

Committee Name



City of McMinnville
Planning Department
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McMinnville Affordable Housing Task Force
231 NE 5th Street, Large Conference Room
Wednesday, January 25, 2017
10:00 AM

Task Force Members	Time	Agenda Items
Remy Drabkin	10:00 AM	1. Call to Order/Introductions
Elise Hui	10:05 AM	2. Citizen Comments
		3. Discussion Items:
Jon Johnson	10:10 AM	A. Formation of a Homelessness Subcommittee
Chris McLaran	10:30 AM	B. Inclusionary Zoning Subcommittee Report (<i>Exhibit 1</i>)
	11:00 AM	C. HB 4079 (<i>Exhibit 2</i>)
Kellie Menke	11:10 AM	D. Code Revisions (<i>Exhibit 3</i>)
	11:30 AM	E. Tiny Homes / Homeless Pods (Presentation and Discussion)
Darrick Price		
Alan Ruden	11:50 AM	4. Task Force Member Comments
	11:55 AM	5. Staff Comments
Jeff Sargent	12:00 PM	6. Adjournment

*Please note that these documents are also available on the City's website www.mcminnvilleoregon.gov; click on Government, click on Boards and Commissions, click on McMinnville Affordable Housing Task Force. You may also request a copy from the Planning Department at the Community Development Center, 231 NE 5th Street, 503-434-7311.



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EXHIBIT 1 - STAFF REPORT

DATE: January 25, 2017
TO: Affordable Housing Task Force Members
FROM: Heather Richards, Planning Director
SUBJECT: Inclusionary Zoning

Report in Brief:

This is a report from the Inclusionary Zoning subcommittee regarding the opportunities and constraints associated with implementing an Inclusionary Zoning policy in the City of McMinnville.

Background:

Resolution No. 2016-20, Exhibit A identified a McMinnville Affordable Housing Task Force Action Plan with four immediate/short term actions to be accomplished by May 1, 2017. One of those actions is to **“Review recently adopted inclusionary zoning law and, if warranted, draft an inclusionary zoning ordinance and present to the Council for consideration.”** Inclusionary zoning is a land-use policy intended to enable some lower- and moderate-income households to live in middle- and upper-income communities. Inclusionary zoning policies either mandate or encourage real estate developers to incorporate into their market-rate development a proportion of homes that are sold or rented at below-market prices in exchange for development rights or zoning variances. Inclusionary zoning is employed successfully in many other states as a tool to increase affordable housing supply in a community and to ensure that the affordable housing products are integrated into neighborhoods and not segregated from favored residential areas.

Discussion:

Inclusionary zoning was expressly prohibited in Oregon until March 2016, when the Oregon State Legislature passed Senate Bill 1533 (attached), a bill that allows a modified inclusionary zoning program in Oregon. SB 1533 permits cities and counties to adopt land use regulations or impose conditions for approval of permits to require affordable housing of up to 20 percent of units in multi-family structures in exchange for one or more developer incentives that are identified in SB 1533. In addition to the inclusion rate cap of 20 percent units in a project, SB 1533 creates a project size threshold of 20 or more multi-family units and income level restrictions of a mandatory inclusionary housing program for 80 percent or higher Median Family Income (MFI).

Inclusionary housing programs are local land use, regulatory, direct financing, fee waiver, tax abatement or other incentive programs that require or encourage private developers to include affordable units in new multifamily residential development or that raise revenue for the provision of affordable units by the City.

At their October, 2016, Task Force meeting, the task force recommended that Darrick Price and Alan Ruden work on a subcommittee evaluating the opportunities and constraints associated with the inclusionary zoning program. They considered the following items:

Is it needed? Today? And Long Term? The bill defines affordable housing as households at 80% area median income or higher. Are there housing products being built in the market today that are serving that community in McMinnville.

What districts should this apply to? Does this type of policy apply to all zones that allow multi-dwelling development of 20 or more units or does it make sense in some zones but not others.

Monitoring and Compliance: How would the city certify the qualified housing units and then ensure that those units are maintained as their intended use.

Incentive Package: SB 1533 requires that cities offer at least one of the following three incentives –

- Whole or partial fee waivers or reductions
- Whole or partial waivers of system development charges or impact fees
- Finance-based incentives
- Property tax exemptions that would normally apply for units at or below 60 percent of the area median income shall be allowed for units at or below 80 percent of the area median income.

Cities can also provide the following incentives –

- Density adjustments
- Expedited service for local permitting processes
- Modification of height, floor area ratios or other site specific requirements.
- Other incentives as determined by the city.

Fee-in-Lieu Program: SB 1533 requires that communities that enact inclusionary zoning must provide a fee-in-lieu program.

Construction Excise Tax: SB 1533 allows cities to implement a construction excise tax

- It cannot exceed 1%
- CET revenue disbursed per the following:
 - 4% = administration
 - 50% = developer incentives
 - 15% = Housing and Community Services Department
 - 35% = local affordable housing programs and city incentives

Portland is the first city in Oregon to consider Inclusionary Zoning, and their proposed draft for the program was released October 14, 2016 (attached). The primary components of the Portland program are outlined below. It shows what the regulatory requirement is and what the incentive package is as required by SB 1533. Portland has chosen to launch this program primarily in its City Center with the requirement that 20% of units of a qualifying project are retained for households at 80% of Area Median Income. The incentives that Portland is offering in exchange for the requirement are density bonuses, property tax exemptions, construction excise tax exemptions, exemption from parking requirements and SDC exemptions.

Enrolled
Senate Bill 1533

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Workforce and General Government)

CHAPTER

AN ACT

Relating to affordable housing; creating new provisions; amending ORS 197.309, 320.170, 320.176 and 320.186 and section 1, chapter 829, Oregon Laws 2007; repealing section 9, chapter 829, Oregon Laws 2007; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 197.309 is amended to read:

197.309. (1) **As used in this section:**

(a) **“Affordable housing” means housing that is affordable to households with incomes equal to or higher than 80 percent of the median family income for the county in which the housing is built.**

(b) **“Multifamily structure” means a structure that contains three or more housing units sharing at least one wall, floor or ceiling surface in common with another unit within the same structure.**

[(1)] (2) Except as provided in subsection [(2)] (3) of this section, a [city, county or] metropolitan service district may not adopt a land use regulation or functional plan provision, or impose as a condition for approving a permit under ORS 215.427 or 227.178[,] a requirement, that has the effect of establishing the sales **or rental** price for a housing unit or residential building lot or parcel, or that requires a housing unit or residential building lot or parcel to be designated for sale **or rent** to [any] a particular class or group of purchasers **or renters**.

[(2)] (3) [This] **The provisions of subsection (2) of this section [does] do** not limit the authority of a [city, county or] metropolitan service district to:

(a) Adopt or enforce a [land] use regulation, [functional plan] provision or [condition of approval] **requirement** creating or implementing an incentive, contract commitment, density bonus or other voluntary regulation, provision or [condition] **requirement** designed to increase the supply of moderate or lower cost housing units; or

(b) Enter into an affordable housing covenant as provided in ORS 456.270 to 456.295.

(4) **Notwithstanding ORS 91.225, a city or county may adopt a land use regulation or functional plan provision, or impose as a condition for approving a permit under ORS 215.427 or 227.178 a requirement, that has the effect of establishing the sales or rental price for a new multifamily structure, or that requires a new multifamily structure to be designated for sale or rent as affordable housing.**

(5) **A regulation, provision or requirement adopted or imposed under subsection (4) of this section:**

(a) May not require more than 20 percent of housing units within a multifamily structure to be sold or rented as affordable housing;

(b) May apply only to multifamily structures containing at least 20 housing units;

(c) Must provide developers the option to pay an in-lieu fee, in an amount determined by the city or county, in exchange for providing the requisite number of housing units within the multifamily structure to be sold or rented at below-market rates; and

(d) Must require the city or county to offer a developer of multifamily structures, other than a developer that elects to pay an in-lieu fee pursuant to paragraph (c) of this subsection, at least one of the following incentives:

(A) Whole or partial fee waivers or reductions.

(B) Whole or partial waivers of system development charges or impact fees set by the city or county.

(C) Finance-based incentives.

(D) Full or partial exemption from ad valorem property taxes on the terms described in this subparagraph. For purposes of any statute granting a full or partial exemption from ad valorem property taxes that uses a definition of "low income" to mean income at or below 60 percent of the area median income and for which the multifamily structure is otherwise eligible, the city or county shall allow the multifamily structure of the developer to qualify using a definition of "low income" to mean income at or below 80 percent of the area median income.

(6) A regulation, provision or requirement adopted or imposed under subsection (4) of this section may offer developers one or more of the following incentives:

(a) Density adjustments.

(b) Expedited service for local permitting processes.

(c) Modification of height, floor area or other site-specific requirements.

(d) Other incentives as determined by the city or county.

(7) Subsection (4) of this section does not restrict the authority of a city or county to offer developers voluntary incentives, including incentives to:

(a) Increase the number of affordable housing units in a development.

(b) Decrease the sale or rental price of affordable housing units in a development.

(c) Build affordable housing units that are affordable to households with incomes equal to or lower than 80 percent of the median family income for the county in which the housing is built.

(8)(a) A city or county that adopts or imposes a regulation, provision or requirement described in subsection (4) of this section may not apply the regulation, provision or requirement to any multifamily structure for which an application for a permit, as defined in ORS 215.402 or 227.160, has been submitted as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required, a building permit application has been submitted to the city or county prior to the effective date of the regulation, provision or requirement.

(b) If a multifamily structure described in paragraph (a) of this subsection has not been completed within the period required by the permit issued by the city or county, the developer of the multifamily structure shall resubmit an application for a permit, as defined in ORS 215.402 or 227.160, as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required, a building permit application under the regulation, provision or requirement adopted by the city or county under subsection (4) of this section.

(9)(a) A city or county that adopts or imposes a regulation, provision or requirement under subsection (4) of this section shall adopt and apply only clear and objective standards, conditions and procedures regulating the development of affordable housing units within its jurisdiction. The standards, conditions and procedures may not have the effect, either individually or cumulatively, of discouraging development of affordable housing units through unreasonable cost or delay.

