Memorandum

TO:	Clackamas County Planning Commission
FROM:	Karen Buehrig, Long-Range Planning Manager; Martha Fritzie, Senior Planner; and Joy Fields, Senior Planner
DATE:	January 21, 2020
RE:	Input into DTD Housing Strategies project

Taking action to address the housing affordability crisis is a top priority for the Clackamas County Board of Commissioners. Over the past year, there have been both recommendations and requirements related to how the County's Comprehensive Plan and Zoning and Development Ordinance (ZDO) should be updated to allow for more housing units to be constructed, and to address affordability of housing units.

The Housing Strategies project was developed in response to these recommendations and requirements and is a comprehensive study of all these issues. The project is designed to look, in a comprehensive and coordinated manner, at:

- The requirements and recommendations from the state legislature (Senate Bill 1051 [2017] and other housing legislation passed by the 2019 Oregon Legislature)
- The recommendations from the Housing Affordability and Homelessness Task Force, and
- Specific items that emerged from the Long-Range Planning Work Program 2019-2021, specifically *Project H-1: Update Comprehensive Plan Chapter 6: Housing*, which includes the following items:
    - H-1A: Low-Density Residential Zoning Policies
    - H-1B: Housing Strategies
    - H-1C: Protect Neighborhood Character and R-10 Zoning
    - H-1D: Temporary Dwellings for Care

In order to understand in more detail the items that should be moved forward as part of the Housing Strategies project, as well as to provide input into developing a work plan for the project, staff has drafted the attached *Long-Range Planning Issue Paper #2020-1: Housing Strategies Related to Comprehensive Plan and Zoning Development Ordinance Updates*.

During the January 27, 2020 Planning Commission meeting, staff will present information from the Issue Paper #2020-1. The Planning Commission will have the opportunity to ask questions, discuss, and provide input on the following questions:

1) Does the staff recommendation presented in Issue Paper #2020-1 include the correct strategies, in the correct order, to move the project forward?
2) What methods of engagement should be used during the course of the project?
3) What other items should be considered while the project is underway?

Long-Range Planning Issue Paper #2020-1

DRAFT: January 21, 2020

Housing Strategies Related to Comprehensive Plan and Zoning & Development Ordinance Updates

ISSUE

Housing in Clackamas County is becoming less affordable. According to the Clackamas County 2019 Housing Needs Analysis (HNA), between 2002 and 2016 the median home value in Clackamas County increased from $278,982 to $319,100, resulting in approximately 36% of homeowners and 47% of renters in urban unincorporated Clackamas County facing affordability problems. Exacerbating this problem is a deficit in buildable residential land in the urban unincorporated area of the County. Based on estimates in the HNA, unincorporated Clackamas County lacks residentially-zoned land for as many as 5,000 housing units needed in the next 20 years, over half of which would be multifamily units.

The HNA identifies a need for additional housing types to provide housing for people at a range of income levels and to respond to the preferences of the Baby Boomers and Millennials that make up a growing portion of the population (Figure 1). The challenge is that the county has a need for a wide range of housing solutions to serve the needs of households at varying income levels and, similar to the rest of the country, there is a tendency for low density residential development to dominate the new construction market.

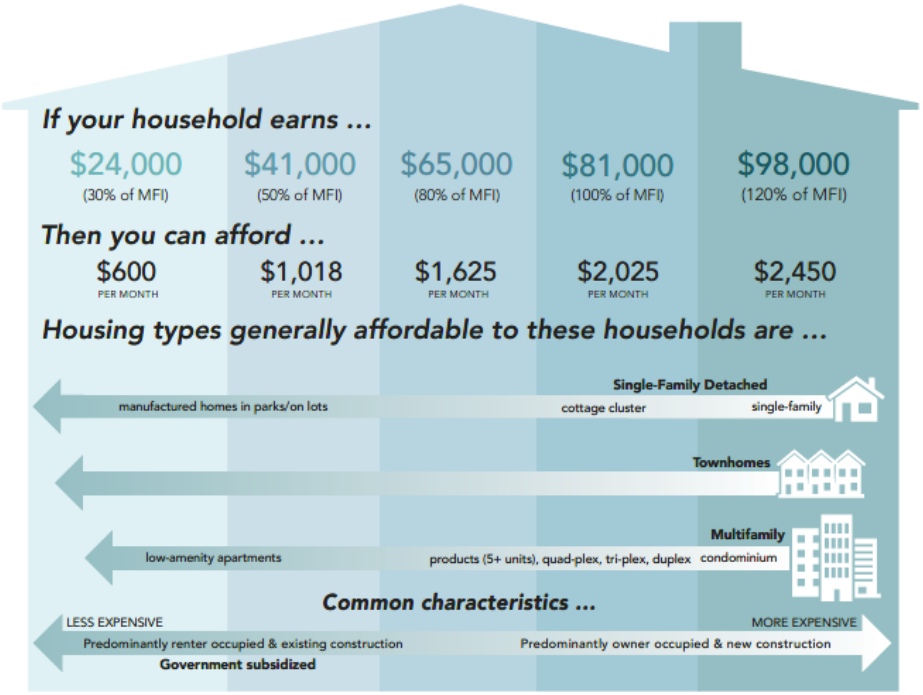

Figure 1:Types of Financially Attainable Housing. Source: Exhibit 63. HNA 2019

To meet the range of needs identified in the HNA, several strategies need to be deployed, both through the implementation of programs administered by the County's Department of Health, Housing and Human Services (H3S) and other non-profits, as well as changes to the land use regulations implemented by the Department of Transportation and Development (DTD). This Housing Strategies Issue Paper (Issue Paper) is designed to introduce the strategies that would require updates to the county's Comprehensive Plan (Plan) and Zoning and Development Ordinance (ZDO). These will be referred to as the "housing strategies".

STRATEGY IDENTIFICATION

An urgent need for long-range planning action on affordable housing has come from several sources in recent years.

State Legislation: In 2017, the Oregon legislature passed **Senate Bill 1051,** which requires jurisdictions to provide clear and objective standards for housing development, and to allow accessory dwelling units (ADUs) in areas zoned for detached housing inside urban growth boundaries. In 2019, the legislature passed **House Bill 2001** that applies to larger cities throughout the state, as well as jurisdictions with a population over 1,000 in the Portland Metro urban growth boundary, including unincorporated areas of Clackamas County. In accordance with House Bill 2001, Clackamas County has until June 2022 to modify its zoning code to provide for "middle housing" by allowing a duplex on any urban lot zoned for a single-family home, and allowing triplexes, quadplexes, cottage clusters and townhouses in urban "areas" zoned for a single-family home [1,2].

County Task Force: The Clackamas County **Housing Affordability and Homelessness Task Force** was appointed by the Board of County Commissioners in 2018 to research, recommend and support new policies and strategies to address housing affordability and homelessness in the county. Task force members represented business, health care, building industry, and nonprofit and community interests. Using a racial equity lens to evaluate topics based on potential disproportionate impact to communities of color and other historically marginalized communities, the task force identified recommendations including many related to land use regulations. The recommendations were classified as Tier One if they were likely to effect change in the shortest period, and Tier Two if they were less likely to result in a significant number of affordable housing units or were likely to be addressed by state legislation.

