



Board of County Commissioners
 Clackamas County

Members of the Board:

**Approval of Clackamas County Housing Needs Assessment Amendment #1
 With Economic Consultants Oregon, LTD., DBA EcoNorthwest to provide a
 Housing Needs Assessment of Clackamas County**

Purpose/ Outcomes	To perform Countywide Housing needs assessment
Dollar Amount and Fiscal Impact	Original Contract: \$41,475 Amendment #1: \$132,750 Total Contract Value: \$174,225 That State of Oregon will fund \$100,000 of this work
Funding Source	Non-Departmental General fund and state grant
Duration	August 23, 2018-June 30, 2019
Previous Board Action	The BCC has discussed this project and the DLCD funding several times over the past year.
Strategic Plan Alignment	This action is in furtherance of the following County Goal: By 2022, 2000 units of housing, affordable to a variety of residents, will be developed within Clackamas County, through a combination of public and private partnerships, and appropriate regulatory changes. Of that number, the Housing Authority goal will be to provide 1000 units affordable to households earning 60% of the area median income or less
Contact Person	Dan Chandler 503-742-5394

BACKGROUND:

This is the contract for the Countywide Housing Needs Assessment, as proposed by C4. The Department of Land Conservation and Development will be funding \$100,000 of this work.

Procurement Process:

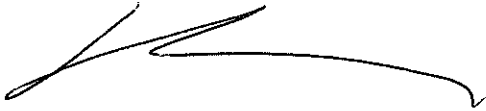
On November 20, 2017 a Request for Proposals was published for a Housing Needs Assessment for Clackamas County. On December 14, 2017 two proposals were submitted and Economic Consultants Oregon, LTD., DBA EcoNorthwest was selected to move forward in the Contract process. On August 21, 2018 the Contract was executed for Phase 4 services as proposed in the original Vendor submitted proposal. Total Contract value of Phase 4 was \$41,475.00.

County Counsel has reviewed this contract.

RECOMMENDATION:

Staff recommends the Board of County Commissioners approve the attached amendment and renewal.

Respectfully submitted,



Dan Chandler
Assistant County Administrator

Placed on the Agenda of _____ by the Procurement Division

AMENDMENT #1

**TO THE CONTRACT DOCUMENTS WITH ECONOMIC CONSULTANTS OREGON, LTD.,
DBA ECONORTHWEST
FOR CLACKAMAS COUNTY HOUSE NEEDS ASSESSMENT**

This Amendment #1 is entered into between Economic Consultants Oregon, LTD., DBA EcoNorthwest (“Contractor”) and Clackamas County (“County”) and shall become part of the Contract documents entered into between both parties on August 23, 2018 (“Contract”).

The Purpose of this Amendment #1 is to make the following changes to the Contract:

1. ARTICLE I, Section 2. **Scope of Work** is hereby deleted and **replaced** as follows: To provide Housing Policy Analysis.

ADD Additional Scope to Section III **Scope of Work**:

The following additional scope of Work is hereby added to the Contract for Housing Policy Analysis for additional Task #1-3 and 5 to be completed. The additional Work is outlined in **Exhibit C**, dated September 24, 2018, attached and hereby incorporated by reference.

2. ARTICLE I, Section 3. **Consideration** is hereby amended as follows:
Additional consideration is authorized to accomplish the additional Work in the amount of **\$132,750.00**.
The total Contract Consideration shall not to exceed \$174,225.00.

Original Contract	\$ 41,475.00
<u>Amendment #1</u>	<u>\$ 132,750.00</u>
Total Amended Contract	\$ 174,225.00

Except as expressly amended above, all other terms and conditions of the Contract shall remain in full force and effect. By signature below, the parties agree to this Amendment #1, effective upon the date of the last signature below.