(b) Paragraph (a) of this subsection does not apply to:

(A) An application or permit for residential development in an area identified in a formally adopted central city plan, or a regional center as defined by Metro, in a city with a population of 500,000 or more.

(B) An application or permit for residential development in historic areas designated for protection under a land use planning goal protecting historic areas.

(c) In addition to an approval process for affordable housing based on clear and objective standards, conditions and procedures as provided in paragraph (a) of this subsection, a city or county may adopt and apply an alternative approval process for applications and permits for residential development based on approval criteria regulating, in whole or in part, appearance or aesthetics that are not clear and objective if:

(A) The developer retains the option of proceeding under the approval process that meets the requirements of paragraph (a) of this subsection;

(B) The approval criteria for the alternative approval process comply with applicable statewide land use planning goals and rules; and

(C) The approval criteria for the alternative approval process authorize a density at or above the density level authorized in the zone under the approval process provided in paragraph (a) of this subsection.

(10) If a regulation, provision or requirement adopted or imposed by a city or county under subsection (4) of this section requires that a percentage of housing units in a new multifamily structure be designated as affordable housing, any incentives offered under subsection (5)(d) or (6) of this section shall be related in a manner determined by the city or county to the required percentage of affordable housing units.

SECTION 2. ORS 320.170 is amended to read:

320.170. (1) [*Construction taxes may be imposed by*] A school district, as defined in ORS 330.005, **may impose a construction tax only** in accordance with ORS 320.170 to 320.189.

(2) Construction taxes imposed by a school district must be collected, subject to ORS 320.179, by a local government, local service district, special government body, state agency or state official that issues a permit for structural improvements regulated by the state building code.

SECTION 3. Section 1, chapter 829, Oregon Laws 2007, is added to and made a part of ORS 320.170 to 320.189.

SECTION 4. Section 1, chapter 829, Oregon Laws 2007, is amended to read:

Sec. 1. (1) A local government or local service district, as defined in ORS 174.116, or a special government body, as defined in ORS 174.117, may not impose a tax on the privilege of constructing improvements to real property except as provided in [*sections 2 to 8 of this 2007 Act*] **ORS 320.170 to 320.189.**

(2) Subsection (1) of this section does not apply to:

(a) A tax that is in effect as of May 1, 2007, or to the extension or continuation of such a tax, provided that the rate of tax does not increase from the rate in effect as of May 1, 2007;

(b) A tax on which a public hearing was held before May 1, 2007; or

(c) The amendment or increase of a tax adopted by a county for transportation purposes prior to May 1, 2007, provided that the proceeds of such a tax continue to be used for those purposes.

(3) For purposes of [*this section and sections 2 to 8 of this 2007 Act*] **ORS 320.170 to 320.189**, construction taxes are limited to privilege taxes imposed under [*sections 2 to 8 of this 2007 Act*] **ORS 320.170 to 320.189** and do not include any other financial obligations such as building permit fees, financial obligations that qualify as system development charges under ORS 223.297 to 223.314 or financial obligations imposed on the basis of factors such as income.

SECTION 5. ORS 320.176 is amended to read:

320.176. (1) Construction taxes imposed [*under ORS 320.170 to 320.189*] **by a school district pursuant to ORS 320.170** may be imposed only on improvements to real property that result in a new structure or additional square footage in an existing structure and may not exceed:

(a) \$1 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing; and

(b) \$0.50 per square foot on structures or portions of structures intended for nonresidential use, not including multiple-unit housing of any kind.

(2) In addition to the limitations under subsection (1) of this section, a construction tax imposed on structures intended for nonresidential use may not exceed \$25,000 per building permit or \$25,000 per structure, whichever is less.

(3)(a) For years beginning on or after June 30, 2009, the limitations under subsections (1) and (2) of this section shall be adjusted for changes in construction costs by multiplying the limitations set forth in subsections (1) and (2) of this section by the ratio of the averaged monthly construction cost index for the 12-month period ending June 30 of the preceding calendar year over the averaged monthly construction cost index for the 12-month period ending June 30, 2008.

(b) The Department of Revenue shall determine the adjusted limitations under this section and shall report those limitations to entities imposing construction taxes. The department shall round the adjusted limitation under subsection (2) of this section to the nearest multiple of \$100.

(c) As used in this subsection, "construction cost index" means the Engineering News-Record Construction Cost Index, or a similar nationally recognized index of construction costs as identified by the department by rule.

SECTION 6. ORS 320.186 is amended to read:

320.186. A school district may pledge construction taxes **imposed pursuant to ORS 320.170** to the payment of obligations issued to finance or refinance capital improvements as defined in ORS 320.183.

SECTION 7. Sections 8 and 9 of this 2016 Act are added to and made a part of ORS 320.170 to 320.189.

SECTION 8. (1) The governing body of a city or county may impose a construction tax by adoption of an ordinance or resolution that conforms to the requirements of this section and section 9 of this 2016 Act.

(2)(a) A tax may be imposed on improvements to residential real property that result in a new residential structure or additional square footage in an existing residential structure, including remodeling that adds living space.

(b) An ordinance or resolution imposing the tax described in paragraph (a) of this subsection must state the rate of the tax. The tax may not exceed one percent of the permit valuation for residential construction permits issued by the city or county either directly or through the Building Codes Division of the Department of Consumer and Business Services.

(3)(a) A tax may be imposed on improvements to commercial and industrial real property, including the commercial and industrial portions of mixed-use property, that result in a new structure or additional square footage in an existing structure, including remodeling that adds living space.

(b) An ordinance or resolution imposing the tax described in paragraph (a) of this subsection must state the rate and base of the tax.

(4) Taxes imposed pursuant to this section shall be paid at the time specified in ORS 320.189 to the city or county that imposed the tax.

(5)(a) This section and section 9 of this 2016 Act do not apply to a tax described in section 1 (2), chapter 829, Oregon Laws 2007.

(b) Conformity of a tax imposed pursuant to this section by a city or county to the requirements of this section and section 9 of this 2016 Act shall be determined without regard to any tax described in section 1 (2), chapter 829, Oregon Laws 2007, that is imposed by the city or county.

SECTION 9. (1) As soon as practicable after the end of each fiscal quarter, a city or county that imposes a construction tax pursuant to section 8 of this 2016 Act shall deposit the construction tax revenues collected in the fiscal quarter just ended in the general fund of the city or county.

(2) Of the revenues deposited pursuant to subsection (1) of this section, the city or county may retain an amount not to exceed four percent as an administrative fee to recoup the expenses of the city or county incurred in complying with this section.

(3) After deducting the administrative fee authorized under subsection (2) of this section and paying any refunds, the city or county shall use the remaining revenues received under section 8 (2) of this 2016 Act as follows:

(a) Fifty percent to fund developer incentives allowed or offered pursuant to ORS 197.309 (5)(c) and (d) and (7);

(b) Fifteen percent to be distributed to the Housing and Community Services Department to fund home ownership programs that provide down payment assistance; and

(c) Thirty-five percent for programs and incentives of the city or county related to affordable housing as defined by the city or county, respectively, for purposes of this section and section 8 of this 2016 Act.

(4) After deducting the administrative fee authorized under subsection (2) of this section and paying any refunds, the city or county shall use 50 percent of the remaining revenues received under section 8 (3) of this 2016 Act to fund programs of the city or county related to housing.

SECTION 10. Section 9, chapter 829, Oregon Laws 2007, is repealed.

SECTION 11. A city or county may not adopt a regulation, provision or requirement under ORS 197.309, as amended by section 1 of this 2016 Act, until the 180th day after the effective date of this 2016 Act.

SECTION 12. This 2016 Act takes effect on the 91st day after the date on which the 2016 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

Passed by Senate February 26, 2016

.....
Lori L. Brocker, Secretary of Senate

.....
Peter Courtney, President of Senate

Passed by House March 3, 2016

.....
Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2016

Approved:

.....M.,....., 2016

.....
Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2016

.....
Jeanne P. Atkins, Secretary of State



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EXHIBIT 2 - STAFF REPORT

DATE: January 25, 2017
TO: Affordable Housing Task Force Members
FROM: Heather Richards, Planning Director
SUBJECT: HB 4079

Report in Brief:

This is a discussion regarding HB 4079 that passed in the Oregon Legislature in 2016.

Background:

HB 4079 allows for two pilot programs in the State of Oregon that are eligible to participate in a streamlined urban growth boundary amendment process to support affordable housing. There will be one pilot program for those communities with a population under 25,000 people and one pilot program for those communities with a population over 25,000 people.

Discussion:

Recently staff participated in a webinar to learn more about the program. It is a competitive process for application based upon need and product yield. Attached are several documents describing the program for consideration and discussion.

Attachments:

HB 4079

Webinar Power Point and Attachments

1 **DRAFT – HB 4079 RULES**

2 **November 9, 2016 – Staff Draft**

3 **660-039-0000**

4 **Purpose**

5 The affordable housing pilot program is intended to:

- 6 (1) Encourage local governments to provide an adequate supply of land within urban growth
7 boundaries that is dedicated to affordable housing;
- 8 (2) Encourage the development of affordable housing on land dedicated to affordable housing;
- 9 (3) Protect land dedicated to affordable housing from conversion to other uses before or after the
10 development of affordable housing;
- 11 (4) Enhance public understanding of the relationship of land supply to the development of affordable
12 and needed housing; and
- 13 (5) Enhance public understanding of how cities can increase the amount of affordable and needed
14 housing.

15
16 **660-039-0010**

17 **Definitions**

18 The definitions in ORS 197.015, the statewide planning goals, and the following definitions apply to this
19 division:

- 20 (1) “Affordable housing” means:
 - 21 (a) Housing units available for rent, with or without government assistance, by households who
22 meet applicable maximum income limits, not to exceed 80 percent of the area median income,
23 adjusted for family size, as determined based on data from the United States Department of
24 Housing and Urban Development or its successor agency, and in a manner so that no more than
25 30 percent of the household’s gross income will be spent on rent and utilities;
 - 26 (b) Housing units available for purchase, with or without government assistance, by households
27 who meet applicable maximum income limits, not to exceed 80 percent of the area median
28 income, adjusted for family size, as determined based on data from the United States
29 Department of Housing and Urban Development or its successor agency, and in a manner so
30 that no more than 30 percent of the household’s gross income will be spent on home loan or
31 mortgage payments, amortized interest, property taxes, insurance, and condominium or
32 association fees, if any; or
 - 33 (c) Spaces in manufactured dwelling parks available for rent, with or without government
34 assistance, by households who meet applicable maximum income limits, not to exceed 80

1 percent of the area median income, adjusted for family size, as determined based on data from
2 the United States Department of Housing and Urban Development or its successor agency.

