

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: June 15, 2021 **Approx. Start Time:** 2:30 pm **Approx. Length:** 30 mins.

Presentation Title: Land Use Housing Strategies Project – Phase 1 (File ZDO-277)

Department: Transportation & Development (DTD), Planning & Zoning Division

Presenters: Jennifer Hughes, Planning Director; Martha Fritzie, Principal Planner; Dan Johnson, Director of DTD

Other Invitees: Karen Buehrig, Long Range Planning Manager; Cheryl Bell, Assistant Director of Development, DTD; Joy Fields, Senior Planner; Ellen Rogalin, Community Relations Specialist, PGA

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Staff is requesting direction on whether to move forward Zoning & Development Ordinance (ZDO) amendments related to Phase 1 of the Land Use Housing Strategies project (LUHSP) to the Planning Commission and the Board public hearings process. (Other LUHSP strategies under consideration, including implementing the “middle housing” bill -- House Bill 2001 -- and transitional housing, are not included in this first round of proposed amendments and will be discussed at future meetings with the Board.)

EXECUTIVE SUMMARY

The Land Use Housing Strategies project (LUHSP) includes three phases of work to consider amendments to the county’s ZDO to provide zoning opportunities to help alleviate the shortage of housing in unincorporated Clackamas County. Collectively, the amendments would provide more residential development opportunities for property owners throughout most of the urban unincorporated area (see map in *Attachment B1*).

The project was developed in response to county and state level actions between 2017 and 2019:

- The Clackamas County **Housing Needs Analysis (HNA)**, completed in 2019 at the direction of the Clackamas County Coordinating Committee (C4), the Board and County Administration, found that:
 - housing has become less affordable in the county; and
 - over the next 20 years there is expected to be a deficit of available residential land for as many as 5,000 dwelling units in the urban unincorporated area;
- The **Housing Affordability and Homelessness Task Force**, appointed by the Board in 2018, recommended actions the county can take to address housing affordability issues, including strategies related to funding, housing services and housing supply;
- The Board’s **Performance Clackamas** strategic plan identified a five-year goal for the Department of Transportation & Development (DTD) to provide zoning/places for 700 new dwelling units affordable to households from 60% to 110% of the area’s median income (AMI);
- **House Bill 2001** [2019] and **Senate Bill 1051** [2017] require the county to amend its zoning regulations to, among other things, allow for additional housing types in single-family residential zones, and
- The County’s **2019-2021 Long-Range Planning Work Program** contained several housing-related elements at the request of various community members and groups.

More detail about the LUSHP can be found on the project webpage at www.clackamas.us/planning/land-use-housing-strategies.

Phase 1 Strategies

Phase 1 of the LUHSP, which has been underway for approximately one year, includes three strategies to consider:

1. Increasing the density bonus for affordable housing;
2. Right-sizing parking requirements for multifamily developments; and
3. Increasing maximum allowed housing density in certain commercial zones.

On April 28, 2021, staff held a two-hour Planning Session with the Board to discuss the LUHSP. At that meeting, the Board requested that staff hold one-on-one meetings with each Commissioner to provide more detailed information and answer questions about the three Phase 1 strategies. Those meeting occurred in May. Today the entire Board has the opportunity to discuss whether and/or how staff should move forward with code amendments to implement these three strategies.

If directed to move forward, Planning staff will hold a work session with the Planning Commission in July, and schedule public hearings before the Planning Commission and Board in August and September.

Following is a description of each of strategy, with considerations for discussion and staff recommendations.

1. *Affordable Housing Density Bonus*

An affordable housing density bonus is a voluntary program that gives a developer additional building entitlements (e.g., more height or units) in exchange for providing housing that is affordable to low-income households. *See Attachment C1 for additional information.*

Currently the county's ZDO provides a very limited density bonus if a development includes affordable housing— one unit (either market rate or affordable) beyond the base density for each affordable unit developed, up to 8% of base density. (For example, if the allowable density is 100 units and a developer proposes to make at least 8 of those affordable, they may add 8 units, for a total of 108.) This bonus is rarely used and, even when used, does not result in a significant number of additional affordable units.

Considerations:

Based on our research and public outreach, there is support for a more generous affordable housing bonus. To help understand what a different bonus should be or how it should be structured, staff talked with several affordable housing developers and Housing Oregon's Portland Metro Policy Council and received the following advice:

- Keep any housing bonus program simple. Developing and financing affordable housing is already complicated.
- Since all affordable housing is difficult to develop and finance, it is more beneficial to offer a generous bonus for all levels of affordable housing than to offer a higher bonus for units at lower affordability levels.

Staff recommendations:

- a. Increase the affordable housing density bonus – number of additional units above the maximum density – that could be approved in a multifamily development from 8% to 50% in any zoning district; and

- b. Specify in the ZDO that this bonus is applicable for both for-sale and rental units that will be held affordable to households at or below 80% of the area median family income (MFI) for at least 30 years.

2. Right-Sizing Parking for Multifamily Developments

Currently the ZDO provides one parking ratio (spaces/residential unit) for all multifamily developments -- a minimum of 1.25-1.75 parking spaces per residential unit, depending on number of bedrooms. Reductions have been granted to specific developments in the past that have resulted in approximately 0.8 to 1.0 spaces per unit being constructed, most recently by the Board under the housing emergency declaration, but the ZDO does not include a specified process or criteria for a reduction.

Attachment C2 provides some detail about multifamily developments in Clackamas County that have been approved with lower parking requirements. These developments all serve lower-income households and/or are located in close proximity to a light rail station. It is significant to note that even though fewer parking spaces were provided for these developments, the county has received no complaints from neighbors about overflow parking and, in fact, it appears that the parking lots are more than sufficient for the number of vehicles needing to park on site.

Considerations:

The information provided in *Attachment C2* shows that both household income level and proximity to a light rail station reduce the need for parking spaces.

Our public outreach showed modest support for and understanding that some reductions in required parking may be warranted, but there are concerns about reducing parking too much, including:

- The impacts of overflow parking on neighborhood roads;
- The fact that many areas that allow multifamily housing, especially commercial corridors, do not have a connected network of streets that would allow on-street parking; and
- While data shows lower car ownership among lower income households, it is important to provide some parking for developments serving low-income households because many of them have multiple working adults or one who works a shift at a time when there is no available transit service.

Staff recommendations:

The proposal for changing minimum required parking ratios is an attempt to “right-size” the parking for individual multifamily developments; to ensure enough parking is provided, but to not require so many parking spaces that many remain empty because they are not needed. As such, staff recommends the following:

- a. Reduce the required parking for all multifamily developments by 14 - 20% (depending on the number of bedrooms), but *maintain a requirement of at least 1 space per unit*.
- b. Add a parking requirement for studio units (units with no bedrooms).
- c. Provide for a 20 - 40% greater reduction in required parking for units guaranteed to be affordable to low-income households and those within close proximity of a light rail station, as noted in the table below:

Unit type	Minimum Required Parking Spaces per Multifamily Dwelling Unit			
	Current	Proposed		
	All units	All units	Affordable Units ≤ 60% MFI (20% reduction)	Affordable Units ≤ 30% MFI or any unit (market-rate or affordable) within 1/4-mile of light rail station (40% reduction)
Studio*/ 1 bedroom	1.25	1.0	0.8	0.6
2 bedrooms	1.5	1.25	1.0	0.75
3+ bedrooms	1.75	1.5	1.2	0.9

*The ZDO does not currently specify a parking ratio for studio (0 bedroom) units, so the ratio for the next closest unit type (1 bedroom) must be used.

- d. In addition to the above, allow for case-by-case parking reduction of up to 40% based on study or other evidence provided by an applicant that shows fewer spaces are needed.

3. Increasing Maximum Density for Multifamily Developments in Commercial Zones

Most of the county’s urban commercial zoning districts allow multifamily housing to be developed as stand-alone or as part of a mixed-use development. While there is not currently a lot of housing in our commercial zones, presumably for market-related reasons, we expect to begin to see more housing in these areas in the near future for a number of reasons:

- The Housing Needs Analysis (HNA) found there is not enough high-density residential land to accommodate demand for multifamily units over the next 20 years, which will put pressure on developing in other areas, e.g., commercial areas, where multifamily development is allowed;
- There are many under-utilized parcels in the county’s commercial districts, particularly along the McLoughlin Boulevard and SE 82nd Avenue corridors;
- We have received several recent inquiries from developers, including the county’s Housing Authority, about building housing on commercial properties; and
- There are acknowledged financial and health benefits to households that are able to live near goods and services, jobs, and reliable transit.

Despite having no height limits, maximum floor area ratios for *commercial development* in most commercial zones, the county does have maximum densities (dwelling units per acre) for *residential development* in many commercial zones. In commercial districts most commonly found along our major transportation corridors, multifamily dwellings are limited to 25 units/acre, a maximum that several developers have indicated makes it financially infeasible to build multifamily housing.

Considerations:

This strategy included two considerations: *removing* the maximum density or *increasing* the maximum density in commercial zones. Based on research and public feedback, there is little support for completely *removing* the maximum density, but there is some support for *increasing* allowed density.

During public outreach, concerns were expressed about the impacts of *removing* the density maximum and gentrification or displacement. Specifically, there were concerns that if density limits were completely removed and an unlimited number of dwelling units could be built on a property, the value of that property would likely increase dramatically, making it even more expensive to build on and resulting in a need to charge higher prices for units.

During the April 28, 2021 Planning Session, individual Commissioners also expressed concerns about potential negative impacts on jobs-producing lands. It is important to note that increasing the amount of housing allowed in the commercial zones would not change the fact that both commercial and residential uses can continue to be developed on a site. Mixed-use development is currently allowed in these zones and will continue to be allowed, and development will continue to be market-driven.

In addition, increasing maximum density would *not* change:

- *What* commercial uses are allowed in any commercial areas; or
- The fact that *housing is not allowed in any of the county's industrial zoning districts*, which are generally the lands set aside to be the primary employment or jobs-producing lands for the county (see map in *Attachment B3*).

Staff recommendation:

With these considerations in mind, staff recommends increasing the maximum allowed housing density to 60 dwelling units/acre in the four urban commercial zones that currently have a 25 dwelling unit/acre maximum (the C-3, RTL, OC, and CC zones).

