



GOVERNORS'
INSTITUTE
on community design

Final Report:
Exploring Housing Strategies
A Workshop for Oregon

Recommendations for Governor Kate Brown
and the Regional Solutions Cabinet

August 2018

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Preface

Introduction

The recommendations contained in this report build on presentations made by the resource team and discussions at the Governors' Institute on Community Design workshop held July 16, 2018 and subsequent collaboration.

The goals of the workshop were to identify and prioritize short term and long term housing strategies to inform Oregon housing policy and increase housing supply. As background, GICD is assisting Oregon in exploring policies to promote housing opportunities for middle income households (60%-120% MFI), aligned with job creation/retention and economic development efforts. This support from GICD builds on Governor Kate Brown's Regional Solutions Workforce Housing Initiative.

GICD recommends that Oregon consider the strategies and actions below and decide which of them will best support the production of housing in the State in both the short and long term. The general principles throughout this document are: (1) setting state priorities and providing leadership on housing policy and production, (2) leveraging state dollars, and (3) aligning policy and program goals to support housing production.

GICD emphasizes that consideration of these strategies should be made through a lens of smart growth, reflecting Oregon's historic commitment to these principles. Oregon's legacy of land conservation and strategic planning for future growth has made the state a national leader in coordinating transportation, housing, and land use. In addition, the environmental benefits of increasing workforce housing nearer to employment centers include shorter commutes and improved air quality, as well as less sprawl, land consumption, impervious surfaces. Again, Oregon's commitment to environmental protection align with these efforts to increase housing supply, and should be implemented in ways that continue to promote smart growth—compact development patterns; walkability; mix of uses; and, coordination with transportation.

Acknowledgements

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About the Governors' Institute on Community Design

The Governors' Institute on Community Design® is a national, nonpartisan program that provides assistance to governors, their cabinets, and their senior staff in developing policies and implementation tools to guide growth and development in their states. Harnessing the policy expertise of leading practitioners in a range of fields—including land use, design, transportation, economic development, resilience and regional planning—the Governors' Institute provides each

state's executive team with practical solutions to the issues they face in order to enhance communities and build places where companies and people want to invest. Visit www.govinstitute.org for more information.

Recommendations

Lessons Learned from Oregon Convening with Massachusetts and Minnesota

At the Workshop, members of the GICD Resource Team presented on two programs from their respective states (Massachusetts and Minnesota), chosen for their innovation and relevance to Oregon's circumstances. Workshop participants from a range of agencies and leadership positions in Oregon considered the key elements of these two programs as they relate to current and near term strategies. GICD suggests that Oregon consider implementing similar programs, as described below.

The Massachusetts Housing Choice Initiative rewards municipalities that have produced certain rates or amounts of new housing units in the previous five years and that adopted best practices related to housing production.¹

Much of the action and policy necessary to increase production is at local level. Oregon could provide incentives for localities taking action to increase housing production. In this way, the State respects local planning and prerogatives while encouraging actions that meet state goals.

The Minnesota Economic Development and Housing Challenge (EDHC) Program provides flexible funds (0% deferred loans and some grants) to finance the acquisition, rehabilitation, stabilization or construction of workforce housing.

Participants discussed several strategies related to bringing employers and economic development interests to the table to increase housing supply. Oregon could create a similar program, with a matching funds requirement to challenge localities to be collaborative and creative.

See Appendix for more information about program specifics.

Strategies and Actions to Consider

Governor Brown and the Regional Solutions Cabinet are in a unique position to work across agencies to identify and prioritize strategies to increase housing supply in Oregon. Several of those strategies will be administrative or process oriented. The recommendations in this section are focused on broader efforts or new programs that will be led by the Governor's office or the Cabinet.

Throughout these recommendations, GICD links key actions to increase investments along with the increasing technical expertise to support a supply and production agenda. Equally as important, these recommendations provide guidance to make efficient use of investments by aligning and leveraging existing resources. A key consideration for Oregon is to become "recession ready" and more resilient through economic downturns, or mitigating impacts from national shifts.