3 (2) "Affordable housing unit" means a single housing unit, or a single space in a manufactured dwelling
4 park, that meets the definition of affordable housing.

5 (3) "High-value farmland" has the meaning provided in ORS 195.300.

6 (4) "Housing unit" means a single unit providing complete, independent living facilities for one or more
7 persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation.

8 (5) "Market rate housing unit" means a single housing unit, or a single space in a manufactured dwelling
9 park, that does not qualify as affordable housing.

10 (6) "Public facilities and services" means sanitary sewers, water, fire protection, parks, recreation,
11 streets and roads, and mass transit.

12 (7) "Qualifying city" means any incorporated city except for:

13 (a) Any incorporated city within Clackamas, Marion, Multnomah, Polk and Washington Counties;
14 and

15 (b) Culver, Madras, Metolius, or any other incorporated city within the portion of Jefferson County
16 that is also within the boundary of the North Unit Irrigation District.

17 (8) "Site" means one or more contiguous lots or parcels.

18

19 **660-039-0020**

20 **Preliminary Application and Final Application Requirements**

21 (1) The director shall set deadlines for qualifying cities to submit:

22 (a) A preliminary application for a pilot project site; and

23 (b) A final application for a pilot project site.

24 (2) The director may revise either deadline under section (1) as the director determines is appropriate
25 to accomplish the purpose of the pilot program.

26 (3) To participate in the pilot program, a qualifying city must submit a preliminary application for a pilot
27 project site to the department. A preliminary application must include:

28 (a) A map of the pilot project site;

29 (b) The total acreage of the pilot project site;

30 (c) The existing land use designation and zoning of the pilot project site, and surrounding land
31 within a minimum one-half mile radius;

32 (d) Demonstration that the pilot project site does not include high-value farmland;

- 1 (e) The number and type of affordable housing units, and, if the pilot project is a mixed income
2 project, the number and type of market rate housing units, to be developed on the pilot project
3 site;
- 4 (f) The identity of entities that may partner with the qualifying city in development of the pilot
5 project site; and
- 6 (g) A brief statement of how the pilot project site will be provided with public facilities and services.
- 7 (4) The department will review a preliminary application submitted under section (3) to determine
8 whether the preliminary application is complete. If the preliminary application is not complete, the
9 department shall notify the applicant in writing of what information is missing within 30 days of
10 receipt of the application and allow the applicant to submit the missing information. The
11 department will contact each pre-applicant to discuss the proposed pilot project.
- 12 (5) An applicant may revise information included in a preliminary application as part of a final
13 application submitted pursuant to section (6).
- 14 (6) In order to be selected as a pilot project, a qualifying city that submitted a complete preliminary
15 application must submit a final application to the department that includes:
- 16 (a) A map of the pilot project site;
- 17 (b) The total acreage of the pilot project site;
- 18 (c) The existing land use designation and zoning of the pilot project site, and surrounding land
19 within a minimum one-half mile radius, including demonstration that the pilot project site does
20 not include high-value farmland;
- 21 (d) A concept plan narrative and map showing generalized land uses and public facilities that
22 includes:
- 23 (A) The number and type of affordable housing units;
- 24 (B) If the project is a mixed income project, the number and type of market rate
25 housing units;
- 26 (C) The development phasing of affordable housing and any market rate housing
27 included on the pilot project site, including a phasing timeline for the entire
28 project;
- 29 (D) The applicable maximum income limits of households eligible to rent or
30 purchase affordable housing on within the pilot project site, expressed as a
31 percentage of the area median income, adjusted for family size;
- 32 (E) The prices at which affordable housing units within the pilot project site will
33 be rented or sold to eligible tenants or homebuyers;
- 34 (F) A list of the amendments to the qualifying city's comprehensive plan and land
35 use regulations that would be required to implement the final application;

- 1 (G) Information about how the pilot project site will be provided with public
2 facilities and services, including:
- 3 (i) the proposed network of streets and other transportation facilities
4 designed to connect with existing street facilities and serve all modes of
5 personal transportation, including mass transit; and
- 6 (ii) the location of parks and recreational facilities;
- 7 (H) Proposed buffering from adjacent and nearby farm and forest uses on farm
8 and forest lands;
- 9 (I) Location of any natural resources on the pilot project site requiring analysis
10 and protection under Statewide Planning Goal 5, or mitigation of hazards
11 under Statewide Planning Goal 7; and
- 12 (J) If the pilot project is a mixed income project, a description of how the mixed
13 income portion supports the development of affordable housing
- 14 (e) A resolution adopted by the governing body of the qualifying city stating if the pilot project is
15 selected, the qualifying city will:
- 16 (A) Implement the concept plan; and
- 17 (B) Annex the pilot project site within two years of an acknowledged urban
18 growth boundary amendment to include the site;
- 19 (f) A resolution of support for the pilot project adopted by the governing body of the county in
20 which the pilot project site is located;
- 21 (g) A resolution of support for the pilot project adopted by the governing body of any special
22 district providing urban services to the pilot project site for sanitary sewer, water, fire
23 protection, parks, recreation, streets and roads, or mass transit;
- 24 (h) A signed and notarized statement from all owners of the pilot project site consenting to all
25 aspects of the final application and agreeing to designation of the site as a pilot project;
- 26 (i) Citations for any code or ordinance provisions the qualifying city has adopted that implement
27 housing measures described in OAR 660-039-0060, or any additional housing measures the
28 qualifying city has adopted that accommodate and encourage the development of affordable or
29 needed housing within its existing urban growth boundary;
- 30 (j) Data on how the pilot project will serve identified populations in need of affordable housing,
31 including:
- 32 (A) Household cost burden in the region, as determined using information from
33 the United States Department of Housing and Urban Development;
- 34 (B) Conversion of manufactured home parks in the region;
- 35 (C) Availability of government assisted housing in the region; and

- 1 (D) Other data the qualifying city determines to be relevant.
- 2 (k) An explanation of why the development of a project similar to the proposed pilot project is
3 unlikely to be developed within the existing urban growth boundary. The explanation may
4 include, but is not limited to: land costs, redevelopment or remediation costs, site availability, or
5 physical constraints;
- 6 (l) The identity and prior experience with the development of affordable or market-rate housing, of
7 any other entity, public or private, that will be developing the pilot project site.
- 8 (m) An explanation of how the qualifying city will ensure affordable housing developed on the pilot
9 project site will continue to be used as provided in the concept plan for a minimum of 50 years
10 after selection of the pilot project site through one or more of the following:
- 11 (A) Zoning restrictions;
- 12 (B) Guaranteed rental rates or sales prices;
- 13 (C) Incentives, contract commitments, density bonuses or other voluntary
14 regulations, provisions or conditions designed to increase the supply of
15 moderate or lower cost housing units;
- 16 (D) Restrictive agreements entered into with sources of affordable housing
17 funding; or
- 18 (E) Other regulations, provisions or conditions determined by the local
19 government to be effective in maintaining the affordability of housing on the
20 pilot project site.
- 21 (7) The department will review a final application submitted under section (6) to determine whether
22 the final application is complete. If the final application is not complete, the department shall notify
23 the applicant in writing of what information is missing within 30 days of receipt of the application
24 and allow the applicant to submit the missing information.
- 25 (8) A final complete application must demonstrate the following to be considered for selection as a
26 pilot project by the commission:
- 27 (a) The pilot project site is adjacent to the existing urban growth boundary of the applicant
28 qualifying city;
- 29 (b) No tract within the pilot project site is high-value farmland;
- 30 (c) The total acreage of the pilot project site does not exceed 50 acres;
- 31 (d) The proposed gross residential density on the pilot project site is:
- 32 (A) At least seven housing units per acre for areas of the pilot project site proposed for
33 affordable housing; and
- 34 (B) At least seven housing units per acre for areas of the pilot project site proposed for market
35 rate housing;

- 1 (e) The pilot project site can be provided with public facilities and services as provided in OAR 660-
2 039-0040(1) to (3);
- 3 (f) The pilot project avoids or minimizes adverse effects on natural resources and nearby farm and
4 forest uses as provided in OAR 660-039-0050(1), (2), and (4);
- 5 (g) The qualifying city has adopted the required number of housing measures into its development
6 code as provided in OAR 660-039-0060;
- 7 (h) The pilot project satisfies the housing requirements as provided in OAR 660-039-0070(1) to (6);
- 8 (i) The project will serve identified populations in need of affordable housing; and
- 9 (j) The qualifying city has explained why the development of a project similar to the proposed pilot
10 project is unlikely to be developed within the existing urban growth boundary;
- 11 (k) The qualifying city has demonstrated that the entity developing the pilot project will be able to
12 complete the development.

13

14 **660-039-0030**

15 **Compliance with Goals, Statutes, Administrative Rules**

- 16 (1) Regarding the pilot project site, a qualifying city submitting a pilot project nomination is exempt
17 from compliance, and the commission is not required to select a pilot project that complies, with:
- 18 (a) ORS 197A.320;
- 19 (b) The Land Need or Boundary Location provisions of Goal 14;
- 20 (c) Goals 3, 4, 6, 8, 9, 10, 12, 13, and 19;
- 21 (d) Goal 11, except that portion applicable to the impact of development of the pilot project site
22 upon existing and planned public facilities within the qualifying city's urban growth boundary;
- 23 (e) Goal 15, unless the land is within the Willamette River Greenway Boundary; or
- 24 (f) Goals 16, 17, and 18, unless the land is within a coastal shorelands boundary.
- 25 (2) A qualifying city submitting a pilot project nomination is required to make findings showing
26 compliance, and the commission is required to select a pilot project that complies with:
- 27 (a) Goal 5, regarding resources located on the project site; and
- 28 (b) Goal 7.
- 29 (3) Notwithstanding section (1), a qualifying city may not bring high-value farmland within its urban
30 growth boundary to implement a pilot project.

