurisdictions to report on the analysis, adoption and application of non-land use tools at the same intervals that they are reporting on land-use tools (at 12, 24 and 36 months after the adoption of the RAHS).

#### b. Voluntary Land Use Tools and Strategies

H-TAC recommends that the Metro Council and local jurisdictions adopt appropriate land use tools and strategies to increase the inventory of affordable housing throughout the region. The Metro Council should encourage local jurisdictions to consider the implementation of the following affordable housing land use tools shown in Table 16.

**Table 16. Voluntary Land Use Tools and Strategies**

|                      |   |
|----------------------|---|
| Replacement Housing  | <ul style="list-style-type: none"> <li>• Consider policies to prevent the loss of affordable housing through demolition in urban renewal areas by implementing a replacement housing ordinance specific to urban renewal zones</li> </ul> |
| Inclusionary Housing | <ul style="list-style-type: none"> <li>• When creating urban renewal districts that include housing, include voluntary inclusionary housing requirements where appropriate</li> </ul>   |

### C. Required Actions by Metro and Local Jurisdictions

Metro's authority lies in land use planning matters that local jurisdictions can implement through comprehensive plans and zoning regulations. While Metro may mandate that local plans and regulations comply with specific Functional Plan performance standards achievable through land use tools, the intent of H-TAC here is for the RAHS to provide a choice of tools available to local governments to increase the local supply of affordable housing consistent with their respective Affordable Housing Production Goals.

H-TAC recommends a process which requires local comprehensive plans to implement affordable housing land use policies, and in the process *consider the use of* several other land use tools. H-TAC also recommends establishing a specific timeframe for these actions to track progress and evaluate the success of the RAHS.

#### 1. Metro Implementation of Land Use Tools and Strategies

The Metro Council shall revise the Regional Framework Plan and the Urban Growth Management Functional Plan for consistency with each other and with the RAHS recommendations below. The Metro Council shall amend the Regional Framework Plan and/or Urban Growth Management Functional Plan to adopt the following land use tool to increase the supply of affordable housing.

**Table 17. Metro Implementation of Land Use Tools and Strategies**

|   |  |
|---|--|
| Inclusionary Housing/UGB Considerations | Consider voluntary inclusionary housing requirements when amending the UGB (See <i>Appendix B, Inclusionary Housing Strategy for more information.</i> ) |
|---|--|

## 2. Affordable Housing Land Use Policies

Metro Council shall amend the Regional Framework Plan and/or Urban Growth Management Functional Plan to require that each local Comprehensive Plan comply with the following regional affordable housing land use policies<sup>6</sup> no later than 24 months after the adoption of the *Regional Affordable Housing Strategy (RAHS)*:

- Local comprehensive plans will include strategies resulting in the development of a diverse range of housing types within their jurisdictional boundaries.
- Cities and counties shall prescribe within their plans actions and implementation measures designed to maintain the existing supply of affordable housing as well as increase the opportunities for new dispersed affordable housing within their boundaries.
- Cities and counties shall prescribe plan policies, actions, and implementation measures aimed at increasing opportunities for households of all income levels to live within their individual jurisdictions in affordable housing.

The adopted Functional Plan (Title 1) currently requires certain strategies that may result in additional affordable housing opportunities, such as creating minimum density requirements and allowing accessory dwelling units. The regional affordable housing land use policies should be carried out in the context of other regional policies adopted in the RFP and Functional Plan designed to create livable communities, by supporting the regional transportation system, town centers and corridors, and helping to create a jobs housing balance.

## 3. Local Jurisdiction Implementation of Land Use Tools and Strategies

Metro Council shall amend the Regional Framework Plan and/or Urban Growth Management Functional Plan to require local government consideration of use of the following affordable housing land use tools to carry out its Comprehensive Plan affordable housing policies. Local government consideration shall include identification of affordable housing land use tools currently in use and additional affordable housing land use tools, including but not limited to the tools in Table 18 (below), to be implemented in order to comply with the affordable housing land use policies.