1. Increase Investments

Post recession, Oregon's economy is rebounding with low unemployment. However, the undersupply of housing development since 2000 has impacts on economic and community development. It's a critical time to dedicate state funds to increase supply to relieve current pressure on the market, and

¹ Thresholds are: greater than 5% housing growth or 500 units; or greater than 3% growth or 300 units and 4 out of 9 best practices

position the state for continued economic growth. It is also important to recognize that many agencies' actions will influence housing supply, and this is not something OHCS can or should be solely responsible for. There is a role to play for all major agencies of state government, and related funding streams.

Propose a housing bond package.

To extend its commitment to affordable housing beyond the series of bills passed in 2016, a housing bond package could directly fund housing production, related infrastructure, and provide matching support for local efforts.

Example: Several components of California's 2017 Housing Package² exhibit strong state leadership for expanding affordable housing. This bundle of laws provides adequate funding for new affordable homes and sets production targets through SB 35.

Example: Massachusetts introduced a \$1.8 billion housing bond³ this spring that is helping to grow affordable housing in the state. The bond appropriated sizable amounts of funding for the State Low Income Tax Credit, Affordable Housing Trust Fund, and MassHousing's Workforce Housing Initiative. It also extends tax credits for MA Historic Rehabilitation, Community Investment, and Brownfields while potentially creating over 17,000 new housing units over the next five years.

Support increases in funding for infrastructure programs

Equally as important as funds for housing construction is ensuring the systems they connect to are functional and ready to accommodate growth. Improving existing sewer or water/wastewater systems is a critical component to enable development to occur.

Example: Minnesota Public Facilities Authority. The Legislature appropriated nearly \$106 million in bonding for water projects in 2017, and the state's Clean Water Fund added another \$16—significantly above the previous 10-year average of just over \$30 million per year.

Invest in Greater Oregon

Given the different needs of Oregon communities outside the Portland metro area, specific programs and support should be designated for Greater Oregon. Oregon should build upon the Workforce Housing Initiative, which identified a number of potential opportunities ready for investment.

1. Offer another round of projects under the Greater Oregon Housing Accelerator.

As discussed above, this pilot could be expanded to include elements of a Challenge Program, collaborating with communities on strategies to increase the housing supply.

2. Institute a "Live Where You Work" (or "Live Near Your Work") program.

Live Where You Work programs can be funded by the state, local government, or employers, and may include low interest loans, relocation bonuses, or closing costs. Partnerships between localities and the State are another approach to this program, working together to establish a set of incentives. The benefits of reduced commuting time improves employee retention as well as

² www.hcd.ca.gov/policy-research/lhp.shtml

³ www.chapa.org/housing-news/ma-senate-passes-housing-bond-bill

relieving congestion and burdens to freeways and highways improving the efficacy of the transportation system.

Example: In Maryland, the City of Baltimore⁴ and the University of Maryland⁵ offer funds towards down payment and closing costs.

Example: Connecticut offers a 30-year 0% interest loan for up to \$20,000.⁶

Incentivize local governments to create affordable housing funds

Local governments should be encouraged to create or enhance sources of loan funding for both gaps in financing packages for committed affordable housing, or to fund more preliminary activities such as acquisition or site preparations. The repayment of these loans would keep the fund going and support additional projects. Rather than the state providing one-time funding for a specific project, seeding a fund would support multiple projects on an ongoing basis, and localities would be able to add to the fund over time.

2. Increase Technical Expertise

This strategy is aimed at increasing people, planning and measurement. Historically there have been limited resources available for updating key planning documents, as well as limited technical expertise on the ground to move from plans to producing housing developments. Further, Oregon should look for improvements in sharing data among agencies and local government to track progress.

Increase leadership within the Executive level to apply a housing lens to all expenditures.

This is a practice change that would enable review of expenditures by the State that are consistent/inconsistent with meeting state housing goals. Focused leadership would help to ensure all agencies understand their role in the State's housing goals and implement policies that promote a range of housing choices. This outcome could be achieved through different options including:

- (1) Special Secretary, Special Assistant, or
- (2) By enhancing the focus of housing through Regional Solutions, OHCS and the Governor's Office.