31

1 **660-039-0040**

2 **Provision of Public Facilities and Services**

3 (1) A qualifying city submitting a pilot project nomination shall demonstrate that, for sanitary sewers,
4 water, fire protection, parks or recreation, and streets and roads the pilot project site can be
5 reasonably provided with public facilities and services and the provider(s) of the public facilities and
6 services have the capacity and financial resources to serve development on the site as proposed in
7 the concept plan.

8 (2) (a) A qualifying city with a population of 25,000 or less shall demonstrate that, either:

9 (A) For mass transit corridors, the affordable housing units within the pilot project site are
10 accessible or can be made accessible to a transit stop served by a fixed transit corridor with at least
11 four weekday trips in each direction, or four weekday trips at the terminus of a fixed transit corridor,
12 that is within a three-quarters mile distance via sidewalk or pedestrian walkway; or

13 (B) If transit service described in paragraph (A) is unavailable, the pilot project site is served by
14 public demand response transit service that does not exclude any segment of the general
15 population.

16 (b) If transit service is not currently available, the qualifying city shall provide an official resolution
17 or other action of the governing body providing mass transit service stating that, if the project is
18 selected, mass transit service that satisfies the standards under subsection (a) will be provided
19 concurrently with development of the affordable housing units.

20 (3) A qualifying city with a population greater than 25,000 shall demonstrate that, for mass transit
21 corridors, the affordable housing units within the pilot project site are accessible or can be made
22 accessible to a transit stop served by a fixed transit corridor with at least eight weekday trips in each
23 direction, or eight weekday trips at the terminus of a fixed transit corridor, that is within a three-
24 quarters mile distance via sidewalk or pedestrian walkway. If transit service is not currently
25 available, the qualifying city shall provide an official resolution or other action of the governing body
26 providing mass transit service stating that, if the project is selected, mass transit service with such
27 minimum frequency and distance from affordable housing units will be provided concurrently with
28 development of the affordable housing units.

29 (4) The commission may consider the following aspects of the nomination when determining the
30 strength of the public facilities and services committed to serving the pilot project site pursuant to
31 660-039-0080(2)(b)(B):

32 (a) The proximity of the pilot project site to adequate existing public facilities and services;

33 (b) The projected expense of providing necessary public facilities and services to the pilot project
34 site; and

35 (c) The availability and quality of the proposed transportation facilities and services provided for
36 bicyclists, pedestrians, and mass transit users within the pilot project site and connecting to the
37 pilot project site from other areas within the qualifying city.

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660-039-0050

Impacts on Natural Resources and Nearby Farm and Forest Uses

- (1) The pilot project site shall be buffered from adjacent lands in an exclusive farm use zone, forest zone, or mixed farm and forest zone, by a minimum 100 foot wide buffer on the pilot project site. The buffer shall include features, such as terrain differential, natural or introduced vegetation, and constructed berms, designed to provide additional buffering quality within the buffer area.
- (2) In lieu of the buffer required under section (1), a qualifying city may propose an alternative method to avoid or minimize adverse effects on natural resources and nearby farm and forest uses that would provide greater protection to land zoned farm, forest or mixed farm and forest than would otherwise be provided through the buffer.
- (3) The commission shall consider the following when determining the strength of buffers pursuant to OAR 660-039-0080(2)(b)(C):
 - (a) The amount and percentage of the pilot project site perimeter that is not adjacent to lands in an exclusive farm use zone, forest zone, or mixed farm and forest zone;
 - (b) A proposed buffer that is wider than 100 feet, or that uses more thorough techniques within the buffer area to reduce impacts to farm and forest lands;
 - (c) The type and characteristics of farm and forest practices on the pilot project site over the past 20 years;
 - (d) The type and characteristics of farm and forest practices on lands adjacent to the pilot project site;
 - (e) The impact of the pilot project development on adjacent farm and forest practices including movement of farm and forest vehicles and equipment; and
 - (f) The impact of the pilot project development on fire protection, if adjacent to forest practices.
- (4) If a qualifying city submits factual information demonstrating a Goal 5 resource site, or the impact areas of such a site, is included in the pilot project site to be added to the urban growth boundary, the qualifying city shall apply the requirements of OAR chapter 660, division 23. For purposes of this section, "impact area" is a geographic area within which conflicting uses could adversely affect a significant Goal 5 resource, as described in OAR 660-023-0040(3).

660-039-0060

Measures to Accommodate and Encourage Needed and Affordable Housing within Existing Urban Growth Boundary

- 1 (1) A qualifying city submitting a pilot project nomination must demonstrate that its acknowledged
2 comprehensive plan, acknowledged development code, or other relevant adopted city codes or
3 other governing documents include:
- 4 (a) Affordable housing measures from the list in subsection (3)(a) equaling at least three points; and
5 (b) Affordable housing measures from the list in subsection (3)(a) or needed housing measures
6 from the list in subsection (3)(b) equaling at least twelve points combined.
- 7 (2) For up to six of the twelve points required under subsection (1)(b), the qualifying city may
8 demonstrate that its acknowledged comprehensive plan, acknowledged development code, or other
9 relevant adopted city codes or other governing documents include an alternative housing measure
10 not on the list of measures in section (3) that the qualifying city demonstrates, with appropriate
11 findings, have a positive effect upon needed or affordable housing equal to or greater than an
12 equivalent measure in section (3).
- 13 (3) A qualifying city may satisfy subsection (1)(a) and section (2) through adoption of the following
14 measures, or alternative measures pursuant to subsection (1)(b), to accommodate and encourage
15 the development of needed housing and affordable housing within its existing urban growth
16 boundary:
- 17 (a) Affordable housing measures
- 18 (A) Density bonus for affordable housing (three points maximum):
- 19 (i) Three points if code has a density bonus provision for affordable housing of at least 20
20 percent with no additional development review standards than required for
21 development applications that do not include a density bonus, with reservation of
22 affordable housing units for at least 50 years; or
- 23 (ii) One point if code has a density bonus provision for affordable housing of at least 20
24 percent, with additional development review standards than required for development
25 applications that do not include a density bonus.
- 26 (B) Systems development charges (three points maximum):
- 27 (i) Three points for provisions that eliminate systems development charges for affordable
28 housing units described in subsection (3)(a)(A)(i), or reduce systems development
29 charges for such units by at least 75 percent when compared to similar units that are
30 not reserved for affordable housing; or
- 31 (ii) One point for provisions deferring systems development charges for affordable housing
32 units described in subsection (3)(a)(A)(i), to the date of occupancy of the housing unit.
- 33 (C) Property tax exemptions (Nine points maximum):
- 34 (i) Three points for code provision authorizing property tax exemptions under ORS 307.515
35 to 307.537 for low income housing development, under criteria in both ORS 307.517
36 and 307.518, with no additional development review standards;

- 1 (ii) Three points for code provisions authorizing property tax exemptions under ORS
2 307.540 to 307.548 for non-profit corporation low-income housing development, with
3 no additional development review standards; and
- 4 (iii) Three points for code provision authorizing property tax exemptions under ORS 307.600
5 to 307.637 for multiple unit housing, with no additional restrictions on location of such
6 housing in addition to those contained within ORS 307.600 to 307.637, and with
7 required benefits pursuant to ORS 307.618 that are clear and objective and do not have
8 the effect of discouraging the use of the property tax exemption through imposition of
9 unreasonable cost or delay.
- 10 (D) Other property tax exemptions or assessment freezes (two points maximum):
- 11 (i) One point for code provision authorizing property tax exemptions for ORS 307.651 to
12 307.687 – single-unit housing in distressed areas – with clear and objective design
13 standards that do not have the effect of discouraging use of the property tax exemption
14 through unreasonable cost or delay; and
- 15 (ii) One point for code provision authorizing property tax freezes under ORS 308.450 to
16 308.481 – rehabilitated residential property – if the boundaries of the distressed area
17 consist of at least 10 percent of the qualifying city’s total land area, and clear and
18 objective standards that do not have the effect of discouraging use of the program
19 through unreasonable cost and delay.
- 20 (E) Inclusionary Zoning: Three points for code provision imposing inclusionary zoning
21 requirements consistent with the provisions of ORS 197.309.
22
- 23 (F) Construction Excise Tax: Three points for code provision imposing construction taxes
24 consistent with the provisions of Oregon Laws 2016, Chapter 59, Sections 8 and 9.
25
- 26 (b) Needed Housing Measures
- 27 (A) Accessory dwelling units (three points maximum):
- 28 (i) Three points for allowing accessory dwelling units in any zoning district that allows
29 detached single family housing units, with no off-street parking requirement, any
30 structure type allowed, allowing owner to live in either the primary or accessory
31 dwelling unit, with no systems development charges for water, sewer, or transportation,
32 and with clear and objective review standards; or
- 33 (ii) One point for allowing accessory dwelling units, but one or more of the attributes in
34 subsection (3)(b)(A)(i) missing.
- 35 (B) Minimum density standard (three points maximum):
- 36 (i) Three points if all residential zoning districts have a minimum density standard of at
37 least 70 percent of the maximum density allowed, with optional exemptions for lands

- 1 that do not qualify as buildable lands under OAR 660-008-0005(2) and lands that are
2 being partitioned as defined by ORS 92.010(7); or
- 3 (ii) One point if all residential zoning districts have a minimum density standard of at least
4 50 percent of maximum density allowed, with optional exemptions for lands that do not
5 qualify as buildable lands under OAR 660-008-0005(2) and lands that are being
6 partitioned as defined by ORS 92.010(7).
- 7 (C) Limitations on low density housing types (five points maximum):
- 8 (i) Three points for code provision that allows no more than 25 percent of residences in
9 medium density residential zoning districts to be detached single family housing units,
10 unless the detached single family housing unit is on a lot less than or equal to 3,000
11 square feet, with exemptions for lands that are being partitioned as defined by ORS
12 92.010(7);
- 13 (ii) One point for code provision that prohibits detached single family housing units in high
14 density residential zoning districts; and
- 15 (iii) One point for code provision establishing maximum lot size for detached single family
16 housing units in medium and high density residential zoning districts as less than or
17 equal to 5,000 square feet.
- 18 (D) Off-street parking requirements for multiple family housing with four or more units (three
19 points maximum):
- 20 (i) Three points if off-street parking requirement is no more than one space per housing
21 unit in multiple family housing developments of four or more units, and no more than
22 0.75 spaces per housing unit in multiple family housing developments of four or more
23 units within one-quarter mile of transit service with weekday peak hour service
24 headway of 20 minutes or less; or
- 25 (ii) One point if parking requirements require no more than one space per housing unit in
26 multiple family housing developments of four or more units, without additional
27 reductions in subsection (3)(b)(D)(i);
- 28 (E) Off-street parking requirements for single family housing, duplexes, and triplexes (one point
29 maximum): One point if off-street parking requirement for detached single family housing
30 units, attached single family housing units, duplexes, and triplexes is no more than one
31 space per housing unit.
- 32 (F) Amount of high density residential zoning districts (three points maximum):
- 33 (i) Three points if at least 15 percent of all residentially-zoned land in the qualifying city is
34 zoned for high density residential development; or
- 35 (ii) One point if at least eight percent of all residentially-zoned land in the qualifying city is
36 zoned for high density residential development.