[Signature Page Follows]

Economic Consultants Oregon, LTD., DBA
EcoNorthwest
222 SW Columbia Street, Suite 1600
Portland, OR 97207

Authorized Signature

Printed Name

Date

107542-16/Oregon
Oregon Business Registry Number

Clackamas County Board of County
Commissioners by:

Chair

Recording Secretary

Date

Approved as to Form:

County Counsel

Date

DATE: September 27, 2018
TO: Dan Chandler
FROM: Beth Goodman
SUBJECT: CLACKAMAS COUNTY HNA: SCOPE OF WORK

This memorandum presents ECONorthwest's proposed work program for a Clackamas County Housing Needs Analysis (HNA). The HNA will result in a hearings-ready housing needs analysis and buildable lands inventory for unincorporated Clackamas County. It will also include baseline-housing needs analysis for the cities of: Barlow, Canby, Estacada, Gladstone, Happy Valley, Johnson City, Molalla, Oregon City, Rivergrove, West Linn, and Wilsonville.

Task 1. Kickoff

The project kick-off will provide an opportunity to discuss the project, clarify the project objectives, and begin discussion of key policy issues with county and city staff. The subjects that will be discussed at the project kick-off are: clarification of study objectives, state and local policies related to developing the HNA, key policy issues, and necessary clarifications of the project scope and schedule.

This kickoff meeting will be the TAC Meeting #1.

Due by October 17, 2018.

Task 2. Housing Needs Analysis

The purpose of this task is to develop a HNA that is compliant with the requirements of Goal 10 and OAR 660-007 (for cities within the Metro UGB) and OAR 660-008 and ORS 197.296 (for cities outside of the Metro UGB). We propose to use the approach described in Task 2 of the Planning for Residential Growth workbook to develop the HNA for the cities and county. The specific steps in the HNA are:

1. Project number of new housing units needed in the next 20 years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Estimate the number of additional needed units by structure type.

6. Determine the needed density ranges for each plan designation and the average needed net density for all structure types.

We will work with city and County staff to develop the key assumptions necessary for the HNA. Where possible and appropriate, we recommend consideration of “safe harbor” assumptions described in OAR 660-024. The HNA and data collection will take into account of housing needs in the Portland Region, including the need for affordable housing.

Our approach to developing the HNA will be to start by gathering the typical data used in an HNA, such as: demographic, socioeconomic, and housing data. The sources of these data typically include: the U.S. Census and American Community Survey, Claritas, Property Radar, existing plans and studies, and data about recent development (e.g., building permit data). The study will include a review of recent development activity that focuses on housing types and densities, as well as any housing projects in the development pipeline. Appendix A describes the types of data that will be included in the HNA.

When developing the HNA, we will “ground-truth” the analysis with City and County staff, focusing on issues such as recent trends in demographics, housing development, housing affordability, and housing density and mix. The focus of this task is identifying housing needs for areas within the Metro UGB (cities and unincorporated Clackamas County) and cities outside of the Metro UGB. This task will also include information about socioeconomic factors affecting housing affordability and the housing market of unincorporated areas of Clackamas County outside of the Metro UGB and outside of other cities’ UGBs.

The product of Task 2 will be a housing needs analysis that documents housing needs in unincorporated Clackamas County in the main HNA (with a focus on housing needs of unincorporated Clackamas County within the Metro UGB), data appendices that present key data about the housing needs for the participating cities and the entire County, and a baseline estimate of housing need¹ for each city in city-specific appendices.

TAC Meeting #2 will present the preliminary results of the HNA, focusing on the baseline analysis of housing needs, getting additional feedback on the implications for housing needs across the county.

Draft of need baseline housing need by December 21, 2018.

¹ A baseline assessment of housing need for the participating cities will show: (1) the number of new needed dwelling units, (2) the mix of new needed dwelling units by type of unit (i.e., single-family detached, single-family attached, and multifamily housing) based on the historical mix of housing, (3) needed housing by income level, and (4) the potential implication of changes in demographic, socioeconomic, and housing costs that may affect future housing needs. This baseline assessment will not provide a forecast of needed housing for the cities. The cities will need to work with local stakeholders and decisionmakers to understand the implications of the baseline housing assessment for future needed housing mix and density in their community to complete a city-specific housing needs analysis.

Task 3. Buildable Lands Inventory

An essential element of a HNA is the buildable lands inventory. The complexity in this project is developing buildable inventories for each of the 11 cities and for unincorporated Clackamas County.

This task will result in a comprehensive inventory of residential buildable lands. We will coordinate with City and County staff to obtain the required GIS data coverages.