This proposed density is the *same* as in the Special High Density (SHD) Residential District that exists in the urban area; but *lower* than what is allowed in several commercial and mixed-use districts in and near the Clackamas Regional Center.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? Yes

What is the cost? Existing staff time

What is the funding source? Budgeted general fund allocation for the Long-Range Planning program

STRATEGIC PLAN ALIGNMENT:

- **How does this item align with your Department's Strategic Business Plan goals?**
The project aligns with the Long-Range Planning program's purpose of providing land use and transportation plan development, analysis, coordination and public engagement services to residents; businesses; local, regional and state partners; and County decision-makers so they can plan and invest based on a coordinated set of goals and policies that guide future development.
- **How does this item align with the County's Performance Clackamas goals?**
The project aligns with the goal to "ensure safe, healthy, and secure communities" by providing a comprehensive look at strategies that can be implemented through the ZDO to provide for more housing opportunities in county locations that will be appropriate, safe and affordable for the wide variety of households in the county. The project will also help the county achieve the housing targets identified for DTD to provide zoning/places for 700 new dwelling units affordable to households between 60% and 110% of the area's median income (AMI) by 2025.

LEGAL/POLICY REQUIREMENTS:

Amendments to the ZDO would be initiated and acted on using the legally required processes for such amendments, including public hearings before the Planning Commission and Board of County Commissioners.

PUBLIC/GOVERNMENTAL PARTICIPATION

With the involvement of Public & Government Affairs staff, engagement of the public and community outreach is being implemented throughout the life of the project. The focus is on providing meaningful educational and engagement opportunities, building new relationships, and interfacing with the diverse communities that will be impacted by new housing regulations.

Public notice will be provided as required by law for any proposed amendments to the Comprehensive Plan or the ZDO that come before the Planning Commission or Board for consideration at a public hearing.

OPTIONS

1. Direct staff to move the staff recommendations for ZDO amendments forward to the public hearings process.
2. Direct staff to move the staff recommendations for ZDO amendments, as modified by the Board, forward to the public hearings process.
3. Direct staff to discontinue work on the three identified housing strategies.

RECOMMENDATIONS

Staff respectfully recommends Option 1, direct staff to move the staff recommendations for ZDO amendments forward to the public hearings process. Specific staff recommendations include:

- 1) Affordable housing density bonus
 - a. *Increase the affordable housing density bonus – number of additional units above the maximum density – that could be approved in a multifamily development from 8% to 50% in any zoning district; and*
 - b. *Specify in the ZDO that this bonus is applicable for both for-sale and rental units that will be held affordable to households at or below 80% of the area median family income (MFI) for at least 30 years.*
- 2) Right-sizing parking for multifamily development
 - a. *Reduce the required parking for all multifamily developments by 14 - 20% (depending on the number of bedrooms), but maintain a requirement of at least 1 space per unit.*
 - b. *Add a parking requirement for studio units (units with no bedrooms).*
 - c. *Provide for a 20 - 40% greater reduction in required parking for units guaranteed to be affordable to low-income households and those within close proximity of a light rail station, as noted in the table below:*

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*The ZDO does not currently specify a parking ratio for studio (0 bedroom) units, so the ratio for the next closest unit type (1 bedroom) must be used.

d. In addition to the above, allow for case-by-case parking reduction of up to 40% based on study or other evidence provided by an applicant that shows fewer spaces are needed.

3) Housing density in commercial zones

Increase the maximum allowed housing density to 60 dwelling units/acre in the four urban commercial zones that currently have a 25 dwelling unit/acre maximum (the C-3, RTL, OC, and CC zones).

ATTACHMENTS

- A. Staff PPT presentation, June 15, 2021
- B. Maps
 - 1. Urban Unincorporated Areas included in LUHSP, Phases 1 & 2
 - 2. Areas affected by Phase 1 Strategies 1 & 2: Affordable housing bonus and Parking
 - 3. Areas affected by Phase 1 Strategy 3: Housing density of commercial areas, plus other urban “employment lands”
- C. Phase 1 strategies: background, data, analysis and recommendations
 - 1. Affordable housing bonuses
 - 2. Parking for multifamily developments, including summary of several multifamily developments with approved parking reductions
 - 3. Density in commercial zones

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval *Dan Johnson*

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Martha Fritzie @ 503-742-4529.

Land Use Housing Strategies Project:

Supporting the development of more affordable housing in urban unincorporated areas through changes to land use zoning

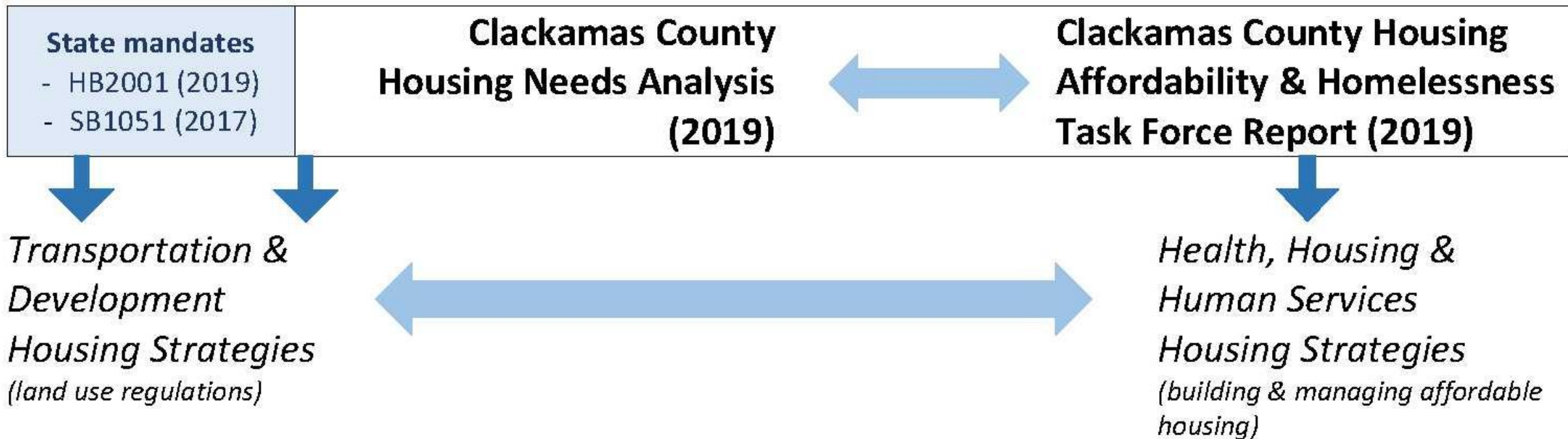
PHASE 1 Strategies

Board of Commissioners Policy Session

Tuesday, June 15, 2021



Land Use Housing Strategies Project (LUHSP)

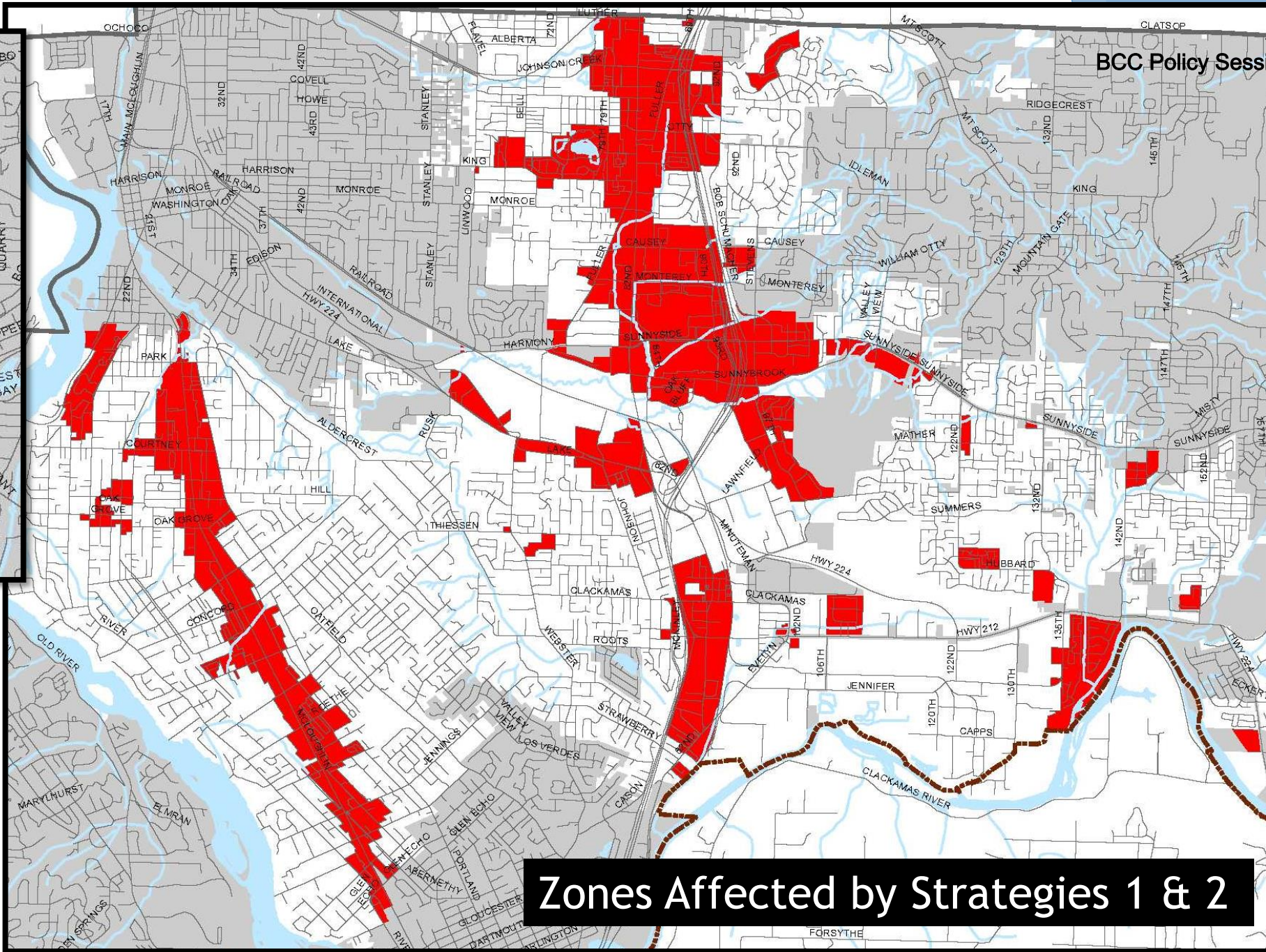
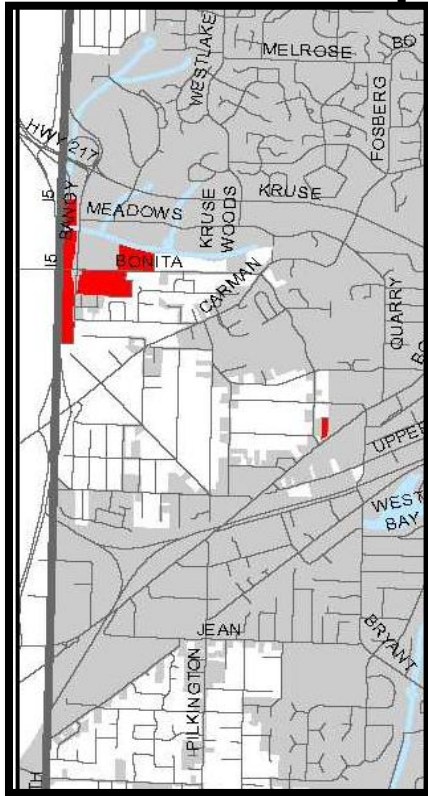