- 1 (G) Duplexes in low density residential zoning districts (three points maximum):
- 2 (i) Three points if duplexes are allowed in low density residential zoning districts on any lot
- 3 with no additional development review standards than required for detached single
- 4 family dwellings; or
- 5 (ii) One point if duplexes are allowed on corner lots in low density residential zoning
- 6 districts with no additional development review standards than required for detached
- 7 single family housing units;
- 8 (H) Attached single-family residential housing units in low density residential zoning districts
- 9 (one point maximum): One point if attached single-family residential housing units are
- 10 allowed in low density residential zoning districts, with attached single-family residential lots
- 11 having a minimum lot size no greater than 5,000 square feet.
- 12 (I) Residential street standards (three points maximum): Three points for allowance of local
- 13 residential street pavement minimum widths of 28 feet or less with parking on both sides,
- 14 24 feet or less with parking on one side, or 20 feet or less with no parking.
- 15 (J) Mixed-use housing (three points maximum): Three points if at least 50 percent of land
- 16 within commercial zoning districts in the qualifying city permits residential development
- 17 with off-street parking requirement no greater than one space per housing unit and
- 18 provisions for additional parking reductions for shared commercial and residential uses and
- 19 in areas with approved parking management districts.
- 20 (K) Low density residential flexible lot sizes (one point maximum): One point if minimum lot size
- 21 in low density residential zoning districts is at least 25 percent less than the minimum lot
- 22 size that would correspond to the maximum density allowed in that zoning district.
- 23 (L) Cottage housing provisions (one point maximum): One point if development code has
- 24 cottage housing code provision authorizing development at a maximum of at least 12
- 25 housing units per acre.
- 26 (M) Vertical housing provisions (one point maximum): One point if the Housing and Community
- 27 Services Department has approved a vertical housing development zone under ORS 307.841
- 28 to 307.867 for the qualifying city;
- 29 (4) For the purposes of this rule:
- 30 (a) "High density residential zoning district" means a zoning district that allows a maximum
- 31 residential density of 16 housing units per acre or more;
- 32 (b) "Low density residential zoning district" means a zoning district that allows a maximum
- 33 residential density of eight housing units per acre or less; and
- 34 (c) "Medium density residential zoning district" means a zoning district that allows a maximum
- 35 residential density greater than eight housing units per acre and less than 16 housing units per
- 36 acre.

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660-039-0070

Housing Requirements

- (1) The following types of affordable housing are allowed on pilot project sites:
 - (a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;
 - (b) Government assisted housing;
 - (c) Manufactured dwelling parks as provided in ORS 197.475 to 197.490; and
 - (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.
- (2) At least 30 percent of the total housing units proposed and developed on a pilot project site must be affordable housing units. In addition:
 - (a) At least 10 affordable housing units must be proposed and developed on a pilot project site from a qualifying city with a population of 25,000 or less; and
 - (b) At least 20 affordable housing units must be proposed and developed on a pilot project site from a qualifying city with a population greater than 25,000.
- (3) Pilot project development phasing shall:
 - (a) Ensure all affordable housing units have been issued permanent certificates of occupancy prior to issuance of permanent certificates of occupancy to the last 50 percent of any market rate housing units included as part of the pilot project; or
 - (b) Phase development so that affordable housing units and market-rate housing units are issued permanent certificates of occupancy over time in a ratio similar to the ratio of affordable and market-rate housing units within the pilot project as a whole.
- (4) All common areas and amenities accessible to residents of market rate housing units within the pilot project site shall be equally accessible to residents of affordable housing units;
- (5) The qualifying city must ensure all affordable housing units within the pilot project site are rented or sold exclusively to households described in OAR 660-039-0010(1) or, if the pilot project includes dedicated affordable housing units proposed under subsection 6(b), to those households described, at the time of sale or rental during a period of at least 50 years after the selection of the pilot project site;
- (6) The qualifying city must ensure that all housing units within the pilot project site are not used as vacation or short term rentals for any significant period during any calendar year.
- (7) The commission shall consider the following when reviewing a final application pursuant to OAR 660-039-0080(2)(b)(A):

- 1 (a) Percentages or numbers of affordable housing units greater than the minimum percentages and
2 numbers required in section (2);
- 3 (b) Dedication of affordable housing units for households with lower maximum incomes than
4 described in the definition of affordable housing in OAR 660-039-0010(1); and
- 5 (c) In the case of a mixed income project, the total number and overall percentage of market rate
6 housing units dedicated for households making 80 to 120% of the AMI.

7

8 **660-039-0080**

9 **Commission Selection**

- 10 (1) After the deadline for final applications established in OAR 660-039-0020(1)(b) or (2), the
11 commission shall select two pilot projects for implementation:
 - 12 (a) One from a qualifying city with a population of 25,000 or less, and
 - 13 (b) One from a qualifying city with a population greater than 25,000.
- 14 (2) In selecting pilot projects, the commission may:
 - 15 (a) Only consider applications that:
 - 16 (A) The department determines are complete pursuant to OAR 660-039-0020(7); and
 - 17 (B) The commission determines have met all of the requirements provided in OAR 660-039-
18 0020(8);
 - 19 (b) Consider recommendations of the director and determine which two pilot project proposal as
20 provided in section (1) best satisfy the following factors:
 - 21 (A) The housing considerations, as provided in OAR 660-039-0070(7);
 - 22 (B) The proximity and quality of public facilities and services, including transportation facilities
23 and transit service, for the pilot project site as provided in OAR 660-039-0040(4).
 - 24 (C) The quality of measures to avoid or minimize adverse effects on natural resources and
25 nearby farm and forest uses as provided in OAR 660-039-0050(3).
 - 26 (D) The number and strength of measures the qualifying city has adopted to accommodate and
27 encourage the development of needed and affordable housing within its existing urban
28 growth boundary as provided in OAR 660-039-0060.
 - 29 (c) Consider each factor in subsection (b) and select the application that best achieves the purposes
30 as provided in OAR 660-039-0000.
 - 31 (3) The commission shall make a preliminary selection of one pilot project site from a qualifying city in
32 both subsection (1)(a) and (b). Within 60 days of the preliminary selection, each qualifying city shall
33 submit to the commission specific information regarding:

1 (a) The form and content of the legal documents that ensure that the pilot project site will remain
2 affordable for at least 50 years after the selection of the pilot project site; and

3
4 (b) The proposed comprehensive plan and zoning designations for the pilot project site.

5 (4) The commission shall review each qualifying city's information submittal pursuant to section (3).
6 Once the form and content are satisfactory to the commission, the commission shall issue a final
7 order selecting the pilot project site for the development proposed in the concept plan.

8
9
10 **660-039-0090**

11 **Subsequent Events**

12 (1) Upon selection by the commission as provided in OAR 660-039-0080(4), the qualifying city shall:

13 (a) In concert with the county in which the urban growth boundary is located, amend the urban
14 growth boundary to include the pilot project site, and identify the provisions of law and rules
15 pursuant to OAR 660-039-0030 relating to urban growth boundary amendments that are not
16 applied to allow the pilot project site to be included within the urban growth boundary;

17 (b) Annex the pilot project site to the qualifying city within two years of the acknowledged urban
18 growth boundary amendment;

19 (c) Adopt plan and zone designations for the pilot project site that authorize development of the
20 concept plan included in the application;

21 (d) Adopt measures ensuring that affordable housing developed on the pilot project site remains
22 affordable for a period of at least 50 years after the selection of the pilot project site; and

23 (e) Issue permits for development on the pilot project site only after annexation of the site to the
24 qualifying city and adoption of measures ensuring that housing developed on the pilot project
25 site will continue to be used to provide affordable housing for a period of at least 50 years after
26 the selection of the pilot project site.

27 (2) For a post-acknowledgement plan amendment or land use regulation change under OAR chapter
28 660, division 18, that proposes amendments with any effect upon existing comprehensive plan
29 designations or provisions that impact residential development, or land use regulations that impact
30 residential development, the qualifying city may not, for a period of 50 years after approval of the
31 pilot project by the commission, consider the existence of housing units existing or approved on the
32 pilot project site when making findings regarding the proposed amendment.

33 (3) The qualifying city for the pilot project site selected by the commission may not plan or zone the site
34 to allow a use or mix of uses not authorized by the commission unless the qualifying city, in concert
35 with the county, withdraws the pilot project site from the urban growth boundary and rezones the
36 site pursuant to law, statewide land use planning goals and land use regulations implementing the
37 goals that regulate allowable uses of land outside urban growth boundaries.