As much as possible, we propose to use the same assumptions and methodology for the BLI analyses across cities and the unincorporated areas of the County. The methodology for the Cities and unincorporated areas of the County within the Metro UGB will differ from areas outside of the Metro UGB.

- **Areas within the Metro UGB.** We propose to use the Metro BLI (January 2018) as the starting point for the BLI for cities and unincorporated areas of the County within the Metro UGB. We will work with the cities and County to verify the results of the BLI, as described in Step 4 below.
- **Areas outside of the Metro UGB.** We propose to use our standard approach to developing a BLI for cities and unincorporated areas of the County outside the Metro UGB. This approach is based on the DLCD workbook, *Planning for Residential Growth – A Workbook for Oregon’s Urban Areas*, which specifically addresses residential lands. We will also consider the definitions and requirements in OAR 660-008, and OAR 660-024 that pertain to buildable lands inventory. We will work with the cities and County to determine which Goal 14 “safe harbors” are applicable for use in the BLI.

The following steps provide detail on how ECONorthwest proposes to conduct the buildable lands inventory, both for areas within and outside of the Metro UGB.

- **Step 1: Gather and Assemble Data.** ECONorthwest will develop a data request to the County and cities to obtain the appropriate datasets. The County can play a role in helping assemble the data for the cities.
- **Step 2: Classify Land.** The first analytical step in a buildable lands analysis is the classification of each tax lot into a set of mutually exclusive categories. We will develop a set of working definitions that specify the rules with input from County staff. We propose a classification similar to the categories that follow: vacant, undevelopable, partially vacant, developed, potentially redevelopable, and public. We propose to use these same definitions across all of the cities and unincorporated areas of the County.
- **Step 3: Identify Constraints.** A key issue in identifying buildable lands is netting out lands that have physical or policy constraints. Constraints that are typically considered in buildable lands inventories include: wetlands; riparian areas; steep slopes; geological hazards; and floodplains and floodways. Not all of these lands are undevelopable. For example, many cities allow development in floodplains consistent with the National Flood Insurance Program (NFIP) requirements. Thus, the inventory should differentiate between absolute constraints (constraints backed by policy that preclude development)

and partial constraints (constraints that do not preclude development but will likely require development at lower densities). We will propose one set of constraints to use across all cities and the unincorporated areas of the County and will (where necessary) customize the analysis of constraints to fit the city and county policies.

- **Step 4: Verification.** After classifying tax lots, ECONorthwest will work with city and County staff to verify the classifications and development constraints. The verification step will utilize aerial photos and field work, if necessary. This step will result in modifications to the tabular database and maps. We will provide the revised database and maps to city and County staff for final review and comment after this step. ECONorthwest will provide draft BLI maps for one round of review by staff at each city and the County and will address the changes requested by each jurisdiction.
- **Step 5: Summarize Results.** The buildable land summary will take the form of maps and tables. At a minimum, the maps/tables must show vacant residential lands; we typically include a suite of maps/tables that include all lands by classification, constraint overlays, lands with development capacity by plan or zoning designation, and vacant lands with constraints. While these are demonstrative of a typical analysis, once the base inventory data are developed, many additional variations are possible.

The product of Task 3 will be a buildable lands inventory that documents residential buildable land by plan designation. The BLI will be presented separately for each city in city-specific appendices and the unincorporated areas of Clackamas County the HNA report.

TAC Meeting #3 will present the results of the BLI and discuss methodology and results with TAC members, getting additional feedback on the BLI results.

Draft BLI by March 8, 2019

Task 5. Final Products

The products of this project will be:

- A Goal 10 compliant and hearings-ready housing needs analysis for portions of unincorporated Clackamas County within the Metro UGB.
- A memorandum for each of the 11 participating cities with a baseline housing needs analysis, which will provide the basis for local discussion of housing needs within the participating cities. The memoranda will summarize the supply of land and demand for land under current assumptions, with identification of key issues and recommendations for next steps. The memoranda will be appendices of the final report.
- Analysis and information to better understand socioeconomic factors affecting housing affordability and the housing market of unincorporated areas of Clackamas County outside of the Metro UGB and outside of other cities' UGBs. This information will be integrated into the final report.
- Four TAC meetings with staff from the cities and counties.

