

Memorandum



4/21/2017

To: Technical and Project Advisory Committees
Cc: Project Management Team
From: Joe Dills, Angelo Planning Group
Re: Housing Implementation for the Westside Area Concept Plan

INTRODUCTION

The purpose of this memo is to provide initial information related to an important question that has been raised by participants in the Westside Area Concept Plan (Concept Plan) process: “How will work force and affordable housing objectives be implemented by the Concept Plan?” From the perspective of advocates for a strong approach to delivering workforce and affordable housing, the question has taken several forms, such as: “How will the Concept Plan assure workforce and affordable housing is built” and “Are there ways to include in the plan specific price point targets for the planned units in order to ensure that affordable housing is actually built, not just allowed by the zoning?” These are important questions for the TAC and PAC to discuss.

This memo is intended as an issue-recognition and thought-starter memo. It is not a research paper on housing implementation. Four topics are addressed in this memo:

- What are the stated objectives for workforce and affordable housing for the Concept Plan?
- What are the draft strategies in the working Concept Plan?
- What can zoning do to deliver workforce and affordable housing?
- Besides zoning, what other opportunities are there?

OBJECTIVES

The Concept Plan is funded by a grant from Oregon’s Transportation and Growth Management (TGM) Program. The grant has 21 objectives, covering Land Use, Housing, Infrastructure, and Implementation (see Attachment A). The Housing objectives are:

Housing

- Facilitate development of variety of housing types including affordable and workforce housing for long-term residents.
- Increase the supply of affordable and workforce housing for fulltime residents while ensuring features are incorporated that make neighborhoods livable, attractive, and desirable.

- Identify land to be rezoned for additional moderate- and high-density single-family and multifamily housing consistent with City Housing Strategy Action 1.1. The objective is not simply to increase density, but to recommend appropriate density in appropriate locations.
- Develop implementing code provisions for the project including to incentivize affordable and workforce housing.
- Recommend finance strategies for the provision of affordable and workforce housing.

In addition, the Vision Statement and Guiding Principles for the project also reference housing. The full vision statement is copied below and guiding principles are attached (see Attachment B).

The Westside Area will grow to become an interconnected community of great neighborhoods, an attractive gateway of commercial and mixed use activity, and an affordable and diverse area of the City. The Westside’s hallmarks will be:

- *Housing options that provide choices for all income levels, life stages, and cultures within Hood River*
- *Streets, trails, and paths that are walkable, connected, and green*
- *Neighborhood design that celebrates the landforms, views, and magnificent landscape of Hood River*
- *Open spaces and parks that support community gathering and a connection to nature*

The Westside Area will be an integral part and extension of the larger Hood River community.

In short, the Concept Plan is intentionally ambitious, comprehensive, and places a priority on workforce and affordable housing.

DRAFT STRATEGIES TO DATE

What are the draft strategies in the working Concept Plan? They include:

- Increase housing capacity.
 - Existing zoning (Base Case) – 1133 new dwellings
 - Draft Preferred Concept Plan – 1831 new dwellings (increase of 60%)
- Increase the amount of “missing middle” housing.¹
 - Base Case – 14% Multifamily; 9% Attached Single-Family; 77% Detached Single-Family
 - Preferred Concept Plan – 45% Multifamily; 24% Attached Single-Family; 31% Detached Single-Family
- Diversify the mix of housing in each of the three planned neighborhoods. R-3 zoned lands are increased and distributed to each of the Middle Terrace, Upper Terrace and West Neighborhoods.
- Inclusion of Neighborhood Commercial sites to help reduce reliance on auto travel.
- Emphasis on walkable and connected neighborhoods to reduce reliance on auto travel.
- Integration of land use with planned transit.

¹ Based on assumptions by zone in the Hood River Housing Needs Analysis, Table 5

- g. Reduction in cost per unit for infrastructure. This is a potentially significant cost-saving strategy for land development. The cost of infrastructure to serve the Westside area is relatively fixed, but the number of dwellings generating infrastructure funding revenue is substantially increased.
- h. Support development of the County-owned 2-acre parcel for affordable housing.
- i. Potential housing bonuses for a guarantee of workforce and affordable housing (sometimes called “voluntary inclusionary zoning”).
- j. Potential code changes (e.g. minimum density requirements). Please see draft Concept Plan Report for 11 other residential code strategies and 6 commercial code strategies.