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660-039-0100

Reporting Requirements

(1) The qualifying city for a pilot project selected by the commission pursuant to OAR 660-039-0080 shall provide the following information in reports to the commission:

- (a) Prior to construction of the project, documentation of the land cost for affordable and market portions of project, expected infrastructure costs, permitting costs, systems development charges, affordable housing incentives or subsidies, and expected construction costs;
- (b) After construction of the project is complete, documentation showing the actual costs of all items indicated in subsection (a).
- (c) If the project cannot be completed as approved, the contributing factors that prevented completion of the project as approved.
- (d) On an annual basis once construction of the pilot project has begun, for a period of ten years:
 - (A) The number of affordable housing units on the pilot project site;
 - (B) The number of market rate housing units on the pilot project site;
 - (C) The vacancy rate of the affordable housing units;
 - (D) The vacancy rate of the market rate housing units;
 - (E) The current monthly rent for the affordable housing units, or sales price of the affordable housing units;
 - (F) The current monthly rent for the market rate housing units, or sales price of the market rate housing units;
 - (G) Any affordable housing incentives or subsidies applied to the pilot project site in addition to the incentives provided by the provisions of chapter 52, Oregon Laws 2016;
 - (H) Any housing measures from OAR 660-039-0060(3) that have been adopted or amended by the qualifying city; and
 - (I) A qualitative assessment of the pilot project and lessons learned from implementation of the pilot project, including the burden of reporting requirements and impacts on the city’s overall housing market.

<http://intranet.dlcd.state.or.us/projects/AHPP/Documents/HB4079-RAC Draft-20161024.docx>

UGB Expansions for Affordable Housing Pilot Program

Webinar

December 19, 2016

Gordon Howard and Evan Manvel
Department of Land Conservation and Development



Presentation Overview



- ▶ Context
- ▶ Goals of the Pilot Program
- ▶ Proposed Calendar
- ▶ How We Propose the Program to Work
- ▶ Recommended Next Steps for Interested Parties
- ▶ Questions

Context: Housing Market

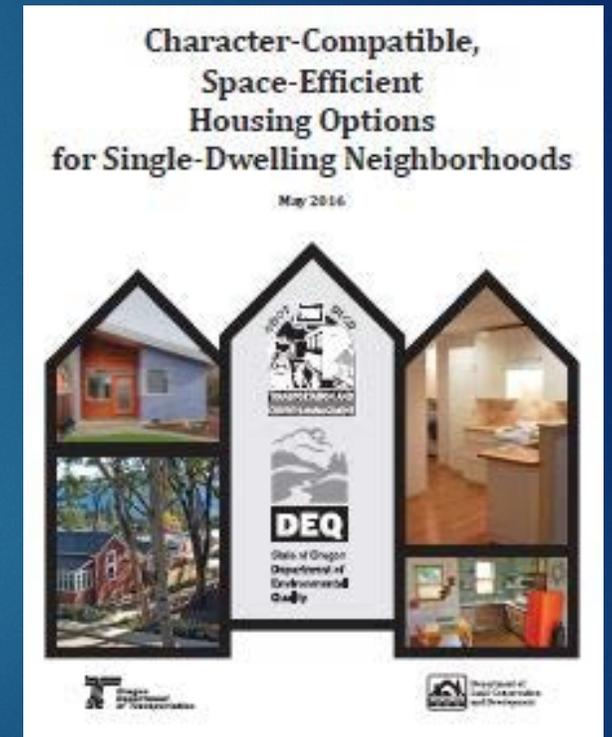
In 2014 :

- ▶ 61% of Oregonians own their housing; 39% rent
- ▶ 34% of Oregonians were paying more than 30% of their income for housing
- ▶ 52% of renters were paying more than 30% of their income for housing; 26% of owners are
- ▶ 27% of renters were paying more than 50% of their income for housing; 11% of owners are
- ▶ 81% of extremely low income Oregonians were paying more than 50% of their income for housing

Source: Oregon Housing and Community Services

Context: DLCDD Housing Work

- ▶ DLCDD offers planning grants and technical assistance to cities wanting to boost housing creation
- ▶ DLCDD continues to develop publications and will launch web site on housing by March 2017
- ▶ DLCDD hired University of Oregon to conduct research on housing; studies available on pilot program page
- ▶ Also: OHCS drafting State Housing Plan



Context: Legislative

Legislators passed four housing bills in 2016:

- ▶ HB 4079 (this bill)
- ▶ HB 4143 Tenant protections
- ▶ SB 1533 Inclusionary zoning and construction excise tax
- ▶ SB 1573 Limit voter approval of city annexations

Context: House Bill 4079

- ▶ Issue: Do urban growth boundaries increase housing prices?
- ▶ Academic studies are mixed; generally have found little evidence but noted difficulty isolating effects
(Cho 2006, 2007, Goodstein 1998, Downs 2002, Jun 2004, Lang 2002)
- ▶ Hypothesis: If UGB rules are relaxed to bring in land that would not otherwise be urbanized, the lower cost of such land will allow a set-aside for affordable housing to become feasible

Goals of the Pilot Program:

Increase the amount of affordable housing

- ▶ Encourage cities to provide land for affordable housing within UGBs
- ▶ Encourage development of affordable housing
- ▶ Protect land dedicated to affordable housing from conversion
- ▶ Enhance understanding of relationship of land supply to affordable housing
- ▶ Enhance understanding of how to increase the amount of affordable and needed housing

Pilot Program Calendar

(subject to revision if circumstances require)

- ▶ June – November Rulemaking advisory committee process
- ▶ January 2017 LCDC hearing on draft rule and possible adoption
- ▶ Spring 2017 Rule takes effect
- ▶ Summer/Fall 2017 Pre-applications due
- ▶ Late 2017/Early 2018 Full applications due
- ▶ 2018 Pilot projects selected

Pilot Program

- ▶ Pilot projects to develop affordable and needed housing on land currently outside UGBs
- ▶ LCDC will select two pilot projects:
 - one for a city up to 25,000 population
 - one for a city over 25,000 population
- ▶ Not eligible:
 - cities in Clackamas, Marion, Multnomah, Polk, Washington, Jefferson Counties

Process Overview



Required Pre-Application

Department will provide a pre-application packet and samples

- ▶ Site map
- ▶ Total acreage
- ▶ Current land use designations and zoning
- ▶ Demonstrate no high value farmland
- ▶ Proposed affordable housing units, number and type
- ▶ Proposed market rate units, number and type (if any)
- ▶ Identity of development partners
- ▶ Public facilities and services, brief statement



Department Review

- ▶ Department reviews applications
- ▶ Department staff will talk to each applicant
- ▶ Additional information may be submitted



Final Application: Concept Plan (1/2)

- ▶ Proposed affordable housing units, number and type
- ▶ Proposed market rate units, number and type (if any)
- ▶ Development phasing
- ▶ Income limits for affordable housing
- ▶ List of comprehensive plan and land use regulation amendments



Final Application: Concept Plan (2/2)

- ▶ Public facilities and services, more information
- ▶ Buffering from farm/forest zones
- ▶ Natural resources on site
- ▶ Natural hazards location, protection, mitigation



Final Application: Other

- ▶ Resolution of city to implement plan, annex site
- ▶ Resolution of support from county
- ▶ Resolution of support, any special district
- ▶ Property owner consent statements
- ▶ List of housing measures adopted within existing UGB
- ▶ Data on how project serves those in need of affordable housing
- ▶ Why project development won't happen elsewhere
- ▶ Identity and experience of development partners
- ▶ Plan for ensuring affordable housing stays such for 50 years



Department Determines if Qualifies

Department will provide application packet and samples

- ▶ Department reviews applications to determine if they meet requirements in rule
- ▶ Department may solicit additional information



Basic Requirements (1/2)

- ▶ Adjacent to UGB
- ▶ No high value farmland
- ▶ Site no larger than 50 acres
- ▶ 7+ dwelling units/gross acre for affordable housing units
- ▶ 7+ dwelling units/gross acre for market rate units
- ▶ Project not likely to be developed within UGB
- ▶ Findings of compliance with Goals 5 and 7
- ▶ Findings of compliance with Goal 11 re: impact of pilot project on existing UGB

Basic Requirements (2/2)

- ▶ Public facilities and services can be reasonably provided
- ▶ Transit to site or service commitment to serve site
 - Cities over 25,000 must be fixed route transit
- ▶ Project buffered from land in farm, forest zones, at least 100 feet on site (or alternative method)
- ▶ Apply Goal 5 requirements
- ▶ City must have demonstrate efforts to provide affordable and needed housing within existing UGB

Efforts to encourage affordable and needed housing within existing UGB

- ▶ **Must have adopted measures promoting affordable housing totaling three of 23 possible points:** density bonuses, reductions on SDCs, property tax exemptions or freezes, inclusionary zoning, or a construction excise tax
- ▶ **Must have adopted housing measures totaling twelve of 53 possible total points (up to six points for measures not listed)**
examples: accessory dwelling units, minimum densities, lower required off-street parking, skinny streets, significant amount of land zoned high density, etc.
- ▶ **Chart available on rulemaking web site**
- ▶ **List available in draft rule**

Housing Requirements (1/2)

- ▶ At least **30%** of units must be affordable
 - ▶ Households up to 80% of area median income would spend less than 30% of their income on housing
- ▶ For smaller cities, at least 10 units of affordable housing
- ▶ For larger cities, at least 20 units of affordable housing
- ▶ Phasing plan ensures affordable housing built along with market rate housing

Housing Requirements (2/2)

- ▶ Common amenities accessible to all
- ▶ All units affordable for 50 years
- ▶ Cannot be used for vacation/short term rental
- ▶ Development partners can complete project

Selection Considerations

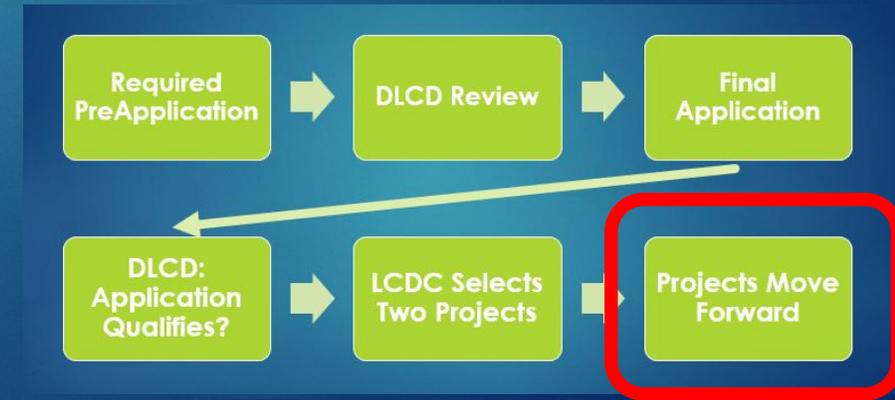
(above and beyond basic requirements)