Long-Range Planning Work Program: During fall 2018, the Planning & Zoning Division received suggestions on projects and priorities to include in the Planning & Zoning Division's 2019-21 Long-Range Planning Work Program from the public, staff, other county departments, the Board of Commissioners, the Planning Commission and community groups. Some of those suggestions related to housing affordability, density and related topics. Staff compiled the comments and suggestions, which were prioritized, recommended by the Planning Commission, and ultimately approved by the Board of Commissioners to be included in the 2019-21 work program.

In response, the County Department of Transportation & Development (DTD) has initiated the DTD Housing Strategies project. The requirements and recommendations from the state legislature and the County's Housing Affordability and Homelessness Task Force and specific items that emerged from the Long-Range Planning Work Program 2019-2021 outreach effort were compiled in a housing spreadsheet that was presented to the Board of Commissioners at a policy session on Dec. 12, 2019 (Appendix A).

This Issue Paper identifies the specific requirements and recommendations that emerged from these sources and provides a high-level review of the background, the regulatory context and an initial assessment of the

[1] Oregon House Bill 2001. https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2001/Enrolled
[2] Oregon Department of Land Conservation and Development https://www.oregon.gov/lcd/NN/Documents/MiddleHousing_HB2001_FactSheet_Aug2019.pdf

DRAFT

elements to include as the DTD Housing Strategies project moves forward. Below is the list of housing strategies that are addressed in this Issue Paper (Table 1).

More detailed information about each strategy is found in the "Analysis" section and Appendix B. A recommendation for the project approach and work plan follows.

Table 1: DTD Housing Strategies for Initial Review	
Items listed with an R are required by state legislation, while items listed with an O are optional.	
R-1	Modify the zoning code to have clear and objective criteria for housing
R-2	Allow duplexes, triplexes, quadplexes, cluster cottages and townhouses in urban single-family zones
O-1	Identify appropriate areas and processes to allow shelter off the streets
O-2	Review potential to add housing to schools, places of worship and church-owned property
O-3	Consider permanent regulations to allow transitional shelter communities
O-4	(a) Consider providing a tiered density bonus for inclusion of affordable housing, and (b) Create a transferrable development rights bonus system
O-5	Consider increasing or removing maximum density requirements for multifamily developments in commercial zoning districts
O-6	Consider creating a hierarchy of minimum parking standards based on proximity to transit and/or dwelling unit affordability
O-7	Consider rezoning land to preserve manufactured dwelling parks
O-8	Explore opportunities for permitting additional housing types, such as micro-units, co-housing, live/work units, and mixed use development
O-9	Clarify Comprehensive Plan policies for rezoning in low density residential districts to protect neighborhood character (H-1C)
O-10	Restrict Temporary Dwellings for Care

BACKGROUND

Over the last several years, the cost of living has outpaced wage growth[3] across the nation (Figure 2). In addition, new construction of single-family and multifamily housing dropped in response to the housing boom of the early 2000's and the recession of 2008[4] (Figure 3). The national vacancy rate for both owner-occupied and rental units fell in 2018, to 4.4 percent, its lowest point since 1994[5].This lag

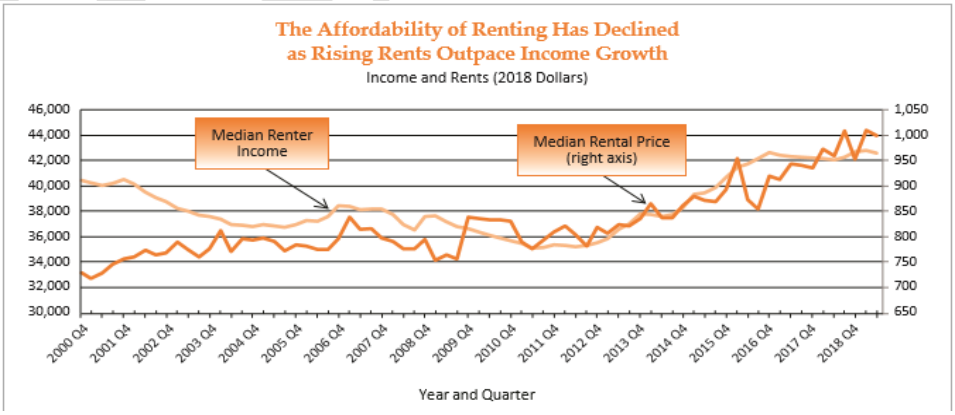

Figure 2: Rising Rents Outpace Income Growth. HUD PD&R National Housing Market Summary 2nd Quarter 2019.

[3] HUD's New Rental Affordability Index. https://www.huduser.gov/portal/pdredge/pdr-edge-trending-110716.html.
[4] Defining Housing Affordability. https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-081417.html
[5] Joint Center for Housing Studies of Harvard University. The State of the Nation's Housing 2019. https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_State_of_the_Nations_Housing_2019.pdf

in wage growth compared to median rental price, compounded by a reduced supply of new housing, has left a gap in the supply of affordable housing (Figure 4).

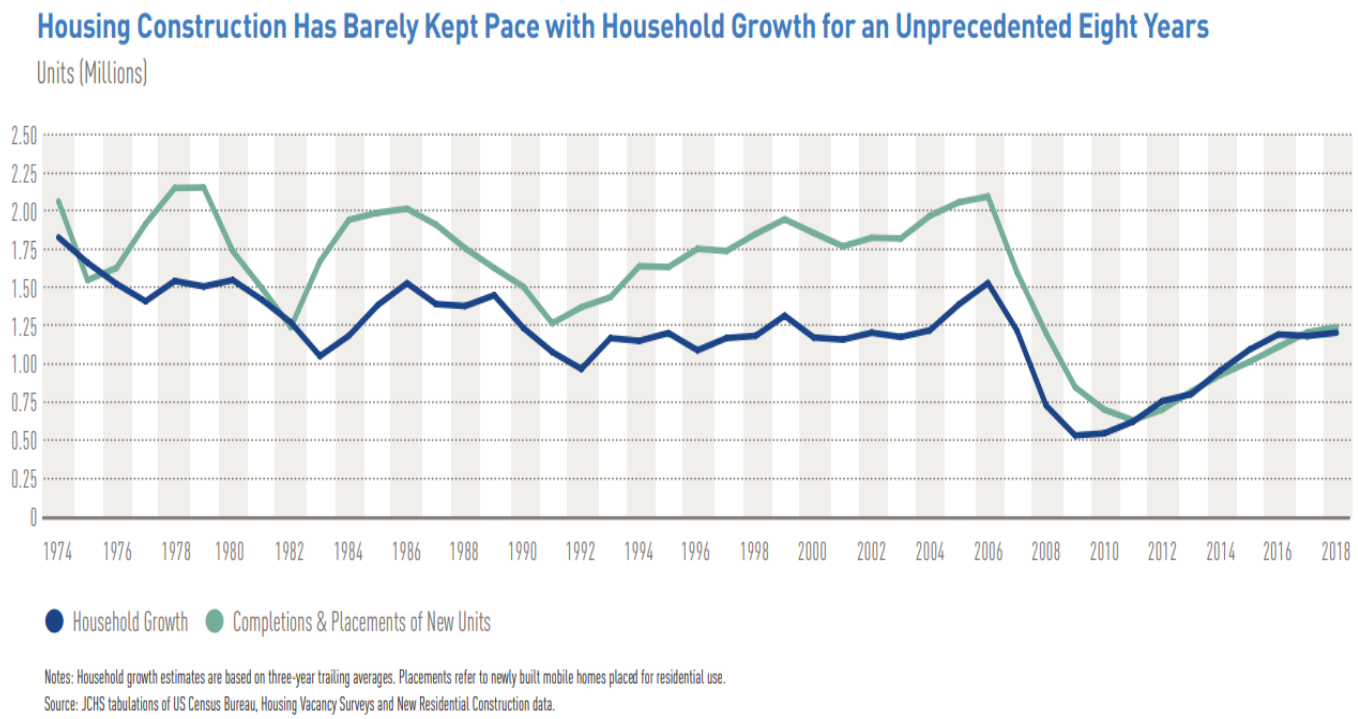

Figure 3: The State of the Nation's Housing 2019. Joint Center for Housing Studies at Harvard University.