HOUSING TO MEET THE NEEDS OF ALL CLACKAMAS COUNTY RESIDENTS

PHASE 1: Strategies

- 1) Affordable housing density bonus
- 2) Right-sizing multifamily parking requirements
- 3) Housing density in commercial zones

No single strategy is going to solve the housing problem; each provides an opportunity to move the needle



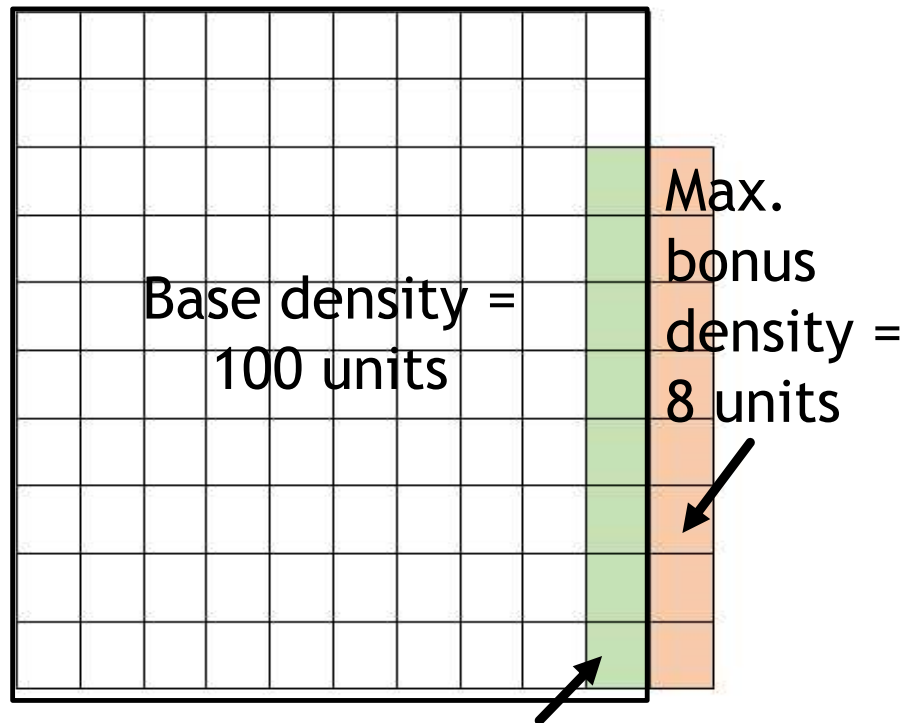
Zones Affected by Strategies 1 & 2

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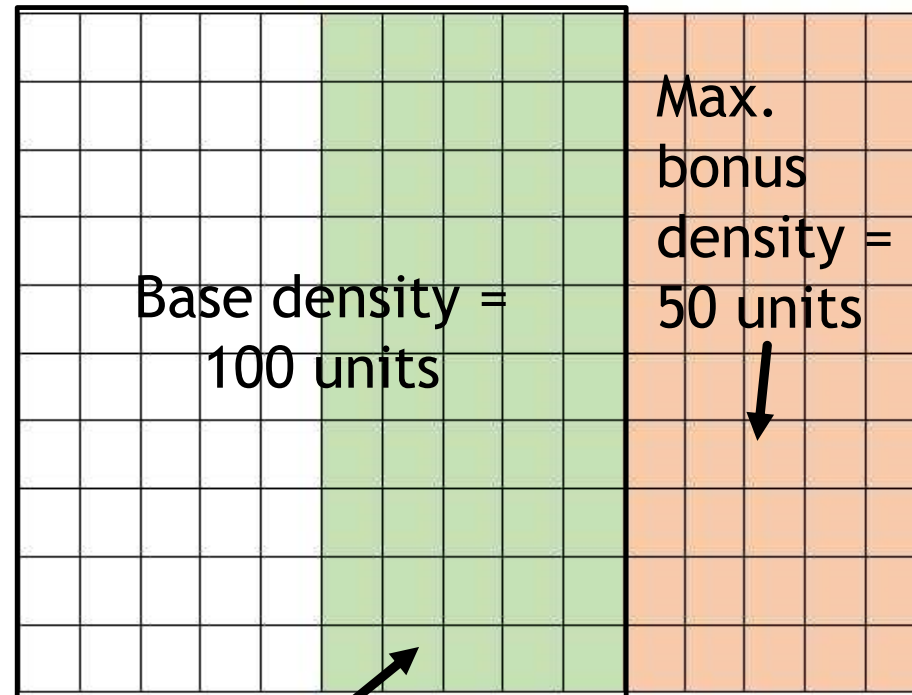
1) Affordable Housing Density Bonus

Current bonus: 8% max.



Min. number
affordable units =
8 units

Proposed bonus: 50%* max.

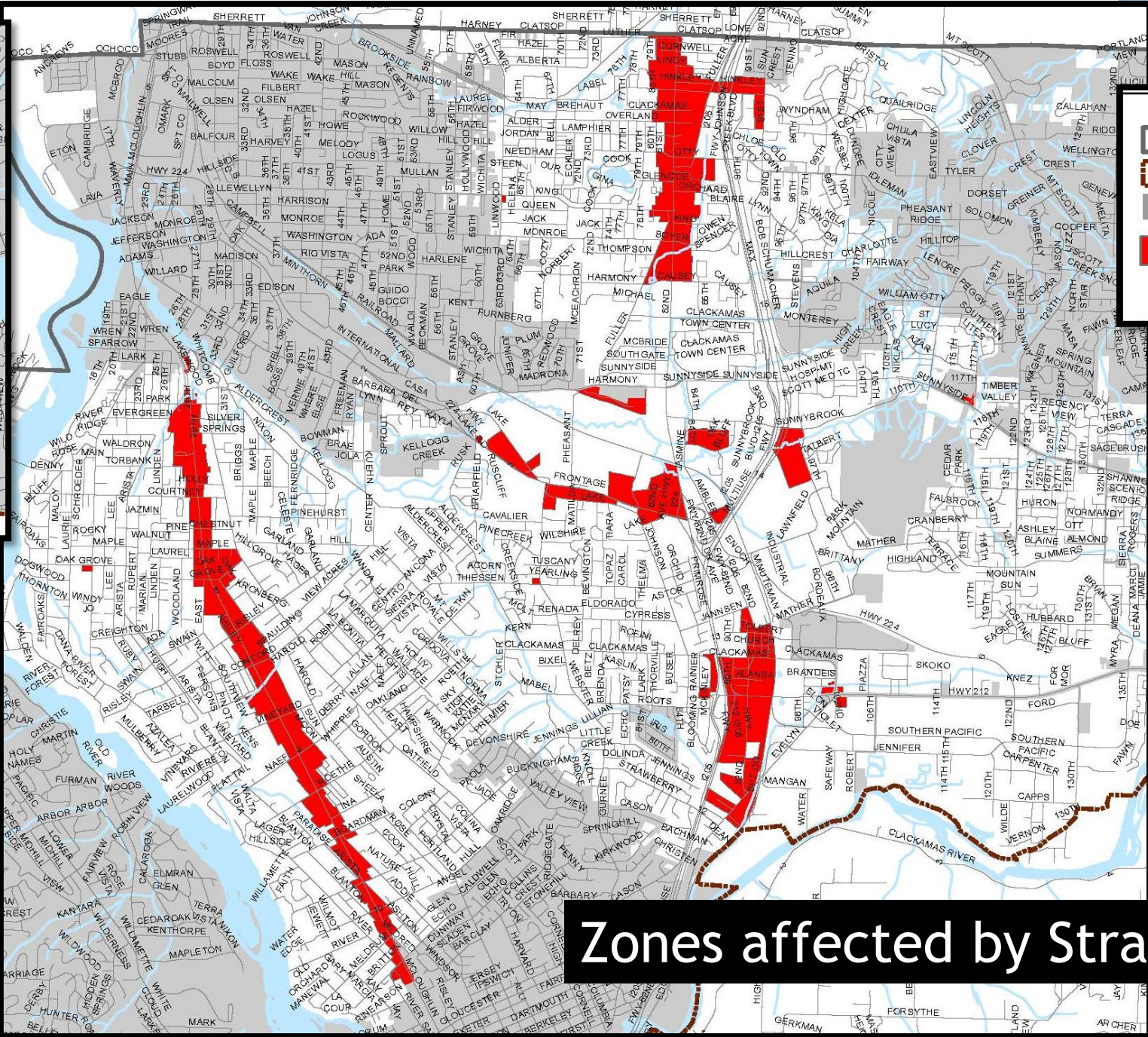
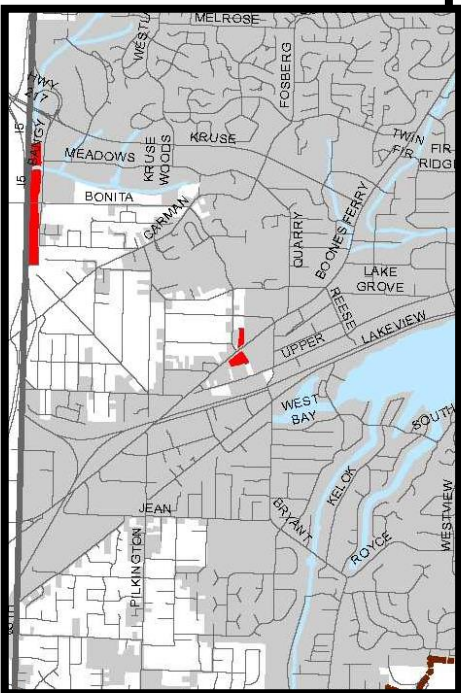