The above-listed strategies focus on housing capacity, land development efficiency and flexibility, removing barriers, and providing incentives. It is implicit in the above strategies that the City will continue to work with partners such as Mid-Columbia Housing Authority, Aging in the Gorge Alliance, Oregon Housing and Community Services, and Oregon Regional Solutions.

ZONING AND AFFORDABLE HOUSING

What can Hood River’s land use regulations do to deliver workforce and affordable housing in the Westside Area, consistent with the vision for the Concept Plan?

The answer to the above question begins with the City stating its goals for the Westside, and how the City views such implementation from a city-wide perspective. For brevity in this memo, the Westside application is discussed below. As noted above, this is a vast and complex topic. The purpose here is only to introduce policy options for discussion by the project committees.

If the goal is to ensure that all or part of the Westside’s housing is built at price points that meet workforce and affordability targets in Hood River, the primary tool is called **inclusionary zoning**. As stated in a recent report by the City of Portland, where inclusionary zoning has been adopted as a tool in the zoning code, statutory authority for inclusionary zoning is relatively new to Oregon:

“In March 2016, the Oregon State Legislature passed Senate Bill 1533 which permits cities and counties to adopt land use regulations or impose conditions for approval of permits to require affordable housing of up to 20 percent of units in multi-family structures in exchange for one or more developer incentives that are identified in SB 1533. In addition to the inclusion rate cap of 20 percent of units in a project, SB 1533 creates a project size threshold of 20 or more multi-family units and income level restrictions of a mandatory inclusionary housing program for 80 percent or higher Median Family Income (MFI).”²

So, the practical questions are: is the City’s goal to assure workforce and affordable housing through zoning, and if so, does it want to determine how inclusionary zoning would be adopted in Hood River? This is clearly a big question for City policy makers and the community to discuss. Development of such a program is beyond the scope of the Westside Area Concept Plan, but could be recommended for further consideration if the community wants to evaluate it. The City of Portland needed approximately one year to develop an inclusionary housing program, informed by a panel of housing experts.

² Inclusionary Housing Zoning Code Project, City of Portland, page 1, <https://www.portlandoregon.gov/bps/article/590320>

If the goal is to support and encourage that workforce and affordable housing is built in the Westside area, then the tools are the draft strategies listed above in a – j. Strategies a – j are examples of zoning amendments that are within the scope of the Westside Area Concept Plan project.

A key point is that the two goals discussed above are not mutually exclusive. Rather, they are two points along a continuum of policy approaches where multiple complementary tools could be employed by the City. A hybrid policy approach could be to:

- a. Adopt zoning code updates that supports and encourages workforce and affordable housing for the Westside (or the city as a whole), through strategies such as a – j above.
- b. Work with project partners to assure delivery of affordable housing on project-specific basis (e.g. the 2-acre parcel owned by Hood River County, and others like it).
- c. Consider participating in other proactive programs, incentives and advocacy efforts, such as:³
 - Construction Excise Tax for affordable housing development
 - Community land trust for affordable, owner-occupied housing
 - Advocacy for government (federal, state, local) subsidies for affordable housing
 - System Development Charge waivers or significant reductions (example: 75% reduction)
 - Defer payment of System Development Charges to date of occupancy
 - Property tax exemption for low-income housing⁴
 - Property tax exemption for non-profit corporation, low-income housing
 - Property tax exemption for multi-unit housing
 - Property tax exemption for housing in distressed areas
 - Property tax freezes on rehabilitated housing
 - Affirmatively further fair housing⁵

³ Source: Mid-Columbia Housing Authority and Columbia Cascade Housing Corporation, edited for clarity. Some actions may be by entities other than the City. Feasibility research has not been conducted for this memo.

⁴ See also Hood River Housing Strategy #3, regarding Multiple Unit Limited Tax Exemption Program, and Appendix B which notes the Vertical Housing Tax Abatement for mixed use.