The US Department of Housing and Urban Development (HUD) defines affordable housing as housing that costs less than 30% of a household's income with utilities included. Keeping housing costs below 30% of a household's income allows the household to pay for other nondiscretionary costs such as groceries, healthcare, transportation and childcare. Oregon Senate Bill 1051 defines "Affordable Housing" as "housing that is affordable to households with incomes equal to or less than 60% of the median family income for the county in which the development is built or for the state, whichever is greater."[6] The 2018 annual median household income (AMI) for Clackamas County is $76,597[7]. Therefore, housing costs would have to be less than $13,787 a year, or $1,148 a month, to make housing affordable for a household that makes $45,958 a year (60% AMI). Great disparities exist between household AMI for different races. For example, AMI for Black or African American households ($36,213) in Clackamas County is less than 50% of AMI for White households ($76,986)[8].

As rent and homeownership become less affordable, the risk of becoming houseless increases. To collect data on the number of houseless individuals, the region conducts a Point-In-Time count on one day in January every two years. In Clackamas County, the 2019 Point-In-Time count identified 1,166 houseless individuals, which was a 9% increase from 2017. People of color are disproportionately represented among the houseless, with the Black or African American population making up 4% of the count, despite only making up 1.2% of county population.

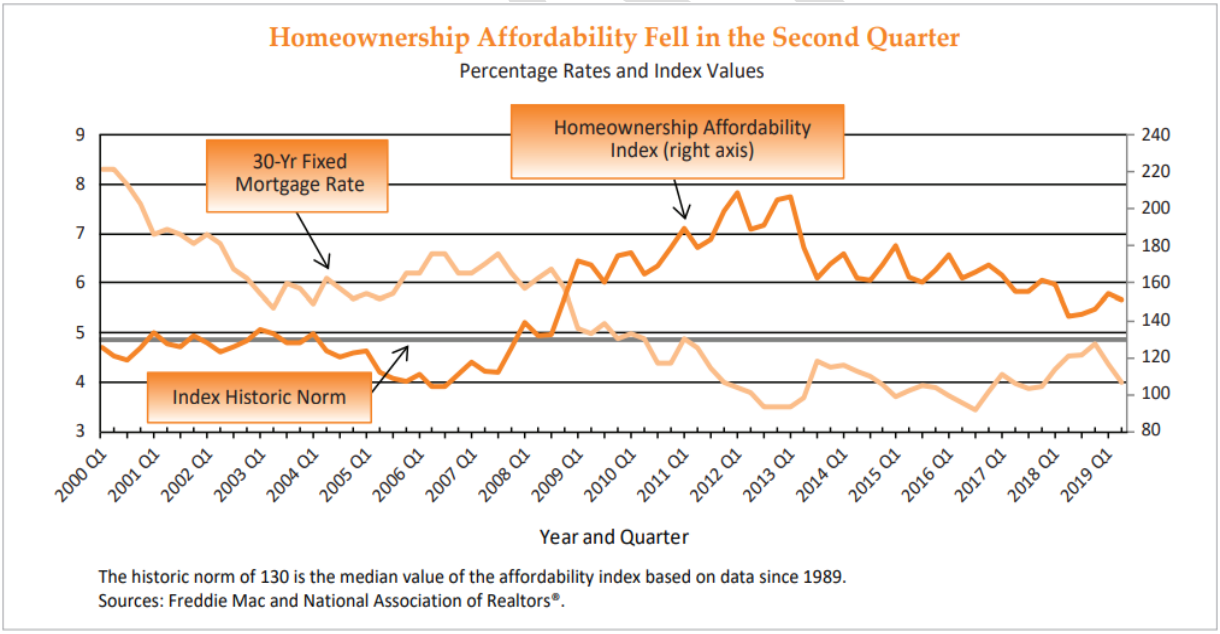

Figure 4: Homeownership Affordability. Source: HUD PD&R National Housing Market Summary 2nd Quarter 2019.

[6] Oregon Senate Bill 1051. https://olis.leg.state.or.us/liz/2017R1/Downloads/MeasureDocument/SB1051/Enrolled
[7] U.S. Census 2018: ACS 5-Year Estimate Subject Table: Median Income in the Past 12 Months (in 2018 Inflation-Adjusted Dollars)
[8] U.S. Census 2018: ACS 5-Year Estimate Subject Table: Median Income in the Past 12 Months (in 2018 Inflation-Adjusted Dollars)

Regional voters approved the $658 million Metro Affordable Housing Bond in 2018. The Housing Authority of Clackamas County will receive $116 million to purchase land on which to build affordable housing, construct new homes and purchase or renovate existing housing to ensure long-term affordability. Figure 5 outlines the specific goals for the expenditure of the Metro Affordable housing Bond within Clackamas County.

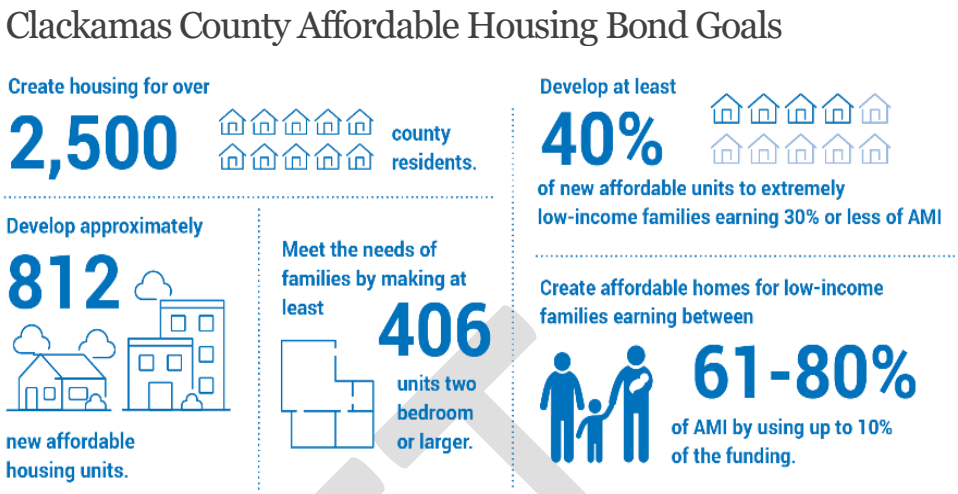

Figure 5: Clackamas County Goals for Implementing the 2018 Housing Bond.