Min. number
affordable units =
50 units

*Pending legislation - SB8[2021] -
may require a higher bonus in
certain situations

2) Right-Sizing Multifamily Parking

Unit type	Minimum Required Parking Spaces per Multifamily Dwelling Unit			
	Current All units	Proposed		
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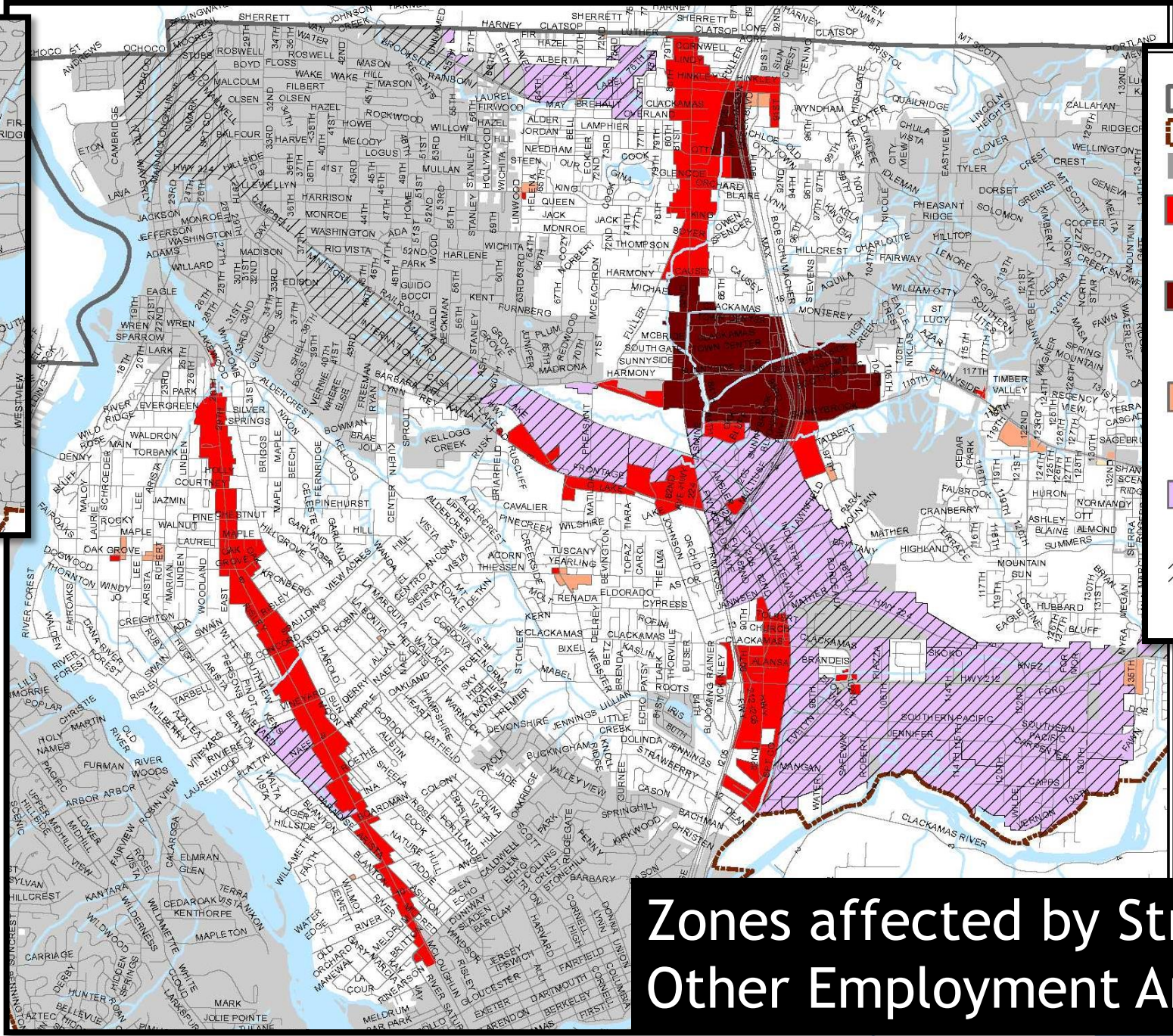
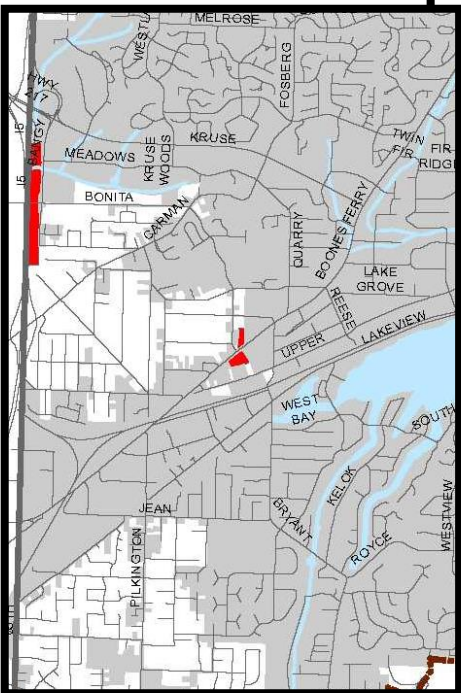


-  County line
-  Urban growth boundary (UGB)
-  Cities
-  Commercial areas affected by Phase 1 proposed housing DENSITY INCREASE

Zones affected by Strategy 3

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-  County line
-  Urban growth boundary (UGB)
-  Cities
-  Commercial areas affected by Phase 1 proposed housing DENSITY INCREASE
-  Other commercial areas that allow housing with NO MAX. DENSITY
-  Other commercial area where housing is NOT ALLOWED
-  Industrial areas where housing is NOT ALLOWED
-  Enterprise Zone Areas

Zones affected by Strategy 3 and Other Employment Areas

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3) Increase Maximum Allowed Housing Density in Commercial Zones



Proposed maximum: Up to 60 dwelling units /acre



Current maximum: 25 dwelling units /acre



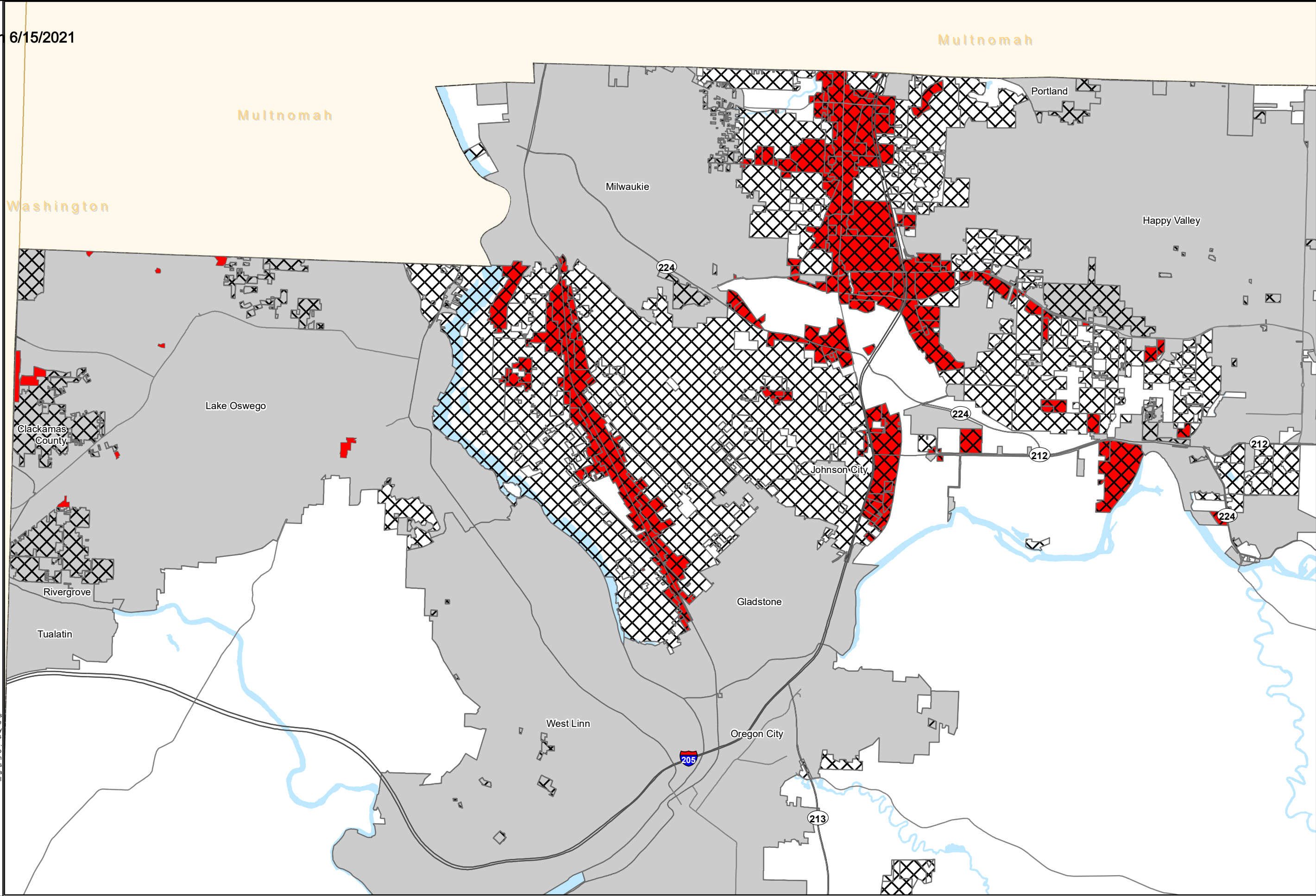
PHASE 1: Proposed Schedule

- ▶ July 2021: Planning Commission work session
- ▶ August 2021: Planning Commission public hearing(s)
- ▶ September 2021: Board of Commissioners public hearing(s)

Clackamas County Urban Unincorporated Areas Included in the Land Use Housing Strategies

Attachment B1
BCC Policy Session 6/15/2021
Page 1 of 1

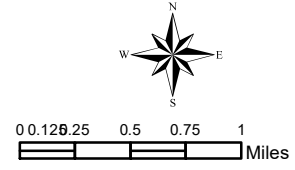
- Legend**
- City Boundaries
 - Phase I Zones
 - Phase II Zones
 - County Boundary
 - Lakes & Rivers



