

Regional Housing Choices

Implementation Strategy Recommendation

REPORT
SUMMARY
PREPARED
BY METRO'S
HOUSING
CHOICE TASK
FORCE



METRO

PEOPLE PLACES
OPEN SPACES

HOUSING CHOICES FOR ALL

The Housing Choices Task Force (HCTF) report addresses enhancing regional livability for all residents by providing and safeguarding a range of housing choices.

HISTORY

This document represents the second phase of a process that started in 1998 when the Affordable Housing Technical Advisory Committee (HTAC) was created. By 2000, HTAC had defined affordable housing needs across the region, and determined that those most in need of housing are households that earn less than 50% of the region's median family income (\$67,900 in 2005). HTAC developed a Regional Affordable Housing Strategy (RAHS) that was later implemented. An assessment of local governments' annual reports revealed some barriers and prompted the creation of HCTF in March 2005 to develop the Regional Housing Choice Implementation Strategy report. The report demonstrates several trends:

- Regional median income has not kept pace with rising housing costs, and the accelerated rise in home purchase costs over the past few years have priced many residents out of neighborhoods where they would otherwise choose to live.
- The region's unemployment rate has been above the national average since the last recession.
- Majority of the region's worker force in the 2040 Centers earn below 50% of the region's Median Family Income (\$67,900).
- Federal support for housing has been decreasing and the region's need for the retention and creation of a diverse and adequate housing supply has grown.
- Although rents have not increased much since 2000, high-income renters occupy a good proportion of affordable housing units, thus creating an "affordability mismatch."
- Families with children are migrating from central areas to outer areas of the region where there are limited public services, and thus putting more stress on existing public services systems such as schools and transportation and spending on transportation.
- People between the ages of 25 and 29 and the portion of the baby boomers between 50 and 54 are the fastest growing age groups that are creating a mix of housing need in the region.



CHALLENGE ACROSS BOUNDRIES

The housing market is regional and cuts across city and county lines. Most people live in one area and work in another. Metro encourages a mix of affordable housing types dispersed throughout the region, giving residents a choice in where they want to live. Although housing has long been an important regional and local issue (and a hot topic in the media), local governments often find that they lack the resources – both informational and financial – to create new housing opportunities.

Rising land costs and other developmental opportunities have resulted in an increase in high-end housing over other types. In some parts of the region, condo and mobile home conversions threaten the existing affordable rental stock, and teardowns of existing homes deplete existing affordable home ownership opportunities. Relocating residents must then compete for the remaining housing choices in other communities. Many developers do not realize the range of financing tools available that make the development of lower income housing a sustainable business. Finally, local governments and Metro do not always maximize their chances to negotiate for affordable housing, particularly in new projects to which they have provided services and where the developer has room for profit.

The demonstrated need for housing choices is not resulting in the development community increasing that supply, especially in areas rich with services. The demonstrated lack of housing choices in job-rich communities, such as Wilsonville, is not resulting in the development community increasing the supply of housing choices. In many parts of the region, market-rate apartments are still affordable, but ownership is priced out of reach. This report addresses the preservation of existing affordable rental and owner-occupied homes, including mobile homes.

THE BARRIERS

During the implementation of the elements of the 2000 Regional Affordable Housing Strategy (2001 to 2004) in Metro's Functional Plan, local governments identified barriers to their adoption. These can be roughly grouped in five categories.

"We're already in compliance" – many jurisdictions did not recognize a need to do more for affordable housing than they are already doing, and took the position that compliance with State Planning Goal 10 – Housing, the Metropolitan Housing Rule, and the requirements in Metro's Functional Plan (density requirements, accessory dwelling units, parking minimums) are sufficient efforts to create a positive environment for affordable housing;

"One size doesn't fit all" – many local governments felt that the requirements did not take into account unique local situations or city characteristics, such as existing housing stock which is already oriented to serve lower income or elderly families;

"It costs too much – no funding/not enough staff" – many jurisdictions stated that they lacked the resources to comply, and regional funding was not in place to assist with affordable housing production;

"Little vacant land or expensive land" – a few jurisdictions stated that they have relatively little vacant land, while one jurisdiction stated that the developable residential land remaining within its city limits is among the most expensive residential property in Oregon;

"Political barriers" – many local governments explained that local charter provisions currently prevent the implementation of certain provisions of the requirements, such as "replacement housing in urban renewal areas" and "inclusive housing in urban renewal areas."

In addition, the HCTF has identified other barriers to housing choices. These can be roughly grouped in five categories: 1) physical (land availability, lack of infrastructure, etc); 2) financial (raising necessary capital, inadequate purchasing power, etc); 3) market (consumer preference, small scale developers, etc); 4) regulatory (zoning requirements, development standards, etc) and 5) political (lack of leadership, neighborhood resistance, etc).

COURSES OF ACTION

The Housing Choice Task Force formed teams: a Funding Solutions Team to identify funding sources, and a Land Use Solutions Team to assess land use and regulatory solutions (including the modification and/or removal of constrictive regulations.) A third team, the Wilsonville Pilot Project Solutions Team, worked with Wilsonville planners and city officials to identify and demonstrate a strategy for Wilsonville to reach its Affordable Housing Production Goals. The HCTF also recommends that Metro convene a similar group to work with other local jurisdictions. By drawing on the experience of local developers, planners, funders and officials, the Housing Choice Task Force crafted new strategies for promoting regional housing choices for all. The Task Force presented its recommendations to the Metro Council in April 2006.