In 2018, Clackamas County, in collaboration with its cities, produced a countywide Housing Needs Analysis (HNA). Since 2000, approximately 24,050 dwelling units have been built in the county. Considering the current housing stock and projected population growth, the HNA suggests that an additional 8,175 dwelling units will need to be built over the next 20 years in urban unincorporated Clackamas County, which has a land capacity to accommodate only about 3,178 dwelling units if developed with current zoning limits and historic densities[9](Figure 6). Therefore, employment of a variety of strategies is essential to increase the future supply of housing.

Plan Designation	Tax Lots Smaller than 0.38 acre			Tax Lots < 0.38 and > 1.0 acre			Tax Lots larger than 1.0 acre			Total, combined	
	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Capacity (Dwelling Units)
Low Density	107	5.1	545	171	4.6	788	337	4.2	1,414	615	2,747
Medium Density	3	12.1	34	2	10.9	24	3	9.9	30	8	88
Medium-High Density	1	19.3	18	2	17.3	40	10	15.7	150	13	208
High Density	1	30.5	28	1	27.4	24	3	24.8	83	5	135
Total	112	-	625	177	-	876	353	-	1,677	641	3,178

Figure 6: Source: HNA Buildable Lands Inventory; calculations by ECONorthwest. Note: DU is dwelling unit.

The demographics of Clackamas County are anticipated to change with the Millennials and Baby Boomers increasing the demand for smaller units that are often found in small-lot, single-family detached housing, and multifamily housing (HNA). To address a range of incomes, and changing demographics, a variety of housing types and densities will be required for the population as it grows and demands smaller, denser development (Figure 7).

[9] Clackamas County Housing Needs Analysis. 2019 https://www.clackamas.us/homelessness/taskforce.html

Plan Designation	Capacity (Dwelling Units)	Demand (Dwelling Units)	Comparison (Capacity minus Demand)	Land Deficit *Gross Acres*
Low Density	2,747	2,902	(155)	(35)
Medium Density	88	1,430	(1,342)	(124)
Medium-High Density	208	1,471	(1,263)	(78)
High Density	135	2,372	(2,237)	(86)
Total	3,178	8,175	(4,997)	(323)

Figure 7: Comparison of capacity of existing residential land with demand for new dwelling units, Urban Unincorporated Clackamas County, 2019 to 2039. Source: HNA 2019.

ECONorthwest, with support from the Housing Affordability and Homelessness Task Force, also prepared a report titled "Exploring the Factors that Drive Displacement Risk in Unincorporated Clackamas County: With a Special Look at Manufactured Housing Communities". The report identified 6,000 manufactured dwelling park spaces in the county that serve the very low to medium income populations. As the market demand for land increases, there will be greater pressure for these manufactured dwelling parks to be redeveloped, which would lead to the displacement of park homeowners and renters (ECO 2019[10]). The study recommends the county consider rezoning land to preserve manufactured dwelling parks and reduce the risk of displacement for these residents.

REGULATORY CONTEXT

Clackamas County works within a complex regulatory environment that includes legal mandates adopted at the federal, state and regional (Metro) levels. In relation to housing issues, construction of new housing, and potential changes to the Zoning and Development Ordinance (ZDO) to facilitate more affordable housing development, county decision-makers will need to evaluate how potential actions fit into the regulatory environment to ensure that any approved amendments comply with all applicable rules.

- *State and local jurisdictions* can employ strategies to address the need for additional housing as long as they meet the requirements of the Fair Housing Act, which prohibits land use and zoning laws, policies and practices from discriminating on the basis of race, color, religion, sex, disability, family status or national origin[11,12].
- *Oregon's Statewide Land Use Planning Goal 10*, adopted in 1974, requires local jurisdictions to inventory buildable lands and provide for "the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density"[13].
- *The Clackamas County Comprehensive Plan* provides the framework for land use regulations by identifying the overarching goals and policies that guide the development of, and amendments to, the Zoning and Development Ordinance (ZDO). The Comprehensive Plan is comprised of chapters that focus on specific topics, such as transportation and housing.

[10] ECONorthwest 2019. Exploring the Factors that Drive Displacement Risk in Unincorporated Clackamas County: With a Special Look at Manufactured Housing Communities.
[11] The Fair Housing Act is codified at 42 U.S.C §§ 3601-9
[12] 2016 Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice State And Local Land Use Laws And Practices And The Application Of The Fair Housing Act.
[13] Oregon's Statewide Planning Goal 10: Housing. https://www.oregon.gov/lcd/OP/Documents/goal10.pdf

DRAFT

The county will need to update Comprehensive Plan Chapter 6, Housing, which establishes the goals and policies that guide the associated zoning regulations intended to implement the county's vision for housing.

ANALYSIS

The Planning & Zoning Division's Long-Range Planning Work Program is implemented using existing departmental staff and budget. Therefore, there is a finite amount of time and resources available to allocate to the DTD Housing Strategies project. Staff analyzed each housing strategy identified for possible inclusion in the project to begin to prioritize and determine if the strategy should:

- move forward immediately,
- wait for a later phase of this project, or
- not move forward for consideration within this project at all.

As part of the overall analysis, staff considered the regulatory framework, the amount of staff time that would be required by the strategy, and the appropriate level of public outreach needed for the strategy. The analysis included a rapid equity assessment (Appendix B) of whether the strategy would:

- increase places for new housing units,
- improve access to housing (including whether the housing was available at affordable rates and close to transit or employment centers),
- increase long-term stability of current residents (housing units that remained in their original location and at their original affordability) and
- reduce displacement pressures (that cause residents to move out of their current neighborhood due to increase in cost, redevelopment or closure of site, with an area wide implication).

This high-level analysis will need to be further evaluated and fine-tuned as the strategies move through the review and code amendment process.

Finally, consideration was given to the fact that, in addition to the DTD Housing Strategies project, the Planning & Zoning Division is working on two grant-funded projects -- the Park Avenue Community Project and the 82nd Avenue Corridor Project -- that allow existing staff to work with consultants to delve into development or redevelopment issues in these targeted locations. These projects have the potential to serve as pilot programs to determine if certain housing strategies may be suitable to meet housing needs in other areas of the county.

Following are specific analysis and recommendations for each of the housing strategies listed in Table 1.

R-1. Modify the zoning code to have clear and objective criteria for housing

Analysis: Based on recent land use cases at the Land Use Board of Appeals (LUBA) and on Senate Bill 1051 (2017), the county and all jurisdictions in the state are required to have a "clear and objective" path for all types of housing development. Because of these decisions, an audit of the county's standards for development of individual housing units, and for residential land divisions, needs to occur to ensure this "clear and objective" path is available. It is important to note that a path involving "discretionary" criteria for housing may be included in the code, but only as an option for developers if they choose not to utilize the "clear and objective" path. Staff recognizes that this audit will lead to required changes in Comprehensive Plan policies and ZDO requirements, and will require a substantial amount of staff time. The

DRAFT

most efficient use of staff time to accomplish this required task would be to work in conjunction with implementation of the changes required to the Comprehensive Plan and ZDO by HB 2001 (discussed in R-2).

Staff recommendation: Include in Phase II of the DTD Housing Strategies project.