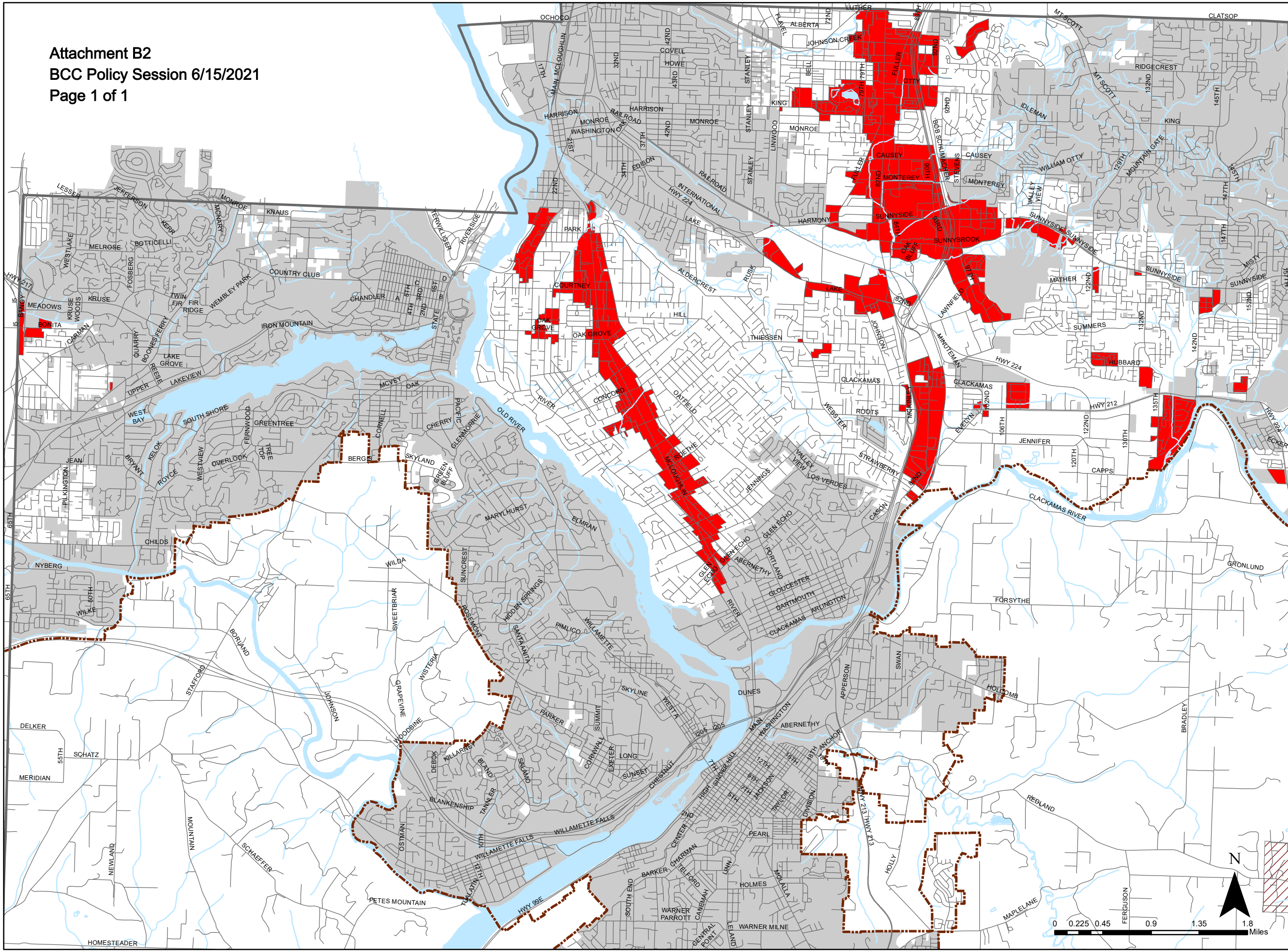
Date: 11/24/20
Drawn By: Joy F
Project:
Housing
Strategies








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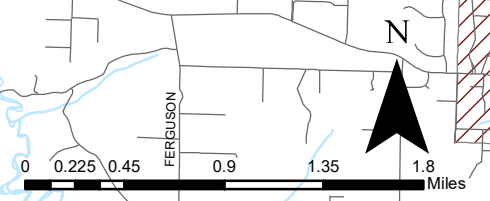
Map 2:
 Areas Affected by
 LUHSP
 Phase 1 Strategies
 (1) Affordable housing
 bonus &
 (2) Right-sizing
 multifamily parking



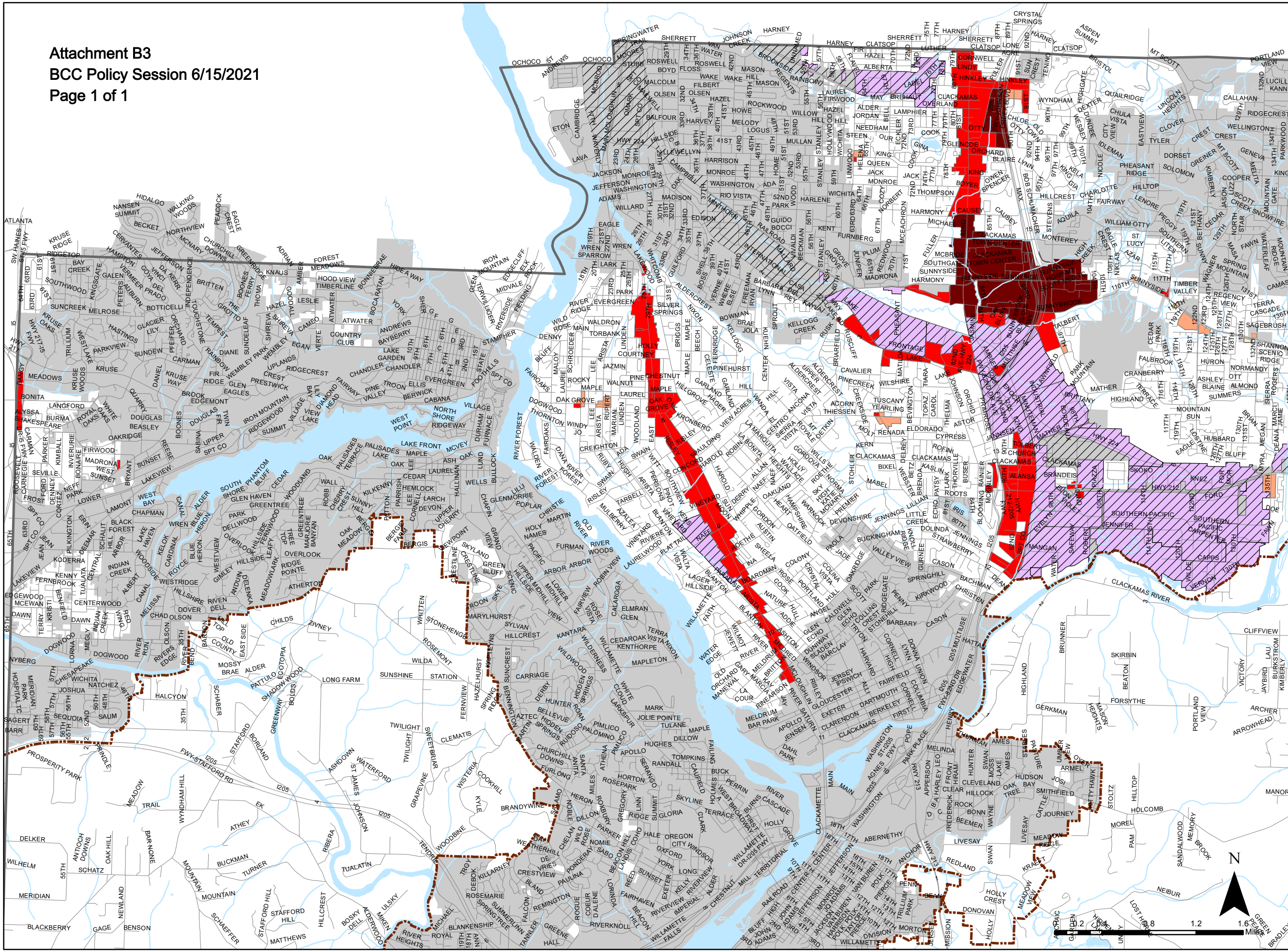
-  County line
-  Urban growth boundary (UGB)
-  Taxlots
-  Cities
-  Urban zones that allow multifamily housing











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Map 3:
 Areas Affected by
 LUHSP
 Phase 1 Strategy
 (3) Housing in urban
 commercial zones



-  County line
-  Urban growth boundary (UGB)
-  Cities
-  Commercial areas affected by Phase 1 proposed housing DENSITY INCREASE
-  Other commercial areas that allow housing with NO MAX. DENSITY
-  Other commercial area where housing is NOT ALLOWED
-  Industrial areas where housing is NOT ALLOWED
-  Enterprise Zone Areas



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1) Affordable Housing Bonus - Consider providing a tiered density bonus for inclusion of affordable housing

Current status:

ZDO Section 1012 provides for a very limited density bonus if a development includes affordable housing for low-income households. A housing project can get 1 unit (market rate or affordable) beyond the base density for each affordable unit developed, up to 8% of base density (Table 1012-1); therefore, if the allowable density is 100 units and a project proposes to make at least 8 of those affordable, they may add an additional 8 units, for a total of 108. This bonus is rarely used and, even when used, it does not result in a significant number of additional affordable units.

The need:

- **More affordable housing units are needed in the urban unincorporated area.** In general, for housing to be “affordable” to a household, it needs to cost less than 30% of that household’s income. When households are “cost burdened”, it means they are spending more than 30% of their income on housing.
 - Approximately 36% of all households and 47% of renter households in the urban unincorporated area are cost burdened and in need of housing that is more affordable (Figure 1).ⁱ
 - According to the county’s Housing Needs Analysis, minorities will make up a larger share of young households and constitute a significant source of demand for more affordable owner-occupied and rental housing units nationwide over the coming decades.
 - “Affordable housing,” as related to density bonuses, means **housing** that is deemed **affordable** to those at or below the area’s median family income (MFI), as defined by the US Department of Housing and Urban Development (HUD). Building affordable housing for low-income households generally requires subsidies to offset construction costs and to ensure the housing units retain their level of affordability in the future. Currently, there is a substantial lack of housing in urban Clackamas County that is affordable to low-income households earning at or below 50% MFI (Figure 2).