As much as possible, the final products will be designed to provide information that the cities could use to develop a local HNA. The primary product will be a hearings-ready HNA for unincorporated Clackamas County within the Metro UGB, which will present housing needs data and a BLI for each city as separate appendices to the document. The final products will include maps, tables, and GIS data for the buildable lands inventory for each jurisdiction.

TAC Meeting #4 will present the results of the comparison of land supply and demand to describe whether there is sufficient land to meet the housing needs for expected growth.

Draft Clackamas County Housing Needs Analysis for Unincorporated Clackamas County within the Metro UGB, with Analysis of Housing Needs within selected cities and Housing Affordability and Housing Market within unincorporated Clackamas County: May 1, 2019

Final hearings-ready Clackamas County Housing Needs Analysis for Unincorporated Clackamas County within the Metro UGB, with Analysis of Housing Needs within selected cities and Housing Affordability and Housing Market within unincorporated Clackamas County: June 15, 2019

Final appendix memoranda for each city: June 26, 2019

Fees

ECONorthwest proposes to complete the project for a not-to-exceed amount of \$174,000. Table 1 shows the hourly rates for the staff who will work on the project, expenses (travel expenses only), and budget by task.

DLCD has awarded Clackamas County a grant to support development of the baseline housing needs analysis for the 11 participating cities. Clackamas County is funding the remaining portions of the project. While Task 4 in Table 1 (Housing Policy) is an essential part of conversations about housing need in Clackamas County, that task is being completed as a separate project funded by Clackamas County.

Table 1. Budget and Fees

Labor	\$/Hour	HOURS by TASK					TOTAL		
		Kickoff Task 1	BLI Task 2	HNA Task 3	Housing Policy Task 4	Final Products Task 5	Hours	\$	%ofBdgt
ECONorthwest									
Project Director (Parker)	195.00	6	60	26	30	30	152	29,640	17%
Senior Planner (Goodman)	145.00	14	30	85	120	100	349	50,605	29%
Senior Advisor (Juntunen)	185.00				35	8	43	7,955	5%
Senior GIS Analyst (Rundell)	140.00		180				180	25,200	14%
Associate	115.00			150	60	40	250	28,750	17%
Research Analysts	85.00		110	175	50	30	365	31,025	18%
Sub-Total		20	380	436	295	208	1,339	173,175	99%
Total Labor		3,200	50,600	49,520	40,875	28,980		173,175	99%
Direct Expense		150		150	600	150		1,050	1%
Total by Task		3,350	50,600	49,670	41,475	29,130		\$ 174,225	100%
%of Total Budget		2%	29%	29%	24%	17%		100%	

Appendix A: Data Requested in the RFP

The RFP provides an ambitious list of data required for the project that goes significantly beyond the data needed to complete an HNA. Table 2 (below) lists the data requested in the RFP and describes potential sources and notes about each type of data.

Some of the data requested is found in a typical HNA. The data not typically included in a HNA is often not included because the data is not collected by other organizations (e.g., the Census or other standard data sources). Obtaining this data can be complicated and costly.

Some summary notes of significant potential issues in Table 2:

- In several instances, the data requested would only be available from a household survey, such as housing conditions. If the data was to be statistically valid for each of the cities and the county, a household survey to obtain that data would likely have a sample size of 20,000 households or more. Such a survey could cost \$100,000 or more. If primary data is essential, we could conduct a more limited survey that would be statistically valid for the entire study area, but potentially not every participating jurisdiction. One approach would be to group cities with similar characteristics together—a process that would be complicated and controversial. Our proposal does not include such a survey because the cost seems prohibitively high. If the County is interested in conducting such a survey, we would be happy to discuss the options for implementing a housing survey, which ECONorthwest has substantial experience with.
- In several instances, obtaining and developing the data requested in Table 2 from the RFP will require assistance from City and County staff. For instance, developing the buildable lands inventory will require information and assistance from each jurisdiction participating in the project. This will require both commitment to provide the information and assistance from staff and it will require a significant amount of time from ECONorthwest, to work with each jurisdiction to develop the buildable lands inventory. Our proposal does include development of buildable lands inventories for each jurisdiction because they are fundamental to identifying residential land deficits for a HNA.