R-2. Allow duplexes, triplexes, quadplexes, cluster cottages and townhouses in urban single-family zones

Analysis: House Bill 2001 (2019), also called the "middle housing bill", requires the county to allow a duplex on every urban lot zoned to allow for a detached single-family dwelling and to allow triplexes, quadplexes, cottage clusters and townhouses in urban "areas" zoned to allow for single-family dwellings. It is clear from this legislation that amendments to the ZDO will be required to allow for duplexes as a primary use in urban single-family residential zones, rather than through the current conditional use process that is limited to lots of a certain size. What is unclear is the meaning of "areas" as applied to the other identified middle housing types and what changes will be required to provide for those "areas" in the ZDO. Currently the state Department of Land Conservation and Development is engaged in rulemaking to address the "areas" question and clarify other aspects of the legislation, and will develop a model code to address HB 2001. That work is expected to be completed by the end of 2020, which will give the county plenty of time to address the requirements of HB 2001 before the June 2022 deadline.

Staff recommendation: Include in Phase II of the DTD Housing Strategies Project, after rulemaking and model code work are completed at the state level.

O-1. Identify appropriate areas and processes to allow shelter off the streets

Analysis: "Shelter off the streets" refers to car, tent, RV or other temporary (short-term) camping situations, as well as more permanent structures in which beds or small living spaces (like the Clackamas County Veteran's Village "pods") are made available for those experiencing houselessness. This item (O-1) discusses temporary, or short-term, shelter of the streets situations; strategy O-3 considers the more permanent transitional shelter communities.

Providing safe, off-the-streets shelter for those with no home was identified as a Tier One recommendation by the Task Force. H3S and the Point in Time Count identified 2,369 people waiting for placement in a total of 569 program beds, more than half of which (323 units of permanent supportive housing) rarely open up according to H3S. Therefore, to provide some stability for the houseless, the Task Force recommended identifying areas for tent cities and camping communities with hygiene and trash services; identifying space for legal RV camping with waste disposal services, including potentially on publicly-owned land; investigating the use of vacant buildings and underutilized sites, and identifying willing private property owners.

The current ZDO can allow "shelter off the streets" as a government use subject to a conditional use procedure, with a public hearing and ample public notice. Privately owned campgrounds can also be permitted in the Rural Residential and a few other zoning districts through the conditional use procedure. Based on recent experience going through a temporary permit process for a small (three-car) camping site in

the county, it is apparent that discretionary land use approval processes are not well-suited to serve the immediate need that occurs when people or households find themselves unsheltered.

Based on the preliminary equity assessment, this strategy is anticipated to provide only a few new housing units, but it would likely improve stability and access to housing. The people served by "shelter off the streets" have already been displaced due to affordability, access or other reasons, so a reduction of displacement pressures is not anticipated through this strategy. The emergency declaration used by the Board of County Commissioners, and programs provided through H3S, may be best suited for the immediate nature of the need for "shelter off the streets" whereas more permanent shelters, such as those in the Veteran's Village, could be addressed through regulations related to transitional shelter communities (see Housing Strategy O-3).

Staff recommendation: Do not amend the ZDO to provide additional pathways for the more temporary types of shelter off the streets. Instead, rely on the emergency declaration where warranted and maintain existing land use options for government uses and campgrounds that could be pursued to site shelter off the streets.

O-2. Review potential to add housing to schools, places of worship and church-owned property

Analysis: The county's ZDO currently allows housing development on school-owned properties and places of worship as long as the overall density of the site is consistent with the underlying zoning district. The Task Force recommended expanding these options by providing a clear process through a conditional use permit procedure, but the recommendation didn't provide clear direction for how much and specifically what types of housing should be considered. This recommendation was considered a Tier Two priority by the Task Force. Another concern with the Task Force recommendation is that a conditional use process is not clear and objective and would, therefore, be impermissible under SB 1051 (2017).

Based on the preliminary equity assessment, adding housing to schools or places of worship is anticipated to provide a moderate number of new housing units, and would likely provide moderate access to housing. However, it is difficult to understand how this strategy would impact housing equity because this type of housing does not currently exist. Most school and church sites are fully developed with parking, athletic fields etc., and would have to displace these facilities to add housing. More time would allow staff to properly engage agency and community partners to ensure the project meets community needs.

Staff recommendation: Evaluate in Phase III of the DTD Housing Strategies project

O-3. Consider permanent regulations to allow transitional shelter communities

Analysis: Transitional shelter communities provide safe and sanitary shelter for residents to use while they become self-sufficient and prepare to move into stable, long-term housing. Currently the ZDO does not directly address this type of shelter/housing. However, similar to strategy O-1, transitional shelter communities could be developed as a government use through a conditional use process. Developing this

type of housing in an area that allows multifamily development, subject to the underlying zoning density and a design review process, is unlikely due to market pressures for existing multifamily residential districts.

In 2017, the Board of Commissioners approved a temporary amendment to the ZDO to specifically allow for transitional shelter communities in industrial zones on government-owned properties. These regulations, previously included in ZDO Section 842, expired August 28, 2019, and resulted in the development of only one such community – the Clackamas County Veterans Village. The Long-Range Planning Work Program includes considering ZDO amendments to include transitional shelter community regulations, similar to what previously existed. The Task Force also recommended, in relation to "shelter off the streets" (see O-1), that additional provisions be included in the ZDO to specifically allow for the development of transitional shelters.

Transitional shelter communities are not multifamily housing and should have different standards, as these types of communities could address an immediate need while providing a longer-term solution for many people as they attempt to transition out of houselessness.

Based on the preliminary equity assessment, this strategy is anticipated to provide only a few new housing units, but would likely provide substantial stability and access to housing. Access and stability for those in the community would be positively affected through programs offered by H3S or non-profit partners. The people served by the transitional shelter communities have already been displaced due to affordability, access or other reasons, so a reduction of displacement pressures is not anticipated through this strategy. However, there appears to be an immediate need for transitional housing, this was a Tier One recommendation by the Task Force and there has already been a lot of work done around this issue.

Staff recommendation: Include in Phase I of the DTD Housing Strategies project.

O-4. Consider providing a tiered density bonus for inclusion of affordable housing and create a transferrable development rights bonus system

a. Density bonus:

Analysis: The county's current ZDO provides a small density bonus for developing affordable housing units in most urban residential zones. This bonus is rarely, if ever, used. The Task Force recommended providing a realistic financial incentive, through a tiered density bonus system, for developing affordable housing units in all zones that allow residential units, and included this recommendation in Tier One.

Based on the preliminary equity assessment, this strategy would provide a moderate amount of places for development of new housing units. Since the goal is to increase the bonus to improve its efficacy, it would be used more often. The impact on displacement is unknown. The people served by a density bonus for new developments would be moving from other locations so there could be a limited reduction to displacement. However, this strategy would provide more affordable units in locations that are currently experiencing displacement because of rising housing costs, and could open up units for the lowest income households, which would reduce competition for available housing for low- to moderate-income households. Therefore, while the density bonus may not reduce displacement of current residents, it would likely reduce long-term displacement and improve overall stability for communities of concern. There is an immediate need for affordable

housing, equity related to housing is positively impacted by this strategy and the Task Force identified this as a Tier One recommendation.

Staff recommendation: Include in Phase I of the DTD Housing Strategies project.

b. Transferrable development rights:

Analysis: Transfer of development rights (TDR) is a voluntary, market-driven growth management tool that permits higher intensity development in designated receiving areas in exchange for land or resource preservation in designated sending areas[14]. Under TDR, a city or county establishes baseline development rights for both sending and receiving areas. To exceed these baseline development limits, owners in receiving areas must purchase unused development rights from owners in sending areas. The need for, and practicality of, creating a transferrable development rights bonus system will be informed by amendments made through other housing strategies, including potentially increasing density for multifamily developments in commercial zoning districts, potentially creating a scaled bonus density program for affordable housing and implementing HB 2001. Once those strategies are implemented, the need for a transferrable development rights bonus system can be adequately assessed to determine if there are appropriate zones to include in the program.