⁵ Additional information available at:

https://www.huduser.gov/portal/sites/default/files/pdf/AFFH_Final_Rule_Executive_Summary.pdf

Attachment A

Hood River Westside Area Concept Plan

Transportation and Growth Management Grant - Objectives

Land Use

- Develop a Concept Plan, anticipating near-term development in the Gateway area.
- Apply smart growth development strategies including those defined in the Transportation and Growth Management *Smart Development Code Handbook*: 1) efficient use of land resources, 2) full utilization of urban services, 3) mixed use, 4) transportation options and 5) detailed, human scaled design. Smart growth development strategies must be implemented to reduce reliance on automobiles for short trips within the Project area, and between the Project Area and surrounding development.
- Evaluate the potential for additional neighborhood commercial and mixed-use development to serve residents in the Project Area.
- Integrate existing and potential school sites as nodes and focal points; and provide community park(s) and open space.
- Result in a plan that when implemented results in attractive and resilient development.

Housing

- Facilitate development of variety of housing types including affordable- and workforce housing for long-term residents.
- Increase the supply of affordable- and workforce housing for fulltime residents while ensuring features are incorporated that make neighborhoods livable, attractive, and desirable.
- Identify land to be rezoned for additional moderate- and high-density single-family and multifamily housing consistent with City Housing Strategy Action 1.1. The objective is not simply to increase density, but to recommend appropriate density in appropriate locations.
- Develop implementing code provisions for Project including to incentivize affordable and workforce housing.
- Recommend finance strategies for the provision of affordable and workforce housing.

Infrastructure

- Identify transportation facilities needed for circulation of motor vehicles, pedestrian and bicycle connectivity.
- Improve efficiency in use of land and public infrastructure.
- Encourage use of alternative modes of transportation; including planning pedestrian and bicycle facility networks.
- Integrate stormwater infrastructure in open spaces and creeks where appropriate while attempting to protect and enhance the creeks' natural resource values.
- Determine the transportation infrastructure costs for planned projects including updating the 2011 City TSP projects within the Project Area and County TSP, as needed.

- Recommend updates to the 2011 City TSP and 2011 County TSP project lists and associated System Development Charges (“SDC”) based on street-, pedestrian- and bicycle projects identified as part of the Project.
- Identify infrastructure cost estimates and methods to distribute on-site and off-site infrastructure costs.

Implementation

- Recommend changes to the UGA to facilitate plan implementation.
- Recommend conditions under which annexation can occur.
- Recommend 2011 City TSP and County TSP amendments and refinements in order to facilitate the Project recommendations.
- Prepare recommendations for City and County Planning Commission, City Council, and County Board consideration respectively, including City and County Comprehensive Plan and Zoning designations, Comprehensive Plan Policy and zoning ordinance amendments, and facility standards to implement the Preferred Alternative for land use and transportation for the Westside Concept Plan.

Attachment B

Hood River Westside Area Concept Plan

Vision and Guiding Principles

Vision

The Westside Area will grow to become an interconnected community of great neighborhoods, an attractive gateway of commercial and mixed use activity, and an affordable and diverse area of the City. The Westside’s hallmarks will be:

- ***Housing options that provide choices for all income levels, life stages, and cultures within Hood River***
- ***Streets, trails, and paths that are walkable, connected, and green***
- ***Neighborhood design that celebrates the landforms, views, and magnificent landscape of Hood River***
- ***Open spaces and parks that support community gathering and a connection to nature***

The Westside Area will be an integral part and extension of the larger Hood River community.

Guiding Principles

The Hood River Westside Area Concept Plan will:

- A. Create livable neighborhoods that make good use of the Westside’s limited land supply.
- B. Create well-planned and commercially successfully mixed use districts in the Westside gateway area.
- C. Create a plan that works for all ages and abilities of the community.
- D. Provide a range of densities and housing types, increasing affordable housing choices in Hood River.
- E. Incorporate natural features and a sense of place into each neighborhood and district.
- F. Include open space and parks integrated in neighborhoods.

- G. Provide a connected transportation network with walkable, bike-friendly, and green streets.
- H. Promote active and healthy living through community design.
- I. Plan land uses and transportation facilities so the area may be served by fixed route transit in the future.
- J. Integrate Westside Elementary School and future new schools as key community places.
- K. Promote human-scaled building designs.
- L. Plan for efficient water, sewer, and stormwater infrastructure, utilizing green practices for stormwater management.
- M. Provide a realistic infrastructure funding strategy

Guiding Process Principles:

The planning process will:

- N. Provide an open and transparent planning process.
- O. Embrace cultural and community diversity throughout the plan and planning process.