Housing Cost Burden by Tenure, Urban Unincorporated Clackamas County, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Tables B25091 and B25070.

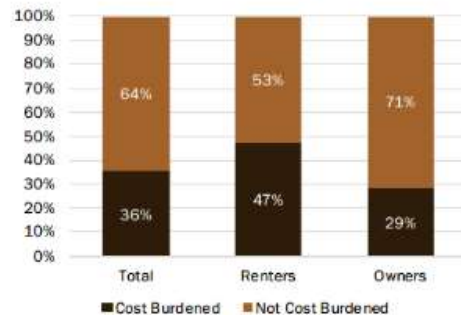


Figure 1: Exhibit 57 Clackamas County Housing Needs Analysis. 2019

Affordable Housing Costs and Units by Income Level, Urban Unincorporated Clackamas County 2018

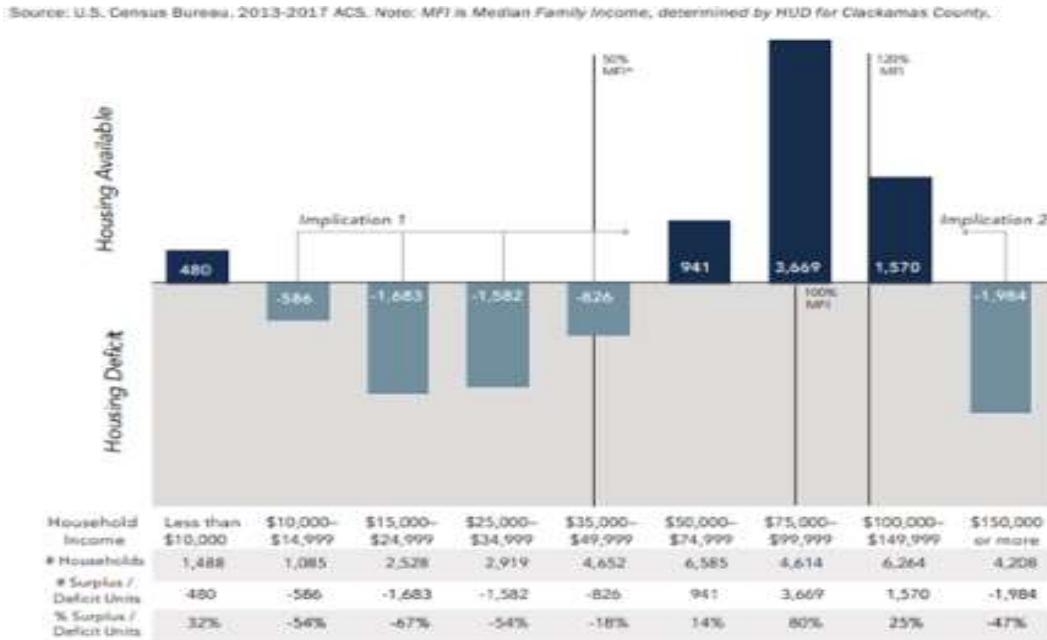


Figure 2: Exhibit 68 Clackamas County Housing Needs Analysis 2019

Analysis:

To make a bonus program attractive to a developer, it must be calibrated so that the cost of providing the affordable units is offset by the increased revenue the developer can make from the additional market-rate units that are able to be built through the bonus. (In general, affordable units rent for less than they cost to finance and operate, and must be sold/rented for less than they cost to build.) If providing the affordable units would cost more than just building a market-rate development without a bonus, a developer will probably not participate in the bonus program.

- Other cities and counties in Oregon allow for up to a 50% density bonus for affordable housing.
- Additional tools may be made available to developers to provide incentives for the development of affordable units. Some local jurisdictions couple affordable housing density bonuses with flexibility with other development standards like setbacks, parking, or maximum building height. Other tools could include reductions on taxes and/or certain development fees (which would be beyond the scope of zoning code amendments, but could be considered by other departments).

Staff used a variety of resources to develop the proposed recommended changes to the Zoning Development Ordinance needed to implement the above strategy. Staff conducted a literature review, convened a technical working group comprised of individuals with experience and interest in participating and discussing the topic, discussed the issue with several affordable housing developers in the region, and reached out to the broader community for input through an online survey.

Key takeaways from these sources:

- The current bonus for providing affordable housing is so low that it is rarely used and, even when used, produces a nominal number of additional units.
- The technical working group discussed the need to incentivize or facilitate the development of more housing available to lower-income households. This includes very-low income households, earning less than 30% of the area's median family income (MFI), but they also indicated that it should include working households that earn up to 80% MFI. There was general support among technical working group members that there is a need to amend the county's affordable housing bonus.
- The on-line survey asked if respondents supported the statement: "Provide a larger residential density bonus to developers who commit to providing more affordable housing units." Just under 50% agreed or strongly agreed that a larger residential density bonus should be provided for affordable housing.
- After reading the comments left in the survey, a few items became apparent:
 1. The options given for this questions were confusing and perhaps incomplete.
 2. There is public support for finding ways to provide and even to require affordable housing be built with developments, especially as a part of a mixed-income developments and/or communities with access to parks and greenspace.
 3. There is also a fair amount of concern about perceived negative impacts of adding more affordable housing to certain communities as well as taking away green spaces/open spaces for this additional housing.
- While the county's density bonus applies to all urban residential zoning districts, it applies differently to the low density (single-family) zoning districts. Focusing the changes to the bonus for multifamily developments in urban zoning districts is appropriate at this time because the Urban Low Density residential Districts will be the focus of the Phase II work in the Housing Strategies project, and specifically the code amendments related to the "middle housing" bill, HB 2001 and that may be a better time to discuss whether this bonus should change in those districts.
- Listed multifamily zoning districts in which the bonus could apply have a maximum density that ranges from 12 to 25 DU/acre. Increasing the maximum bonus for these districts, even as high as 50% would still result in maximum density allowances (18 to 37.5 DU/acre) that are well below what is being considered for the commercial zones.
- Providing a higher bonus for affordable housing could have a meaningful impact on the number of new units developed, but it is likely that, in many locations, these higher densities could only be achieved on sites and meet all applicable site design standards if less parking can be provided. Most, if not all, other jurisdictions researched provide a lower parking ratio for affordable housing coupled with the density bonus.
- There are two options for "sliding scale" bonuses that are used by other jurisdictions. Based on developer conversations, it is not clear that there was a lot of added value in having a

sliding scale for bonuses based on differing income levels served in Option 1 or that Option 2 would entice market-rate developers to include affordable units in their developments, but these are methods frequently used by other jurisdictions and are intended to try to incentivize the production of affordable units.

- Option 1: Scaled bonus based on affordability level of units. Under this option, a larger bonus would be offered for units that serve lower income households. For example, for units affordable at or below 30% MFI, a developer would get up to a 50% increase over the base density, but for units at 60% MFI, the developer would get up to a 10% maximum bonus on the base density.
- Option 2: Scaled bonus based percentage of affordable units in a development. Under this option, a larger bonus would be offered for projects that provide a higher proportion of units at affordable rents or sales prices. For example, projects that offer at least half (50%) of the total units at or below 60% MFI would get up to a 50% increase over the base density, but projects that offer only 30% of the units at or below 60% MFI would get up to a 30% increase over the base density.
- Conversations with affordable housing developers about the bonus provided the below information:
 - Affordable housing is difficult to get built, particularly units that are affordable at 30% MFI. The costs of construction coupled with the often-complicated financing structure means that the more units a developer can fit on a site, the more likely the project is to get built, so costs can be spread among more units and, to some extent, higher priced units can help subsidize lower priced ones.
 - Developers of affordable housing generally build affordable housing and not market-rate or mixed-income. Market-rate developers generally build market-rate housing and are often not familiar with navigating the complicated financing process for affordable units. From an operational standpoint, a building with both market-rate and affordable units can be more difficult to manage and more difficult to lease. For these reasons, the market will typically build either market rate or affordable in a single project, not both.
 - Because the financing for these developments is so complicated, having simple, straight-forward zoning regulations and an uncomplicated bonus system is preferred.

Conclusions:

Staff understands that this is not a simple issue and there is no simple answer. We do know that the current bonus for affordable housing is ineffective, at least in part because it does not provide enough of an incentive to generate enough additional units to effectively “move the needle” on the deficit of housing units available to low and very low income households.

Since Phase 2 of the Land Use Housing Strategies project will discuss changes in single family residential zones, the recommendation focuses on changes to the affordable housing bonus in multi-family zones.

While some jurisdictions use a sliding scale for density bonuses across a range of income levels, staff is recommending a single density bonus to address a specific income level. This will provide for a simple, straight forward code regulation instead of a more complicated system.

The affordable housing density bonus should also be paired with specific reductions in parking requirements to achieve the maximum benefit.

Staff recommendation:

- A. Staff recommends increasing the affordable housing bonus – or number of additional units above the maximum density – that could be approved in a multifamily development with units.
- B. Staff also recommends including a specific income level (in terms of % MFI) at which the units would need to be maintained in order to qualify for this bonus and amending the table to be clear that this bonus would apply to multifamily developments in commercial zoning districts.
- C. Staff recommends the simplest amendment and the one that provides developers with the most flexibility. This would be to increase the maximum increase in the multifamily districts from 8% up to another set amount. In this case staff is recommending 50%.

ⁱ Clackamas County Housing Needs Analysis. 2019

<https://dochub.clackamas.us/documents/drupal/c1526329-f9c4-4281-af84-1c58d8a5e15f>

2) Right-Sizing Parking (Multifamily Developments) - Consider creating a hierarchy of minimum parking standards based on proximity to transit and/or dwelling unit affordability

Current status:

ZDO Section 1015 regulates parking.

- Multifamily units require 1.25 - 1.75 parking spaces per unit, depending on the number of bedrooms in the unit. There is no established parking ratio for studio (no bedroom) units in multifamily developments.
- Duplexes, triplexes and townhomes (attached single-family dwellings) require 1.0 - 2.0 parking spaces per unit depending on the zoning district.
- There are no parking maximums for multifamily developments.

There is no option to approve a variance or reduction to this parking ratio, except by request to the Board of County Commissioners pursuant to the Board's emergency declaration in response to the housing crisis.