- ▶ Total number and percentage of affordable units
- ▶ Units for those lower max income than 80% of area median income
- ▶ Units for those between 80% and 120% of area median income
- ▶ Adopted measures for housing inside UGB beyond minimums
- ▶ Proximity/expense of public facilities/services
- ▶ Quality of facilities/services for walking, biking, transit
- ▶ Quality of efforts to avoid impacts on farm/forest zones, natural resources
- ▶ Best meet purposes of pilot program



Post-Selection Process

- ▶ City submits documents to ensure site remains affordable for at least 50 years and proposed comp plan, zoning designations
- ▶ Commission reviews; once satisfactory, issues final order
- ▶ City, county amend UGB, city annexes site
- ▶ Adopt measures to ensure affordability and plan, zone designations, issue permits for development
- ▶ If project becomes infeasible, remove from UGB



Reporting Requirements

- ▶ Prior to construction, projected costs
- ▶ Post construction, actual costs
- ▶ Annually for ten years:
 - ▶ Number of affordable units and vacancy rate
 - ▶ Number of market rate units and vacancy rate
 - ▶ Monthly rent or sales price for affordable and market rate units
 - ▶ Any affordable housing incentives or subsidies applied
 - ▶ Any housing measures for land inside UGB adopted/amended
 - ▶ Qualitative assessment

Recommended Next Steps for Interested Cities

- ▶ Double-check to confirm your city is eligible
- ▶ Review the list of measures to encourage affordable and needed housing inside your UGB and consider adoption of additional measures
- ▶ Monitor the adoption of the rule
- ▶ Reach out to potential partners including jurisdictions
- ▶ Stay in touch with Gordon Howard, Principal Urban Planner

Answering Submitted Questions

To submit a question, hover cursor over the bottom of the Zoom window and click “Chat” and type your question

- ▶ Questions about application process
- ▶ Questions about the pilot program
- ▶ Questions about affordable housing and housing affordability

Help Us Improve the Program

We will send you a survey with a few questions.
Please fill it out.

- ▶ Are you interested in applying?
- ▶ Are there specific changes to the proposed rule that would encourage you to apply?
- ▶ Is the calendar feasible?
- ▶ Are there additional people we should tell about the pilot program?

Thank You for Attending

- ▶ Send additional questions to gordon.howard@state.or.us
- ▶ Comment on the draft rule amie.abbott@state.or.us
- ▶ Learn more
http://www.oregon.gov/LCD/Pages/HB4079_AHPP.aspx



HB 4079 Webinar Questions and Answers

Webinar held December 19, 2016

Q: Why did you choose the particular statutory reference for the definition of high value farmland and not one of the other statutory definitions?

A: We convened a subgroup of outside experts to advise us on how to address the bill's requirement to avoid or minimize impacts to farm and forestland. Our Farm and Forest Land Specialist Tim Murphy recommended the statute we included, in part because it more accurately reflects the agricultural values of lands in 2017. A memo and notes from the Discussion Group are part of the RAC materials for Meeting 3, available here:

http://www.oregon.gov/LCD/docs/rulemaking/affordable_housing/HB4079RACMaterials_2016-08-18.pdf

Q: Will you, or are you interested in including non-state or local agency people on the application review committee?

A: We have not yet decided on our application review process, but appreciate this suggestion. Some of the process will depend on the number of applications.

Q: What about a provision for open space?

A: We convened a subgroup of outside experts to advise us on which of the "public facilities and services" required by the bill should be included in the rule. Different parts of Oregon law refer to different sets of services. We decided that open space should not be required, both because these developments are only up to 50 acres and because the amount and quality of open space provided would be a difficult matter to measure objectively. The Commission may choose to consider the amount of open space provided as a qualitative measure when selecting the pilot projects.

Q: Please confirm that just the city has to apply, and county only has to approve a resolution supporting the application. With UGB amendments, both city and county have to jointly submit.

A: Only the city is the applicant under the rules implementing HB 4079, and the county only has to assent to the application with a resolution of support. If the application is selected by the Commission, implementation requires UGB amendment by the city and county. See Section 0090(1)(a) of the bill.

Q: What does the City get out of this? What's the benefit to the City?

A: The goal of the program is to let cities get additional affordable and market rate housing. It is up to each city to decide whether the program benefits them.

Q: Where in the draft rules are the "extra credit" items you described, beyond the basic requirements? I couldn't find that list.

A: The items that receive additional consideration are referenced in Section 0080(2)(b) of the draft rule. That Section references back to specifics of each issue, noting Sections 0070(7), 0040(4), 0050(3), and 0060, as well as the purposes of the program in Section 0000.

Q: Will the pilot project evaluation compare costs to develop housing at the edge compared to other locations? For example, will it quantify the transportation costs for residents at the edge as opposed to more centrally located places? What about the cost for the city to serve with infrastructure?

A: As drafted, the pilot project selection criteria allow the Commission to consider the proximity and quality of public facilities and services, as well as the cost. See Section 0080(2)(b)(B) and Section 0040(4). They also allow the Commission to include “other considerations that... will advance affordable housing.” See Section 0070(7)(d). The issue of where to locate affordable housing within a city is a policy matter that is beyond the scope of this process – a city will need to make a policy decision in this matter before deciding to submit an application.

Q: Will you be making this presentation available after the webinar?

A: Yes, it is on-line at: https://www.oregon.gov/LCD/docs/HB4079_PilotProgram_Webinar.pdf

Q: It would be a good idea to have a health professional on the review committee given the poorer health outcomes of low income populations. Just a thought.

A: We will take that under advisement.

Q: Has there been any consideration of the Regional Problem Solving Agreement in Southern Oregon? If a city didn't have an area identified as Urban Reserves, could it still be brought in through this program with only County support (i.e. not amending the RPS agreement). Assuming we'll need to work that out with participants, but wondered if it has been discussed at the state level already...

A: The draft rules require a city to apply; a county may not apply on its own. See Section 0020. Department staff will look into the issue of the relationship of the pilot project program with the Regional Problem Solving Agreement in Jackson County.

Q: Question on deadlines: when will firm deadlines be established? After the rules become effective?

A: Once we have received additional information on what deadlines would work best for our partners we will create deadlines. We expect to adopt them early in 2017. The draft rules also allow the Director of the Department to modify the established deadlines if necessary.

Q: How did you arrive at the housing requirements and the percent or number of affordable units required?

A: The housing requirements were a central topic of discussion for several of the rulemaking advisory committee meetings. We looked at data collected by the University of Oregon about the housing challenges across the state, and considered various numbers. After considering other numbers, the rulemaking advisory committee reached consensus that projects should have at least 10 units for smaller cities and 20 units for larger cities. Regarding the minimum percentage, the requirement that at least 30% of the units in the pilot project be affordable was a compromise that all members of the rulemaking advisory committee could live with. The draft rules also include provisions allowing the Commission to look favorably upon projects that provide greater amounts of affordable housing when making a selection from among pilot project nominations.

The rulemaking advisory committee looked at how to define affordable housing, and found the 80% of area median income (AMI) was the most commonly used definition among housing agencies such as

HUD and the Oregon Housing and Community Services division; although some assistance programs are aimed at lower income levels. We also found the limit of 30% of household income was a generally accepted standard for what was appropriate for housing costs. See memos from the University of Oregon in the rulemaking background. Finally, the University of Oregon data found 76% of renters under 80% of AMI pay more than 30% of their income for housing, while only 13% of those above 80% do. It also found 58% of home owners under 80% of AMI pay more than 30% of their income for housing, whereas 19% of those above 80% AMI pay that much.

Given the target audience for affordable housing: those earning under 80% AMI, and the target price point of under 30% of their income, we then had to decide how many of the units should be required to be affordable. Suggestions varied from a majority to a minimal amount. After discussing with experts in affordable housing development, developers, cities, and affordable housing advocates, we decided 30% was a reasonable requirement.

Q: Did you consider proximity to a school or employment opportunities as an extra credit in the evaluation process?

A: We considered it and decided against it. The department is interested in encouraging applications, and heard many times through the rulemaking process that we should strive for simplicity. However, the draft rules allow the Commission to include “other considerations that... will advance affordable housing.” See Section 0070(7)(d).

Q: In many small communities there is no public transit, will that make these locations ineligible?

A: *Pre-existing* public transit is not required, but the bill requires projects to be “near... an identified transit corridor...” and public facilities and services to be “planned and reasonably likely to be provided at a reasonable cost in the near future.” (Section (4)(4)(d) of HB 4079). Section 0040(2)(a) of the draft rules describes what the department proposes being required; we can talk about this directly should you need further guidance.

Q: Question on proposed 660-039-0040(3) - regarding mass transit, lines 25 through 38 - how would a city show that mass transit will be provided concurrently with the development of affordable housing units?

A: The draft rules require a resolution or other action. We will provide additional guidance for specific applicants on this once the rules are adopted.

Q: Have you considered a way to trade land that is more centrally located to services for affordable housing for UGB amendment land that can be brought in for market housing. Redevelopment of land with existing services may be cheaper than greenfield development.

A: We have heard this idea and find it interesting. However, the legislation does not allow it.

Q: I am not sure I understand the assumption that land which is not in the UGB but is eventually amended into the UGB is cheaper to develop than land already in the UGB.

A: The concept behind the bill is that the parcel of land that would be brought into the UGB under the provisions of HB 4079 and these rules would not, under “normal” circumstances, be eligible for inclusion into the UGB. Thus the base land price of this parcel could be lower than lands already within the UGB,

and this differential will allow for the development of some measure of affordable housing. Once brought into the UGB, the land must be developed as proposed in the pilot project, and if the pilot project development plan proves to be infeasible the land must be removed from the UGB – it cannot be developed with other urban uses. The pilot projects will help determine the concept's validity.