Table 2. Data Requested in the RFP

	Requested Data	Potential Sources and Notes
Existing Housing Stock	By tenure – rent, own	The typical source of housing tenure is the U.S. Census.
	By type – single, multi family, manufactured, rental, senior	The typical source of housing tenure is the U.S. Census. This information can be supplemented by other data, where available.
	Subsidized, income-restricted units	The Clackamas County Housing Authority should have information about this type of housing.
	Age-restricted units for subsidized affordable housing	The Clackamas County Housing Authority should have information about this housing type.
	Handicap-accessible units for subsidized affordable housing	The Clackamas County Housing Authority should have information about this housing type.
	Special needs units (e.g., D.O.C. transitional housing)	The Clackamas County Housing Authority may have information about this housing type.
	Units in mobile and manufactured home parks	The Oregon Housing and Community Services department has a database of mobile home parks.
	Unrestricted market-rate units	The typical source of housing tenure is the U.S. Census.
	Single-family and multi-family	The typical source of housing tenure is the U.S. Census.
	Sales price and rents	The Clackamas County Assessor’s database can provide information about property values. However, assessor’s databases typically report information about housing value using the requirements of Oregon’s property tax, which may underestimate real market values. We suggest using data about housing sales prices, from sources like Property Radar. Rent information in the American Community Survey’s 5-year estimates is generally low because rental costs have risen sharply in the past 2 to 3 years. Information about rents may be available from a source like CoStar but data is likely to be limited to larger cities. Collecting rent data may require conducting a rent survey, to estimate average rents across cities in the County.

	Requested Data	Potential Sources and Notes
	By age	The U.S. Census provides information about housing age. †
	Vacancy rates	Vacancy information in the American Community Survey's 5-year estimates is generally high because vacancy rates have decreased sharply in the past 2 to 3 years. Collecting rent data may require conducting a rent survey, to estimate average rents across cities in the County.
Housing and land issues	Buildable Land Inventory	Developing a buildable lands inventory for each of the 11 cities and the unincorporated county will require obtaining information from each jurisdiction such as zoning. It will require assistance in developing key assumptions and reviewing the results of the inventory by staff at each jurisdiction.
	Housing market turnover/sales data	This data is available from a third-party company like Property Radar.
	Building permit history	This data would need to be provided by each of the 11 cities and county.
	Rental Housing Demand	This would be determined in the HNA.
	Development of new housing stock	This would come from the building permit history and may be supplemented by city and county staff by identifying other housing projects not yet permitted.
Demographics	Population and demographic trends	Population forecasts are available from the Portland State University for the cities outside of the Metro UGB and from Metro's 2016 forecasts for cities within the Metro UGB. Portland State University's forecasts are available in five-year increments but Metro's are not. Forecasts for age are available at the County-level but are not available at the city-level.
	Households by income, age, size	This information is available from the U.S. Census. But forecasts are not generally available for these demographic characteristics. We recommend against forecasting these characteristics, given the high likelihood of the forecasts being dramatically incorrect. We typically use existing characteristics as the basis for understanding future housing needs, acknowledging that there will be some changes in these characteristics.
	Wages and household income	This information is available from the U.S. Census and Oregon Employment Department. But forecasts are not generally available for these demographic characteristics. We recommend against forecasting these characteristics, given the high likelihood of the forecasts being dramatically incorrect. We typically use existing characteristics as the basis for understanding future housing needs, acknowledging that there will be some changes in these characteristics.
	Migration patterns	Migration information is available from Portland State University.

	Requested Data	Potential Sources and Notes
Economics	Economic base – by industry and key employer	This information is available from the Oregon Employment Department from the Quarterly Census of Employment and Wages (QCEW) data. It is geocoded data, available for the cities and unincorporated areas of the county.
	Anticipated employment trends	The Oregon Employment Department forecasts county-wide growth Metro forecasts employment growth for cities within the Metro UGB.
	Commuting patterns – employment and services (ex. education, retail, health care, manufacturing, etc.)	This data is available from the U.S. Census’s OnTheMap tool. It may also be available from transportation studies conducted for the county and cities.
	Workforce Housing Needs and Availability	This information typically comes from the HNA in the forecast of future housing need based on income.