Staff recommendation: Evaluate in Phase III of the DTD Housing Strategies project.

O-5. Consider increasing or removing maximum density requirements for multifamily developments in commercial zoning districts

Analysis: In most commercial zoning districts that allow multifamily housing, the county's ZDO limits density to 25 units per acre. The Task Force recommended increasing or removing the maximum allowable housing density in commercial zones to be comparable to the allowed density of commercial development, implying that there would be a benefit to allow the size or intensity of the development to be the same regardless of whether it is multifamily housing, mixed-use, office buildings or other commercial use.

Based on recent developer inquiries and the fact that the HNA found an extremely limited supply of multifamily zoned land available in the urban unincorporated area, it is anticipated that increasing density could substantially increase the number of new multifamily housing developments in commercial zoning districts. Increasing the number of housing units close to commercial areas and employment centers would substantially improve access to housing by increasing availability and proximity to services. Increasing density would have a moderate affect on stability displacement; any effect would be largely dependent on whether new affordable or market-rate units were built.

The Planning & Zoning Division has two grant-funded projects underway – Park Avenue Community Project and 82nd Avenue Corridor Project -- that include consideration of providing additional housing opportunities in or near commercial areas. These projects provide a good opportunity to leverage the available grant

[14] American Planning Association 2018. PAS QuickNotes No. 74.

DRAFT

funding to consider this strategy within the project areas, and ultimately to consider if the findings and recommendations for those project areas are applicable countywide.

Staff recommendation: Include in Phase I of the DTD Housing Strategies Project, to be considered first only in specific areas of the county involved in the projects noted above before being possibly applied elsewhere.

O-6. Consider creating a hierarchy of minimum parking standards based on proximity to transit and/or dwelling unit affordability

Analysis: Constructing required parking can be a significant cost for multifamily housing developments, thereby driving up the cost of rent. The county's ZDO has one parking standard (number of spaces required per dwelling unit) for all multifamily developments, regardless of location or rent levels/affordability, and very limited potential to obtain a variance. As a Tier One priority, the Task Force recommended changing parking standards to allow fewer parking spaces per unit when the development is near a high-capacity transit station or when the development is serving households with extremely low income, as long as the available data on tenant car ownership support such a reduction.

Based on the preliminary equity assessment, modifying parking standards may provide a substantial number of new housing opportunities and improve access to housing by allowing smaller lots close to transit, or those developed with affordable units, to have higher density, and by allowing other sites to maximize density with surface parking rather than having to build expensive structured parking. This strategy may have a moderate impact on stability of current residents and a moderate impact on reducing displacement; any effect would be largely dependent on whether new affordable or market-rate units were built.

The two previously mentioned grant-funded planning projects provide a good opportunity to leverage the grant funding already available to consider this strategy within those project areas, and ultimately consider if the findings and recommendations for those project areas are applicable countywide.

Staff recommendation: Include in Phase I of the DTD Housing Strategies Project, with the understanding that it will first be considered only in the specific areas of the county impacted by the two grant-funded projects and then possibly applied elsewhere.

O-7. Consider rezoning land to preserve manufactured dwelling parks

Analysis: The ECONorthwest report (ECO 2019[15]) identified 6,000 spaces in manufactured dwelling parks in the county that serve very low to medium income households. In an effort to dis-incentivize the conversion of manufactured dwelling parks to other uses, in 2007 the state law changed to require a relocation plan and the payment of a rental agreement termination fee for each tenant. At the time, jurisdictions had a window of time in which to adopt the fees in state law or adopt higher fees for the payment to each tenant. Clackamas County adopted the higher fees, which are reflected in Section 825 of the ZDO. Staff is aware of only two park conversions since then that may have triggered the relocation plan and payments. The Long-Range Planning Work Program calls for the housing strategies to include the consideration of restricting manufactured dwelling parks from being redeveloped with a different use. Rezoning land with a

[15] ECONorthwest 2019. Exploring the Factors that Drive Displacement Risk in Unincorporated Clackamas County: With a Special Look at Manufactured Housing Communities.

DRAFT

manufactured dwelling park overlay, similar to what has been done for some parks in Portland, is one potential regulatory tool to consider. This strategy is anticipated to require a significant amount of staff time to conduct research, review Portland's experience with code development and implementation, and engage the public and manufactured dwelling park owners in order to develop appropriate regulations.

Based on the preliminary equity assessment, preserving existing manufactured dwelling parks would not increase the number of housing units or improve access to housing. However, there would be greater stability and a reduced potential for displacement for current residents in these parks. Although staff understands and agrees that manufactured dwelling parks are a valuable source of naturally-occurring affordable housing, time is needed to assess the impacts and successes of Portland's manufactured dwelling park codes, and to really understand how much redevelopment pressure there is in the county given the lack of redevelopment activity since the financial disincentive was adopted.

Staff recommendation: Consider in Phase III of the DTD Housing Strategies Project.

O-8. Explore opportunities for permitting additional housing types, such as micro-units, co-housing, live/work units, and mixed use development

Definitions:

- Micro-units could be micro-apartments that are self-contained with a kitchen, bathroom, sleeping and other necessities in a unit of 200 to 400 square feet (Buildium 2019[16]), or they could be single-room occupancy with a shared kitchen in a detached dwelling.
- Live/work units offer a single unit (e.g., studio, loft or one bedroom) consisting of both a commercial/office and a residential component occupied by the same resident (Sunnyvale Municipal Code[17]).
- Co-housing, which is less well-defined, could include anything from detached single-family homes to several small multifamily units clustered around shared space and common facilities such as a community kitchen and dining area.
- Mixed-use combines a mix of uses located within a single building, such as retail on the first floor and residential or office uses on the upper floors (ZDO Section 202).

Analysis: Increasing the opportunities for these types of units was included as a Tier Two recommendation by the Task Force.

In order to understand how these and possibly other less conventional housing types are addressed – or not addressed – in the ZDO, we would need to create a clear definition of each. Depending on the definition, many of these unit types would likely be allowed currently in commercial or multifamily zones, but consideration could be given for allowing smaller units at a higher density than larger, more traditional units.

Based on the preliminary equity assessment, we expect that this strategy would create a limited number of places for new housing units and could moderately improve access to housing by increasing the proximity of

[16] Buildium, https://www.buildium.com/blog/micro-apartments-1/ accessed 12/12/2019.
[17] Sunnyvale Municipal Code: https://qcode.us/codes/sunnyvale/view.php?topic=19-3-19_26-19_26_230, accessed 12/12/2019.

DRAFT

housing to commercial and employment centers (if additional housing types were allowed in commercial zones). Increasing housing opportunity at a potentially lower price point could help reduce general displacement from the neighborhood/area rather than displacement from an existing dwelling. Therefore, impact related to displacement is unknown. This strategy would likely require a substantial amount of staff time and outreach to understand what the desired outcome is and to create the initial scope of work. More time is needed to allow staff to properly engage agency and community partners to ensure the strategy will meet identified community needs.

Staff recommendation: Include in Phase III of the DTD Housing Strategies project.