The need:

Data demonstrates that both household income level and proximity to a light rail station reduce the need for parking.

- **Vehicle ownership corresponds to household size and tenure.** Based on information gathered for cities in Oregon:
 - The vast majority of one-person households have zero or one vehicle, two-person households typically have one or two vehicles, and the number of vehicles increases as household size grows.
 - More than one-half and up to two-thirds of renter households have zero or one vehicle, in most jurisdictions, and
 - Owner-occupied households tend to have one to two vehiclesⁱ
- **Providing parking can substantially increase the costs of housing and development both directly and indirectly.** In multifamily developments,
 - One parking space per unit can increase total development costs by approximately 12.5%;
 - Two parking spaces per unit can increase costs by up to 25%.
 - Increased surface parking reduces the maximum potential development density (units per acre) for any given project. These effects are proportionally greatest for smaller, lower-priced units, largely because the cost of a parking space is the same regardless of unit type, size or price.¹

- **The proximity of housing to a light rail station can reduce, but does not necessarily eliminate, the need for a car.** As demonstrated in Figure 1, average demand for parking spaces at apartment developments near light rail stations in the Portland Metro area is 30% less than the supply of spaces, with more than half showing an actual usage at peak demand times of less than one space per unit.ⁱⁱ

Site	Supply per Unit	Peak Demand per Unit	Demand: % diff. from Supply	Demand : % diff. from ITE Rate	Site	Supply per Unit	Peak Demand per Unit	Demand: % diff. from Supply	Demand : % diff. from ITE Rate
Beaverton Creek Station					Gateway Station				
Center Pointe	1.6	1.23	-23.1%	2.5%	Gateway Terrace	1.58	0.53	-66.5%	-55.8%
Elmonica Station					Gateway Park	1.34	0.82	-38.8%	-31.7%
Elmonica Court	1.50	0.90	-40.0%	-25.0%	E. 148th Ave. Station				
Cambridge Crossing	2.15	1.04	-51.6%	-13.3%	Rachel Anne	1.41	0.88	-37.6%	-26.7%
Willow Creek					Dalton Park	1.31	1.17	-10.7%	-2.5%
Wyndhaven	1.35	0.90	-33.3%	-25.0%	E. 162nd Ave. Station				
Quantama Station					Morgan Place	1.31	0.65	-50.4%	-45.8%
Briarcreek Apartments	1.50	1.12	-25.3%	-6.7%	Sequoia Square	0.84	0.79	-6.0%	-34.2%
Quantama Crossing	1.55	1.32	-14.8%	10.0%	Gresham Central Station				
Quantama Village	1.41	1.37	-2.8%	14.2%	Gresham Central	1.44	1.00	-30.6%	-16.7%
Orenco Station					ALL 15 PORTLAND STATIONS				
Orenco Gardens	1.53	0.76	-50.3%	-36.7%	Weighted Average	1.52	1.07	-30.0%	-11.0%

Figure 1: Table excerpt from *Are TODs Over-Parked*. UC Berkeley 2009. <https://escholarship.org/uc/item/655566km>

- **Commercial land use within ¼ - ½ mile of a transit station may impact transportation mode used by area residents and parking needs for nearby housing developments.** The variation of demand for parking spaces in housing complexes near light rail stations suggests that commuting needs may be met, but if shopping, grocery stores or services are not accessible by transit, a vehicle may still be needed. This conclusion is also confirmed in survey data from Portland State University regarding vehicle ownership and usage in transit-oriented (TOD) developments in the region.ⁱⁱⁱ
- Data also suggests that car ownership is lower among households with lower incomes. Based on this data, the parking needs of low and extremely low income residents may be as much as 20-40% lower than the minimum currently required in ZDO 1015^{iv}.

Analysis:

Staff used a variety of resources to develop the proposed recommended changes to the Zoning Development Ordinance needed to implement the above strategy. Staff conducted a literature review, convened a technical working group comprised of individuals with experience and interest in participating and discussing the topic, and reached out to the broader community for input through an online survey.

Key takeaways from these sources:

- Based on survey results, there is some, but not a lot of, public support for reducing parking for multifamily developments; however, there has been general support among technical working group members for lowering multifamily parking requirements, at least for certain developments - those near transit and/or those serving low income households.
- Technical working group members recognize that parking adds to development cost and providing fewer parking spots can increase the affordability of a multifamily development and enable more units to be built on a site. There is also a recognition that proximity to

frequent transit and household income levels affect car ownership and usage and therefore affect needed parking.

- However, concerns were expressed about the implications of providing too little parking, including potential impacts to residential neighborhood streets. In addition, there is a recognition that the commercial corridors in the unincorporated urban area lack connecting streets with on-street parking.
- Based on survey responses, there does not appear to be strong support for reducing parking; however, many survey respondents made reference to Portland and multifamily developments built with no off-street parking, an approach that is not under consideration with this project. There is a little more support for having lower parking requirements near transit than for lower-income households:
 - Only approx. 24% of respondents agreed or strongly agreed that the number of parking spaces should be reduced for multifamily units built for low-income households and/or senior adults; while approx. 37% agreed or strongly agreed that it should be reduced for multifamily units built near major transit stations and/or commercial services.
 - Interestingly though, only approx. 48% agreed or strongly agreed that the amount of parking should remain the same as it is now. Survey results did not make it clear what alternative the remainder preferred, whether it was more or less parking.
- Data summarized above and in *Attachment B4*, indicates that car ownership and parking needs among households with low incomes may be as much as 40% lower than the minimums currently required under the ZDO. Senior households, particularly those with extremely low incomes, may have even lower parking needs.
- Data also shows that proximity to a light rail station can reduce, but does not necessarily eliminate the need for a car.
- Strategies to reduce car-dependency can help reduce negative health impacts associated with climate change.
- Reduced parking would likely only result in more units being developed if used in conjunction with increased density and, in fact, reduced parking requirements may be needed for many urban sites to achieve higher densities because of site constraints and the financial implications of having to construct structured parking if the parking requirements are too high.
- For context, below is the impact of a 0.25 space/dwelling unit reduction for all unit types.
 - The parking requirement for a 100-unit development, containing studio and one-bedroom units, would cause a total of 125 spaces to be required. Reducing that requirement by 0.25 (to 1 space per studio / 1 bedroom unit), if the development were market-rate, 100 parking spaces would be required. A typical range for surface parking stalls is 300-350 square feet. Thus, a reduction of 25 parking stalls could mean approximately 8,000 SF of site area could be used for additional units or additional common area/open space.

- Additional reductions proposed for developments located near a light rail station or served low income households would generate a more significant impact to the site development. For example, if the required amount of parking for a 100-unit development could be reduced 20% to 40%, as proposed, the minimum number of parking stall would be reduced to 60-80 stalls for the same development, thus freeing up an additional 14,000 – 21,000 square feet, or roughly 1/3rd to ½ of an acre, of site area for additional units to be developed or more common area/open space.

Staff recommendations:

We can help ensure that parking needs are met appropriately by ensuring that the ZDO provides more flexibility to be responsive to varying needs of different types of housing development and/or identifies specific minimum parking ratios that more directly correspond to actual vehicle ownership and use for locations near transit and commercial services, and for varying income levels of residents.

- Amend the ZDO to include a slightly lower required parking ratio for general multifamily development, but maintain a requirement of at least 1 space per unit, regardless of number of bedrooms. Add a parking requirement for studio (i.e., 0 bedroom units).

	Minimum parking spaces per unit	
	Current	Proposed
3+ bedroom	1.75	1.5
2 bedroom	1.5	1.25
0-1 bedroom	1.25*	1.0

* No parking ratio currently exists in the ZDO for studio units

- Provide for a reduced required parking ratio for units guaranteed to be affordable and those within close proximity of a light rail station. This can be achieved in two ways:
 - Option 1: A fixed hierarchy. Add a specific parking ratio for each situation in which a reduction could be obtained. Rather than create an additional table with each bedroom iteration, this can be accomplished by assigning a percentage reduction that would be available for each type as follows, with an overall maximum reduction of 40% allowed:

Minimum parking spaces per multifamily unit	
Units affordable at 31%-60% of the area's median family income (MFI)	20% reduction
Units affordable at <30% MFI	40% reduction
Units within ¼ mile of a light rail station	40% reduction

Option 2: Development-specific reductions. Add language for a parking reduction, to be determined on a case-by-case basis, based on study or other evidence that fewer spaces are needed, with a maximum overall reduction of up to 60% (or some other specified amount). This option would require additional data to be provided at the time of application for land use approval.

- From a practical standpoint, the fixed hierarchy would be simpler and less subjective to administer and would create more predictability for a developer; however the development-

specific option would provide more flexibility and allows each project to be evaluated on its merits with notice to neighbors.

- At the January 21, 2021 working group meeting, several members expressed support for a “hybrid” version of Options 1 & 2 – providing a set reduction for affordable units, with additional options for reductions to be reviewed on a case-by-case basis. In the proposed amendments to Section 1015, *Parking and Loading* staff will included a proposal to create such a hybrid.
- The ZDO currently allows developments in the commercial districts to count abutting on-street parking spaces toward the required parking ratio. This provision would remain, as would other exceptions and current options for reducing the parking minimums like shared parking, electric charging stations and motorcycle parking (found in Subsection 1015.02(D)).

ⁱ *PARKING AND MIDDLE HOUSING Analysis of Demand and Impacts – Implications for Middle Housing Rulemaking*. DLCD Fact sheet RELEASED: March 30, 2020

ⁱⁱ *Are TODs Over-Parked?* UCTC Research Paper No. 882 Robert Cervero, Arlie Adkins, and Cathleen Sullivan, University of California, Berkeley 2009. <https://escholarship.org/uc/item/655566km>

ⁱⁱⁱ PSU data: Findings from 2018 TOD Surveys and 2014 TOD Surveys: Findings (February 8, 2015). Jennifer Dill, Ph.D. and Nathan McNeil.


^{iv} Hillsboro Parking data 2018 from Brian Davis at Lancaster Mobley.