THE FUTURE

Members of the HCTF, through a review of available information and deliberations, assessed barriers to housing supply and identified opportunities to increase housing choices for the region's workforce, elderly and disabled persons. This report summarizes their experience and findings. HCTF hopes that this collaboration of various stakeholders who address the shortage of housing choices as a regional issue will build broader support for regional housing solutions. The report identifies ways to reduce the cost of building housing as well as ways to encourage housing in areas where we want to see more housing provided, such as the 2040 Centers and Corridors.





KEY RECOMMENDATIONS FOR METRO

1. Integrate housing supply concerns, and specifically affordable housing, into all policy making and funding allocations, and create a permanent Housing Choice Advisory Committee.
2. Direct effort towards development of a new, permanent regional resource for affordable housing, and join and lead advocacy for increased funding at the Federal, State, regional levels.
3. Promote strategies identified to remove regulatory barriers and reduce the cost of developing housing and affordable housing specifically, especially in the 2040 Centers and Corridors.
4. Prioritize the budget for housing to provide technical assistance to local governments, such as land/site inventory, model codes, etc.

The report identifies also several roles for local governments and other organizations in the region.

SUMMARY OF PROPOSED ACTION FOR METRO AND LOCAL GOVERNMENTS

The two major categories of the actions proposed by the Task Force for Metro and local governments are: a) solutions for reducing cost of housing and increase supply in the 2040 Centers and Corridors; and b) solutions for dealing with affordability. Some actions such as funding solutions fall into the two categories.



Solutions for reducing cost of housing and increasing supply in the 2040 centers and corridors

Funding Solutions

1. Form a Construction Excise Tax study committee to identify the need for and collection, allocation and administration of a tax for housing
2. Establish an initial one-time fund with a \$10 million revenue bond to establish a regional funding program
3. Create support for a long term funding source that will generate about \$50 million annually (e.g., real estate transfer fee or document recording fee, urbanization windfall tax, general obligation bond)

Land use and regulatory solutions for immediate implementation

1. Expedited review for affordable housing - work with cities and counties to assess existing regulatory process to determine how to qualify affordable work force housing projects for an expedited process
2. Metro work with in-house expertise or other experts (e.g. PDC) to provide technical assistance to shepherd qualifying projects in cities and counties

Land use and regulatory solutions to be further addressed as part of Metro's New Look program

1. Update the regional parking ratio requirements, and consider to implement parking management in centers
2. Plan for complete communities that include housing choices
3. Encourage development in centers and corridors and other transit-friendly locations
4. Evaluate opportunities to implement form-based codes

Technical assistance solutions

1. Available land inventory: Use Metro data and staff to assist local governments to develop a "portfolio" of developable sites in the 2040 Centers, Corridors and other locations
2. Model Affordable Housing Approval: Metro or contract legal counsel to provide a guidebook of model approval and development conditions and/or provide staff to assist local governments to incent inclusion of affordable housing in 2040 Centers, Corridors and other locations
3. Illustrated affordable housing toolbox: Contract consultant to assist Metro in the development of outline summaries of financial tools for affordable housing

Solutions for dealing with affordability

Funding Solutions

1. Form a Construction Excise Tax study committee to identify the need for and collection, allocation and administration of a tax for housing
2. Establish an initial one-time fund with a \$10 million revenue bond to establish a regional funding program
3. Create support for a long term funding source that will generate about \$50 million annually (e.g., real estate transfer fee or document recording fee, urbanization windfall tax, general obligation bond)

Land use and regulatory solutions for immediate implementation

1. Establish a housing supply survey for accurate assessment of progress toward achieving the region's affordable housing goals
2. Regional policies: Use the urban growth boundary (UGB) expansion decisions to negotiate voluntary land-owner commitments to provide affordable housing, and allow local governments and their stakeholders to trigger UGB expansion if voluntary inclusionary housing has been negotiated.
3. Work with regional partners to pursue the possibility of removing prohibition on inclusionary zoning

Metro convening solutions

1. Continue the convening of local government officials and housing experts in other jurisdictions expressing interest to identify development opportunities in cities and counties

Technical assistance solutions

1. Housing needs assessment/basic market study: Work with State Housing and Community Services to adjust the State Housing Model to reflect future need.
2. Contract consultant to assist Metro and local governments to populate the State Housing Model after the adjustment
3. Communications and awareness: Develop a communication toolbox utilizing visuals of successful projects in the region that could be used to visualize what affordable housing looks like and how it can be built

Preservation solutions

1. Develop model condo conversion ordinances
2. Adopt ordinances to mitigate the impact of mobile home park closure

WHAT WILL BE ACHIEVED WITH THESE ACTIONS

- A. Reduced cost of building housing and passing the savings to potential owners and tenants
- B. Monitor federally subsidized properties that have expiration dates and make it possible for partnerships to be created to buy and preserve the properties
- C. Acquire federally subsidized properties that have expiration dates
- D. Support the rehabilitation of existing multi-family complexes, primarily in 2040 Centers and Corridors
- E. Negotiating incentive conditions to build or preserve affordable work force housing
- F. Improve our knowledge of the relationship between housing and other issues (transportation system, school funding, etc)
- G. Reduce the stress on public service such as the transportation system impacted by jobs-housing imbalance
- H. Reduce the stress on schools (increasing class size and free lunch) due to out migration of low income households to the suburbs, including Vancouver
- I. Help local governments that want help to identify opportunities that will help them create partnerships that will increase affordable work force housing built and preserved in their communities
- J. Minimize the disparity in property tax base capacity of jurisdictions
- K. Avoid shifting the burden of low income housing from one jurisdiction to another
- L. Improve monitoring of the system, and our knowledge of housing built and preserved in 2040 Centers and other locations
- M. Take out current reporting requirements on land use tools that are in the Urban Growth Management functional Plan Title 7.

ACKNOWLEDGEMENT

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