O-9. Clarify Comprehensive Plan policies for rezoning in low density residential districts

Analysis: This strategy would include Comprehensive Plan text amendments to clarify zone change policies and potentially restrict zone changes in urban low density residential areas. It was included as H-1C in the Long-Range Planning Work Program in part due to a request from the community and in part due to a 2015 decision from the Land Use Board of Appeals (LUBA) that effectively changed the way the low density residential zone change policies are evaluated when considering an application for a zone change from one urban single-family residential zone to another (e.g., R-10 to R-8.5). Based on that LUBA decision, it became apparent to staff that the relevant Comprehensive Plan policies need to be evaluated and potentially changed to provide more clarity and ensure they are consistent with other low density residential goals and policies. In addition, there was a request from the community to consider policies that would increase the difficulty of or prohibit rezoning low density residential properties to allow for higher density. The community may perceive that this issue has new urgency following implementation of HB 2001 because a duplex will be allowed on any urban single-family zoned lot, regardless of lot size or zoned density.

This strategy will require a substantial amount of staff time and public outreach. The most efficient use of staff time to accomplish this task would be to do this work in conjunction with the required changes to the Comprehensive Plan and ZDO as discussed in R-1 and R-2, above.

Staff recommendation: Include in Phase II and complete in conjunction with R-1 and R-2.

O-10. Restrict Temporary Dwellings for Care

Analysis: During the 2019-21 Long Range Planning Work program development, the Eagle Creek Barton CPO requested that the following two amendments to the ZDO be considered:

- Section 1201; allowing additional housing for Temporary Care for only property owners or heritage landowners.
- Remove Temporary care dwellings before title change or sale.

Temporary dwellings for care are manufactured dwellings or recreational vehicles to be occupied by a person receiving care from or providing care to an occupant of the permanent dwelling on the same lot. Placing a temporary dwelling for care requires a Type II land use application permit, which is not transferable when the property is sold or conveyed to another party. The temporary dwelling for care must be removed from the property when the need for care ceases or the permit expires. Comprehensive Plan policy 6.A.7 states: “Encourage a wide range of housing alternatives for the elderly or handicapped”. A temporary dwelling for care is one tool used to implement this policy. Restricting who can apply for this permit or which zoning districts are eligible for this use may be inconsistent with this policy and the purpose

of the DTD Housing Strategies project to identify *more* opportunities for housing. This strategy would be expected to reduce the number of housing units, reduce access to and stability of housing, and increase the potential for the displacement of elderly and disabled residents.
Staff recommendation: Do not include in the DTD Housing Strategies project.

RECOMMENDATIONS

1. Order for Review and Action. Considering the above analysis and the overview of that analysis in Appendix B, staff recommends the following order for review and action related to the DTD Housing Strategies.

Recommended Order of Review for DTD Housing Strategies		
Phase I	O-3	Consider permanent regulations to allow transitional shelter communities
	O-4 (a)	Consider providing a tiered density bonus for inclusion of affordable housing
	O-5	Consider increasing or removing maximum density requirements for multifamily developments in commercial zoning districts
	O-6	Consider creating a hierarchy of minimum parking standards based on proximity to transit and/or dwelling unit affordability
Phase II	R-1	Modify the ZDO to have clear and objective criteria for housing
	O-9	Clarify Comprehensive Plan policies for rezoning in low density residential districts
	R-2	Allow duplexes, triplexes, quadplexes, cluster cottages and townhouses in urban single-family zones
Phase III	O-2	Review potential to add housing to schools, places of worship and church-owned property
	O-4 (b)	Create a transferrable development rights bonus system
	O-7	Consider rezoning land to preserve manufactured dwelling parks
	O-8	Explore opportunities for permitting additional housing types, such as micro-units, co-housing, live/work units, and mixed use development
Do not include	O-1	Identify appropriate areas and processes to allow shelter off the streets
	O-10	Restrict Temporary Dwellings for Care

2. Work Plan Approach

A. Lead with an equity lens, as recommended by the Housing Affordability and Homelessness Task Force, by providing for meaningful opportunities for engagement and involvement of historically marginalized communities. Various methods of engagement will be used during the project, and a full public engagement plan will be developed as the project gets underway. It will be important to receive input and guidance from the diverse communities in the county to understand the effects of land use regulations related to equity. In addition, equity metrics can be developed to measure project success.

As the final recommendations are developed, they should be reviewed through the lens of housing access, housing stability and potential displacement of historically marginalized communities.

B. Begin the DTD Housing Strategies project by updating the Comprehensive Plan housing goals to reflect the findings of the HNA and state requirements. During the course of the project, the housing chapter will be updated to reflect new data and address current and future housing needs through 2039. The HNA will be used as the foundation for updates to the sections on issues, conclusions and goals. In addition, it will be essential to develop recommended changes to the ZDO to ensure housing developments have a clear and objective regulatory pathway.

	Winter/Spring 2020	Summer/Fall 2020	Winter /Spring 2021	Summer/Fall 2021
Public Engagement				
Phase I – DTD Strategy review and recommendation				
Phase II – DTD Strategy review and recommendation				
Phase III – Reassess approach for Phase III DTD Strategies				

DRAFT

Housing Continuum and Various Potential Actions					
Clackamas County Data					
Income[1]	Extremely Low (30% Area Median Income)	Very Low (50 % Area Median Income)	Low (80% Area Median Income)	Middle (100% Area Median Income)	High (120%+ Area Median Income)
Current Percent of Households in Each Income Category[2]	15%	13%	19%	20%	33%
Household Income (Family of 4)[1]	$26,350.00	$43,950	$70,300.00	$87,900	$105,450
Single Individual Annual Income 2019[1]	$18,450.00	$30,800	$49,250		
Example Person[3]	Adult on Disability Insurance	Preschool Teacher ($30,970)	Postal Carrier ($50,940)	Criminal Investigator ($90,030)	Dentists ($170,450)
Fair Market Rate for Housing in 2019[4]	$1,441 for 2 bedrooms				
Affordable Housing Costs[5]	$600 per month	$1,018 per month	$1,625 per month	$2,025 per month	$2,450 per month
Home Sales Price that is affordable[5]	less than $123,000	$123,000-$144,000	$228,000-$260,000	$284,000-$324,000	$343,000-$392,000
Housing Needs					
Deficit of Units within Each Income Category for the Unincorporated Urban Area in 2018[6]	3,851	826	0	0	1,984
Metro Housing Bond Goal for Clackamas County (812 total units)[7]	333	398	81	0	0
Housing Programs Provided by H3S, Development Agency, or Private, Non-profit Partners					
Emergency Shelter					
Homeless Shelter					
Domestic Violence Housing / Shelter					
Transitional Housing (rest stops/ Shelter Pods/tiny homes)					
Rapid Re-housing					
Short-term Housing					
Housing with Support Services On-site					
Permanent Supportive Housing					
Public Housing					
Subsidies (rental assistance or vouchers)					
Housing Rehab/Urgent Repair programs					
1st Time Home Buyer					
Land Trust Housing					
Topics Considered for Inclusion in DTD Housing Strategies Project					
Required:					
R1: Modify policies and code to have clear and objective criteria[8]					
R2: Make duplexes, triplexes, cluster cotages and quadplexes outright use in single family zones[9]					
Optional:					
O1: Identify appropriate areas and processes to allow "shelter off the streets"[10]					
O2: Review potential to add housing to schools, places of worship and church owned property[10]					
O3: Consider permanent regulations for transitional shelter communities[11]					
O4: Provide a tiered density bonus for inclusion of affordable housing and create a transferrable development rights bonus system[10]					
O5: Increase maximum density for multi-family development in commercial zoning districts[10]					
O6: Create a hierarchy of parking standards based on proximity to transit and/or unit affordability[10]					
O7: Rezone land to preserve manufactured home parks[11]					
O8: Explore opportunities for permitting additional housing types, such as mirco-units, co-housing, live/work units, and mixed use development[10]					
O9: Clarify Comp Plan policies for rezoning in low density residential districts to protect neighborhood character[11]					
O10: Restrict Temporary Dwelling units for Care[11]					