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<sup>6</sup> Recommended by H-TAC for Metro Council adoption. These policies are based on Metro’s adopted policies in the Regional Framework Plan, the RUGGOs, and the Urban Growth Management Functional Plan, as well as H-TAC adopted Affordable Housing Implementation Objectives.

**Table 18. Land Use Tools and Strategies for Local Jurisdiction Implementation**

|  |   |
|--|---|
| Density Bonus  | 1. A density bonus is an incentive to facilitate the development of affordable housing. Local jurisdictions could consider tying the amount of bonus to the targeted income group to encourage the development of affordable units to meet affordable housing production goals.   |
| Replacement Housing  | 1. No-Net-Loss housing policies for local jurisdictional review of requested quasi-judicial Comprehensive Plan Map amendments with approval criteria that would require the replacement of existing housing that would be lost through the Plan Map amendment.  |
| Inclusionary Housing   | 1. Implement voluntary inclusionary housing programs tied to the provision of incentives (Density Bonus, etc.)<br>2. Develop housing design requirements that tend to result in affordable housing (single-car garages, max sq. footage, etc.)<br>3. Consider impacts on affordable housing as a criterion for any legislative or quasi-judicial zone change  |
| Transfer of Development Rights   | 1. Implement TDR programs tailored to the specific conditions of a local jurisdiction<br>2. Implement TDR programs in Main Street or Town Center areas that involve upzoning  |
| Elderly and People with Disabilities   | 1. Examine zoning codes for conflicts in meeting locational needs of these populations  |
| Local Regulatory Constraints; Discrepancies in Planning and Zoning Codes; Local Permitting or Approval Process | 1. Revise the permitting process (conditional use permits, etc.)<br>2. Review development and design standards for impact on affordable housing<br>3. Consider using a cost/benefit analysis to determine impact of new regulations on housing production<br>4. Regularly review existing codes for usefulness and conflicts<br>5. Reduce number of land use appeal opportunities<br>6. Allow fast tracking of affordable housing |
| Parking  | 1. Review parking requirements to ensure they meet the needs of residents of all types of housing<br>2. Coordinate strategies with developers, transportation planners and other regional efforts so as to reduce the cost of providing parking in affordable housing developments  |

#### 4. Reporting

Metro Council shall amend the Regional Framework Plan or Urban Growth Management Functional Plan to require a reporting process for local jurisdictions' amendments to their Comprehensive Plan and consideration of land use-related affordable housing tools and strategies.

- a. No later than 12 months after the adoption of the RAHS Plan, local jurisdictions shall submit a brief status report to the region through Metro as to where each jurisdiction stands in their Comprehensive Plan analysis. This analysis shall include an identification of affordable housing land use tools currently in use and consideration of the land use tools in Table 18. Based on these reports, Metro Council and MPAC shall review progress and provide feedback to the local jurisdictions.
- b. Local jurisdictions shall provide a report to the region through Metro on the status of their Comprehensive Plan amendments and adoption of land use-related affordable housing tools 24 months after the adoption of the RAHS.
- c. No later than 36 months after adoption of the RAHS Plan (2003), each local jurisdiction shall formally report to the region, through Metro, on its amendments to its Comprehensive Plan since consideration of the tools in Table 18, the land use tools and strategies adopted, the outcomes of those strategies, progress toward Affordable Housing Production Goals (Table 15), and any other affordable housing developed and expected within each jurisdiction.

## **5. 2003 Assessment**

Metro Council shall, in 2003, formally assess the region's progress toward achieving the Affordable Housing Production Goals, review new 2000 census data, examine federal and state legislative changes, review the availability of a regional funding source, re-analyze affordable housing need and decide whether any changes are warranted to the process, tools and strategies, funding plans or goals to ensure that significant progress is made toward providing affordable housing for those most in need.

Nothing in this section or chapter of the RAHS should be construed to prohibit joint coordination or action by two or more jurisdictions to meet their combined affordable housing production goals.