Q: Since it appears that a main premise is that land outside a UGB has less value than land inside UGB, will there be a requirement to cap the residual land value of a project (such as via appraisal), or some other means to ensure land value doesn't inflate when the property is annexed or brought into the UGB?

A: There is no particular requirement in the draft rules for this. Since the nominated pilot project site can only be used for the proposed pilot project, and the city is required to remove the land from the UGB if the pilot project is not built, the premise behind this concept is that the land value should not inflate to levels normally associated with inclusion into a UGB. These pilot projects will help to determine the validity of the premise.

Q: How was the 25,000 population threshold decided? There are many more cities less than 25k than more than 25k.

A: The threshold was decided by the legislature; the rules cannot alter it. We would note there are other instances in Oregon land use law that use the 25,000 population threshold. We would also note that while more than 90% of cities have fewer than 25,000 residents, two-thirds of Oregonians who live in cities are in cities with over 25,000 population.

Q: 30% is too low.

A: This appears to be a comment. Comments on the draft rule can be sent to amie.abbott@state.or.us, or be made at the January LCDC meeting.

Process Overview (summarized for brevity; see rule for precise details)

1. City Submits Pre-Application (Required)

- Site map
- Total acreage
- Current land use designations, zoning of site, surrounding land
- No high value farmland on proposed site
- Proposed affordable housing units, number and type
- Proposed market rate units, number and type, if any
- Identity of development partners
- Public facilities and services, brief statement

2. Department Reviews, Talks to Each Applicant

3. City Submits Final Application

All of the above, plus:

- Development phasing
- Income limits for affordable housing
- Affordable housing unit prices
- List comprehensive plan and land use regulation amendments
- Public facilities and services, more information
- Buffering from farm and forest zones
- Natural resources on site
- Natural hazards location, protection, mitigation
- How mixed income supports affordable housing
- Resolution of city to implement concept plan, annex site
- Resolution of support, county
- Resolution of support, any special district serving site
- Property owner consent statements
- Housing measures adopted to encourage housing inside UGB
- Data on how project serves those in need of affordable housing
- Why project development won't happen elsewhere
- Identity and experience of development partners
- Plan for ensuring affordable housing is such for 50 years

4. Department Determines if Application Qualifies

- Adjacent to UGB
- No high value farmland
- Total site ≤ 50 acres
- Gross density at least 7 dwelling units/acre for affordable housing units
- Gross density at least 7 dwelling units/acre for market rate units
- Can be provided with public facilities/services
- Avoids/minimizes impacts to natural resources, farm/forest use
- Enough housing measures adopted to encourage affordable, needed housing within UGB
- Sufficient affordable housing units and phasing on site
- Project will serve population needing affordable housing
- Project unlikely to happen elsewhere

Department may solicit additional information

5. Commission Selects Sites by Written Order

6. Pilot Projects Move Forward

- Amend the UGB
- Annex site into city
- Adopt plan/zone designations
- Adopt measures ensuring affordable housing stays such for 50 years
- Prior to construction, city documents projected costs
- Issue permits for development
- After construction, city documents actual costs

City reports to commission annually for ten years

Pilot projects do not impact future city findings on housing

If project cannot be implemented, city/county shall withdraw site and rezone it

Concept plan components

Pilot Project Selection Overview (Summarized for brevity; see rule for precise details)

Issue	Minimum Requirements	Additional Considerations
Basic requirements for project proposal sites (Section 0020 and 0030)	<ol style="list-style-type: none"> 1. Adjacent to UGB 2. No high value farmland 3. Site ≤ 50 acres 4. 7+ dwelling units/acre for affordable housing units 5. 7+ dwelling units/acre for market rate units 6. Project not likely to be developed inside UGB 7. Findings of compliance with Goals 5 and 7 8. Findings of compliance with Goal 11 in regard to impact of pilot project 	
Requirements for housing on pilot project site (Section 0070)	<ol style="list-style-type: none"> 1. At least 30% of units must be affordable 2. For smaller cities, at least 10 affordable units; For larger cities, at least 20 affordable units 3. Phasing plan ensures affordable built along with market rate 4. All common amenities equally accessible to all 5. Ensure all units stay affordable for 50 years 6. Ensure not used for vacation/short term rentals 7. Development partners can complete project 	<ul style="list-style-type: none"> • Total number and percentage of affordable units • Units for those with lower than 80% AMI • Units for those between 80% and 120% AMI
Affordable and needed housing measures inside existing UGB (Section 0060)	<ol style="list-style-type: none"> 1. Three points of affordable housing measures in list 2. Twelve points combined from lists for affordable and needed housing (up to six points for alternate) 	<ul style="list-style-type: none"> • Measures adopted beyond the minimums required
Public facilities and services on project site (Section 0040)	<ol style="list-style-type: none"> 1. Public facilities and services can be reasonably provided 2. Cities >25,000: Affordable housing have fixed route transit within ¼ mile, or service commitment 3. Cities ≤25,000: Fixed route or demand response transit, or service commitment 	<ul style="list-style-type: none"> • Proximity and expense of public facilities/services • Quality of facilities/services for biking, walking, transit
Natural resources and farm and forestland (Section 0050)	<ol style="list-style-type: none"> 1. Project buffered from land in farm, forest zones or alternative method providing greater protection 2. Apply Goal 5 requirements 	<ul style="list-style-type: none"> • Quality of buffers and impacts on farm and forest uses



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EXHIBIT 3 - STAFF REPORT

DATE: January 25, 2017
TO: Affordable Housing Task Force Members
FROM: Heather Richards, Planning Director
SUBJECT: Code Revisions

Report in Brief:

This is a discussion Code Revisions that the AH Task Force would like to evaluate to promote affordable housing in McMinnville.

Background:

Resolution No. 2016-20, Exhibit A identified a MAHTF Action Plan with four immediate/short term actions to be accomplished by May 1, 2017. Those are outlined below. Of those, the first three tasks should be accomplished soon. The only remaining item is intended to be completed by May 1, 2017, research cottage codes from other jurisdictions.

- Memorialize System Development Charge discounts for affordable housing projects.**
- Review recently adopted inclusionary zoning law and, if warranted, draft an inclusionary zoning ordinance and present to the Council for consideration.**
- Offer an expedited permit process to builders including affordable housing.**
- Research “Cottage Codes” from other jurisdictions and, if warranted, prepare ordinance language for adoption by the Council and for inclusion in McMinnville's zoning ordinance.**
 - Cottage Cluster Developments are a common tool utilized by communities to help offset the costs of housing and provide for the opportunity to provide smaller single family dwelling units in an affordable way that also incorporates planning principles for great neighborhoods.
 - Staff can research best practices and present them at the January MAHTF meeting for discussion.

Discussion:

As staff puts together an evaluation of cottage codes in other jurisdictions, there is also an opportunity to review other code tools to promote affordable housing. One of the checklists of the HB 4079 program describes the types of programs that communities can employ in their code to encourage affordable housing. This discussion will provide direction to staff on what the task force would like to evaluate.

Attachments:
Affordable and Needed Housing Measures

Measures to Encourage Affordable and Needed Housing (within existing UGB)

Affordable Housing Measures (23 total points) Section 0060(3)(a)

Density Bonus (max 3 points)

- 3 points – Density bonus of at least 20%, no additional design review
- 1 point – Density bonus with additional design review

Systems Development Charges (max 3 points)

- 3 points – At least 75% reduction on SDCs
- 1 point – Defer SDCs to date of occupancy

Property Tax Exemptions

- 3 points – Property tax exemption for low income housing
- 3 points – Property tax exemption for non-profit corp. low income housing
- 3 points – Property tax exemption for multi-unit housing

Other Property Tax Exemptions/Freeze

- 1 point – Property tax exemption for housing in distressed areas
- 1 point – Property tax freezes for rehabilitated housing

Inclusionary Zoning

- 3 points – Imposes inclusionary zoning

Construction Excise Tax

- 3 points – Adopted construction excise tax

Cities must have adopted measures totaling at least 3 points of affordable housing measures **and** at least 12 points overall they may apply for up to 6 points of credit for alternative measures

Needed Housing Measures (30 total points) Section 0060(3)(b)

Accessory Dwelling Units (max 3 points)

- 3 points – ADUs allowed in any zone without many constraints
- 1 point – ADUs with more constraints

Minimum Density Standard (max 3 points)

- 3 points – Minimum density standard at least 70% of maximum
- 1 point – Minimum density standard at least 50% of maximum

Limitations on Low Density Housing Types

- 3 points – No more than 25% of residences in medium density to be detached
- 1 point – No detached residences in high density zones
- 1 point – Maximum lots for detached homes medium/high zones $\leq 5,000$ sq ft

Multifamily Off-street Parking Requirements (max 3 points)

- 3 points – ≤ 1 space/unit for multi-unit dwelling and ≤ 0.75 spaces/unit for units within one-quarter mile of transit
- 1 point – ≤ 1 required parking space/unit in multi-unit dwellings

Under Four Unit Off-street Parking Requirements

- 1 point – ≤ 1 space/unit required for detached, attached, duplex, triplexes

Amount of High Density Zoning Districts (max 3 points)

- 3 points – At least 15% of all residential land is zoned for high density

- 1 point – At least 8% of all residential land is zoned for high density

Duplexes in Low Density Zones (max 3 points)

- 3 points – Duplexes are allowed in low density zones
- 1 point – Duplexes are allowed on corner lots in low density zones

Attached Units Allowed in Low Density Zones

- 1 point – Attached residential units allowed in low density zones

Residential Street Standards

- 3 points – Allowed minimum local residential street width 28 feet or less

Mixed-Use Housing

- 3 points – At least 50% of commercial zoned land allows residential

Low Density Residential Flexible Lot Sizes

- 1 point – Minimum lot size in low density zones is 25%+ less than the minimum lot size corresponding to maximum density

Cottage housing

- 1 point – Allows cottage housing

Vertical housing

- 1 point – Allows vertical housing