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Affordable Multifamily Developments and Parking - Clackamas County

Name	Year Built	Total units	Unit Mix	HH Income Levels/ Population Served	Proximity to Transit	No. Parking Spaces	Parking Ratio (overall)	Parking Sufficiency	Comments
Multifamily development in unincorporated Clackamas County									
Rosewood Station	2019/2020	212	(112) 1B (92) 2B (8) 3B	<60% MFI	Approx. 1/3-mile (walking) to light rail station •Will be < 1/4-mile (walking) once planned road btwn Otty Rd and light rail station is constructed	214	1.01	Buildings that are occupied appear to have sufficient parking	 <ul style="list-style-type: none"> Note: photos taken at 7PM
Town Center Station	2009/2010	52	(10) Studio (42) 1B	<60% MFI	• 1/10-mile (walking) to bus transit center • 1/3-mile (walking) to light rail station	43	0.83	Appears to have more than enough parking - lot not full at time observed	
Fuller Rd Stn Apts	Under construction	100	1B 2B 3B	30% MFI, 50% MFI & 60% MFI	Adjacent to light rail station	104	1.04	N/A	<ul style="list-style-type: none"> BCC approved a parking reduction to 0.81 spaces onsite. Actual parking provided will also include 23 on-street spaces for an overall ratio of 1.04 spaces per unit
9816 SE Fuller Road Project	Proposed	72	1B	< 30% MFI	<1/4-mile (walking) to light rail station	see comments	0.6 - 0.8	N/A	BCC approved a parking reduction to a ratio of 0.6 - 0.8 spaces per unit (depending on what unit mix is presented with application)
Other low-income multifamily projects surveyed									
Clayton Mohr Commons*	2019/2020	24	(4) Studio (12) 1B (8) 2B	<30% MFI veterans	Approx. 1.2 miles to bus transit station but located on frequent bus line	31	1.29**	Too much, general usage appears to be around 1/2 of the spaces provided	<ul style="list-style-type: none"> At 8:15AM on a Monday there was 1 vehicle parked on street and 11 vehicles parked in lot (12 total or 0.5:1) At 8:30PM on a Monday, there was 1 vehicle parked on street and 13 vehicles parked in lot (14 total or 0.6:1)

* This project is Oregon City and is subject to the city's parking requirements

** Includes on-street and parking lot spaces

3) Maximum Density for Multifamily in C-3, CC, OC and RTL Zones - Consider increasing or removing maximum density requirements for multifamily developments in commercial zoning districts.

Current status:

In the county’s Zoning & Development Ordinance (ZDO), most commercial zones have no height limits, maximum floor area ratios, or maximum density for commercial developments, but some have maximum densities (dwelling units per acre) for residential development. In commercial districts most commonly found in urban areas, particularly along major transportation corridors (C-3, CC, OC, RTL), multifamily dwellings are limited to 25 dwelling units (DU)/acre. Based on feedback from developers, density needs to increase above the current 25 DU/acre for developments to be financially feasible, to get units actually built.

The need:

- **Continued increases in housing costs and changing demographics are projected to increase demand for denser housing** (e.g., multifamily or smaller single-family housing) that tends to be more affordable than larger housing types (Figure 1)ⁱ.

Research suggests that Millennials’ housing preferences may be similar to the Baby Boomers’, which includes smaller, less costly units in walkable neighborhoods. Baby Boomers, people born between 1946 and 1964, and Millennials, people born between 1980 and 2000, are projected to make up more than half of the Clackamas County population in 2040ⁱⁱ

- **High-density residential land is in short supply.** A comparison of projected demand with the existing supply of buildable residential land in urban unincorporated areas found that the greatest deficit is for high-density/multifamily dwelling units. With little residential land available, developers will have to increasingly look to other areas that allow multi-family development, which are primarily commercial areas. Recent inquiries from developers in Clackamas County, including from the Housing Authority, indicate this has already begun to occur (Figure 2)ⁱⁱⁱ.

Effect of demographic changes on housing need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.

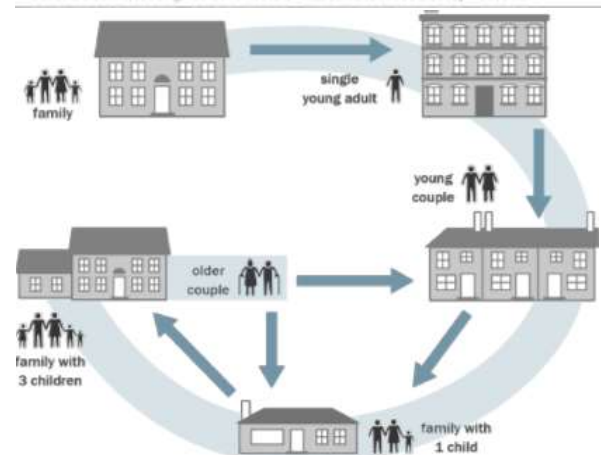


Figure 1: Exhibit 29, Clackamas County Regional Housing Needs Analysis. 2019.

Comparison of capacity of existing residential land with demand for new dwelling units and land surplus or deficit, Urban Unincorporated Clackamas County, 2019 to 2030

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

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 2: Exhibit 84, Clackamas County Regional Housing Needs Analysis. 2019

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- Commercially zoned land usually has access to all the urban infrastructure that is important for serving multifamily developments, including direct access to an array of transportation options, including transit. It is also where shopping and services are located, which lends itself to increased walkability^{iv}.
- Based on development in zoning districts with no density maximum in the county and on conversations with several developers of multi-family housing, and particularly affordable units, in order to make a multi-family development most likely to be built and financially feasible, the development needs to be built at upwards of 40 to 60 units per acre.

Analysis:

Staff used a variety of resources to develop the proposed recommended changes to the Zoning Development Ordinance needed to implement the above strategy. Staff conducted a literature review, convened a technical working group comprised of individuals with experience and interest in participating and discussing the topic, and reached out to the broader community for input through an online survey.

Key takeaways from these sources are:

- In general, there is very little support for completely removing the maximum density for multifamily developments in urban commercial areas, but there is support for increasing density to allow for more units to be developed.
- Concerns were expressed about that the changes would create opportunities for gentrification and displacement. If densities limits were completely removed, it could impact property values and affordability, specifically noting that if an unlimited number of dwelling units could be built on a property, the value of that property would likely increase dramatically, making it even more expensive to build on, which could translate to a need to charge higher prices/rents for units.
- The technical working group expressed support for some increase in the allowed density in these commercial zones, to provide property owners more opportunity to redevelop underutilized lots with housing or mixed-use developments.
- Among online survey respondents (see *Attachment B3*), very little support was expressed for removing maximum density, with slightly more support for increasing maximum residential densities in the commercial zoning districts.
 - When asked to choose preferences from photos of various multifamily housing developments, 47.7% chose the 2-3 story option; 45.9% chose the 3-5 story option; and only 20.8% chose the 5-8 story option (respondents were allowed to choose more than one option).
 - Only 25.2% agreed or strongly agreed with eliminating or allowing an increase in density that could result in “higher-rise”, 5-8 story buildings. A number of comments were included that expressed infrastructure concerns with higher density housing.
 - Just under half (48.2%) agreed or strongly agreed with allowing an increase in density that could result in “mid-rise”, 3-5 story buildings, but nearly the same amount (48.8%) agreed or strongly agreed with keeping the maximum density limits in commercial districts the same.

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- As noted in the memo from Abe Moland, Health and Transportation Impact Planner (*Attachment B4* in meeting packet), providing more housing proximate to essential services has direct impacts on health outcomes for individuals, and increased availability of a variety of housing options has direct positive impacts on community health.
- Increasing maximum allowed densities for residential development in the commercial zones will not change the fact that both commercial and residential uses can be developed on a site. Mixed-use development is currently allowed and will continue to be allowed and no changes are proposed to any commercial uses in these zones.
- There are three commercial zones in the urban unincorporated area that have no maximum density requirement for multifamily development, and in those areas recent projects have been built at approx. 40-48 DU/acre and are 4-5 stories (all built at current or slightly reduced parking ratios).
- Based on the “scenario” planning done for the Park Avenue Station Area (PASA), a five story building may be able to accommodate as much density as 100 DU/acre (although this assumes a lower parking requirement in order to site the building and meet all site design standards)
- The minimum density in the High Density Residential zone (to which the applicable commercial zones are currently tied for maximum density) is currently 90% of maximum. This minimum density applies to freestanding multifamily developments in the applicable commercial zones, but not those developed as part of a mixed-use development. Consideration will need to be given to whether this is an appropriate minimum density if the maximum is raised and if not, what would be an appropriate minimum.
- Based on vacant and partially vacant commercial lands identified by Metro’s most recent buildable lands inventory, up to approximately 560 new dwelling units could be built at current densities (25 DU/acre) on this land.
 - Increasing density to 45 DU/acre could result in up to approximately 1,020 new units
 - Increasing density to 60 DU/acre could result in up to approximately 1,360 new units
 - This analysis does not account for redevelopment of any existing developed sites

Staff’s general conclusion is that increasing density allowances by 20 to 35 DU/acre over what is currently allowed could help generate as many as 500 to 800 additional housing units that would be near commercial services, which is desirable for accessibility to jobs, goods and services, and transit and may be associated with improved health outcomes. However, this strategy will not, by itself, address the 5,000-unit housing deficit identified in the county’s Housing Needs Analysis (HNA). The key to identifying the appropriate density increase will be to determine what the right maximum is that would provide for financially feasible projects, while limiting size and scale of buildings to something that would be acceptable to the community.

Staff recommendations:

- Increase allowed density for multifamily developments in the applicable commercial zones.
- Increase the maximum density to 60 DU/acre. This maximum is the same as the Special High Density (SHD) District that currently exists in one location in the urban area, but is

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lower than allowed in several commercial and mixed-use districts found in and near the Clackamas Regional Center.

- Increasing this density involves a fairly simple set of Zoning & Development Ordinance (ZDO) amendments to Section 510, *Urban Commercial and Mixed-Use Zoning Districts*, as identified in *Attachment 1b*.

ⁱ Clackamas County Housing Needs Analysis. 2019

<https://dochub.clackamas.us/documents/drupal/c1526329-f9c4-4281-af84-1c58d8a5e15f>

ⁱⁱ Clackamas County Housing Needs Analysis. 2019

<https://dochub.clackamas.us/documents/drupal/c1526329-f9c4-4281-af84-1c58d8a5e15f>

ⁱⁱⁱ Clackamas County Housing Needs Analysis. 2019

<https://dochub.clackamas.us/documents/drupal/c1526329-f9c4-4281-af84-1c58d8a5e15f>

^{iv} Clackamas County Comprehensive Plan Map 4-6: North Urban Area Land Use Plan:

<https://dochub.clackamas.us/documents/drupal/06247ae5-3a94-4514-a85a-520814da6d72>