Source of Data:

[1] Housing and Urban Development (https://www.huduser.gov/portal/datasets/il/il2019/2019summary.odn)
[2] Clackamas County Regional Housing Needs Analysis, 2019. Exhibit 64. p.72
[3] Bureau of Labor Statistics (https://www.bls.gov/regions/west/news-release/occupationalemploymentandwages_portlandor.htm)
[4] Housing and Urban Development (https://www.huduser.gov/portal/datasets/mtsp.html)
[5] Clackamas County Regional Housing Needs Analysis, 2019. Exhibit 62. p.70
[6] Clackamas County Regional Housing Needs Analysis, 2019. Exhibit 68. p.75
[7] HACC Local Implementation Strategy, 2019. p.4

Source of Topics:

[8] SB 1051
[9] HB 2001
[10] Affordable Housing and Homelessness Policy Task Force Recommendation
[11] Identified During the Development of the Long-Range Work Program

DTD Housing Strategies for Initial Review		ZDO Considerations and Potential Challenges	Level of Staff Effort*	Increases places for new housing units	Improves access to housing	Improves housing stability for communities of concern	Limits potential for displacement of communities of concern
R-1	Modify policies and code to have clear and objective criteria	Housing development is subject to the requirements of the Residential Zoning Districts, the General Provisions, the Development Standards and the Administrative procedures but are also subject to Commercial Zoning Requirements if within a mixed-use development, and Special Districts if near special areas identified as requiring protection. Therefore, the clear and objective pathway for housing development effects multiple sections of the Zoning & Development Ordinance (ZDO). ZDO Section 1307 identifies the procedures for land use applications and those applications with clear and objective standards are reviewed as a Type I land use decision. The Design Review process in ZDO Section 1102 covers all development in Commercial, Medium and High Density Residential and the special density residential (VA, SHD, RCHDR).	High	Moderately	Moderately	Limited	Limited
R-2	Allow duplexes, triplexes, quadplexes, cluster cottages and townhouses in urban single-family zones	The legislation that mandated this strategy waived the need for a Traffic Impact Analysis. However, the capacity of the transportation system; the parks system; and water and sewer services may be considered in determining where triplexes, townhouses, cluster cottages and quadplexes are most appropriate. Coordination with Metro on the update to the Functional Plan may also be part of this strategy.	Medium	Substantially	Moderately	Moderately	Substantially
O-1	Identify appropriate areas and processes to allow shelter off the streets	The time required for land use permitting processes reduces the ability for immediate responses. Therefore, this strategy may be more appropriate on a case-by-case basis with an emergency declaration.	High	Limited	Moderately	Moderately	Limited
O-2	Review potential to add housing to schools, places of worship and church-owned property	Current ZDO allows housing development as long as the overall density of the site is consistent with the underlying zoning district. A conditional use permit may be appropriate but conditions of approval could create high costs and be time-consuming, which could eliminate the availability of certain properties.	High	Limited	Moderately	Limited	Limited
O-3	Consider permanent regulations to allow transitional shelter communities	Section 842 of the ZDO (2019) previously covered Transitional Communities. Tigard has code that could serve as a template too.	Medium	Limited	Substantially	Substantially	Limited
O-4 (a)	Consider providing a tiered density bonus for inclusion of affordable housing	Section 1012.05 of the current ZDO allows a 5-8% increase in base density for one dwelling unit per affordable dwelling unit (Table 1012-1). Determining what bonus would create a financial incentive may be subjective.	High	Moderately	Moderately	Moderately	Moderately
O-4 (b)	Create a transferrable development rights bonus system	A transfer of development rights would have unknown impact to communities of concern and until changes to density have been changed to address HB 2001, it is unclear of where the development rights would come from.	High	Moderately	Moderately	Moderately	Moderately
O-5	Consider increasing or removing maximum density requirements for multifamily developments in commercial zoning districts	ZDO Sections 1012, 315, and 510 regulate density. NC and C-2 - No Multifamily; RCC and RCO - Multifamily density meets RCHDR density (30 units per net acre is the minimum, no maximum); RTL, CC, C-3, and OC - Multifamily density same as HDR (1,742 square feet); OA same density as MR-2 (2,420 square feet).	High	Substantially	Substantially	Moderately	Moderately

DTD Housing Strategies for Initial Review		ZDO Considerations and Potential Challenges	Level of Staff Effort*	Increases places for new housing units	Improves access to housing	Improves housing stability for communities of concern	Limits potential for displacement of communities of concern
O-6	Consider creating a hierarchy of minimum parking standards based on proximity to transit and/or dwelling unit affordability	ZDO Section 1015 regulates parking. Single family units require 1-2 spaces par unit, depending on zoning district. Multifamily units require 1.25 to 1.75 spaces per unit. There are no parking maximums. There is currently no variation available for affordability or proximity to transit.	High	Substantially	Moderately	Limited	Limited
O-7	Consider rezoning land to preserve manufactured dwelling parks	ZDO Section 825 regulates Manufactured Dwelling Parks and requires payment to tenants if the lease is broken due to closing the park (In line with ORS 90.650). Staff would like to consider options after reviewing data on the impact of the payment requirement and neighboring examples where manufactured home park overlay districts were created.	High	Limited	Limited	Substantially	Substantially
O-8	Explore opportunities for permitting additional housing types, such as micro-units, co-housing, live/work units, and mixed use development	These additional housing types are currently subject to several Sections of the ZDO and whether they are currently allowed may depend on their definition.	Low	Limited	Moderately	Limited	Limited
O-9	Clarify Comprehensive Plan policies for rezoning in low density residential districts	This strategy needs to be evaluated in light of SB 1051 and recent court cases. The specifics will be impacted by HB 2001 and the updates to the Comprehensive Plan housing goals and policies.	High	Limited	Limited	Limited	Limited
O-10	Restrict Temporary Dwellings for Care	Temporary Dwellings for Care are subject to ZDO Section 1204. Restricting this ability would likely adversely impact the elderly and disabled more than other populations due to the requirement that the permit applications include a statement from a healthcare provider that care is required due to age or medical conditions.	Low	Limited	Limited	Limited	Limited

Meaning:
Access: having housing units available, affordable, and accessible by car, transit, biking, or walking.
Displacement: individuals moved out of their neighborhood due to increase in cost, redevelopment, or closure of site.
Places: land zoned appropriately for development, or redevelopment.
Stability: housing units that are able to remain in their original location and at the same cost.

Classification:
High - a substantial number of hours;
Medium - a moderate number of hours;
Low - a few number of hours;
Substantially - A considerable quantity;
Moderately - An average amount;
Limited - lacking in amount, or extent

* Staff effort includes code writing and public engagement