Option 1: Maryland Governor Parris Glendening appointed Harriet Tregoning as the first secretary for smart growth in the nation. In this role, she oversaw a 15-member smart growth subcabinet responsible for key smart growth initiatives like revitalized neighborhoods, historic preservation, increased transit and transit-oriented development, walkable communities and open space preservation. Each budget was reviewed for whether it supported sprawl or whether it promoted investment in existing communities.⁷

Option 2: Oregon's Workforce Housing Initiative demonstrated the focused collaboration between key leaders to co-invest. Oregon should consider how to amplify the existing partnership.

⁴ mmp.maryland.gov/Documents/LNYW-State-application.pdf

⁵ www.umaryland.edu/live-near-your-work/

⁶ hdfconnects.org/lwyw/

⁷ patimes.org/one-on-one-parris-glendening/

Offer another round of funding for the Development Readiness Fund/Program

In 2018 HB 4006, with a focus on rent burdened communities, offered a significant investment for housing planning assistance. This program sparked interest and excitement at the workshop. The process of working closely with communities to identify barriers and capacity issues was successful, and a menu approach — allowing for communities to apply for buildable land assessment, code audits, or help with policy/tax implementation, etc. was more beneficial than a one-size-fits-all approach. Linking planning with outcomes provides an important feedback loop to understand what is working or not.

Example: California holds cities accountable for addressing housing needs in their communities. It includes SB 35 which accelerates development to increase housing supply by streamlining approval processes for specific developers in cities and counties that have not yet met their legally mandated housing targets. The package creates and preserves affordable housing through increased tracking and enforcement responsibilities to ensure compliance with state housing-preservation laws and, ultimately, allocates money to assist affordable multifamily developments, housing for farmworkers, transit-oriented development, and homeownership.

Fund capacity building at the local level for to help implement housing plans

Example: Minnesota funds three programs at approximately \$1 million per year—Capacity Building Initiative,⁸ Community Developer Capacity, Capacity Building Intermediaries—in the form of one time grants. Meant to fill gaps, a broad range of eligible activities ranges from one-time capacity building activities (e.g. professional training, partnership development, local housing study) to on-going pre-development/development assistance.

Conduct an exercise like the Minnesota’s Housing and Community Dialogues.⁹

The existing Regional Solutions Teams are well positioned to execute similar dialogues. Oregon should incorporate similar sessions to the trips Regional Solutions Coordinators often take to hear about community needs, and use existing relationships and structures to report back on how that information is being used. The goal of these dialogues is to share information across organizations, communities, and sectors in a way that catalyzes action on the local level and informs change on the state level.

Construction trade: Further investigate the full extent of the problem

At the workshop and since, we have heard that the Oregon Employment Department has done significant work on this topic. Despite the construction sector adding over 11,000 jobs in Oregon over the past year, the supply of labor is still being outpaced by demand—especially for residential development. One strategy to consider is directing more funding from the Workforce Innovation and Opportunity Act toward apprenticeship programs, technical colleges, and high school programs.

⁸

www.mnhousing.gov/wcs/Satellite?c=Page&cid=1421046330915&pagename=External%2FPage%2FEXTStandardLayout

⁹ Housing and Community Dialogues:

www.mnhousing.gov/wcs/Satellite?c=Page&cid=1415004911224&pagename=External%2FPage%2FEXTStandardLayout

Example: Apprenticeship programs—which combine on-the-job training with classroom instruction—have been successful for expanding skilled labor in some states. Iowa is recognized as a leader in developing strategies to increase Registered Apprenticeship. The Apprenticeship and Training Act of 2014 set annual appropriations of \$3 million for an apprentice program training fund. The fund subsidizes apprenticeship programs and has resulted in the registration of more new programs than any other state.¹⁰¹¹

Example: Minnesota introduced its PIPELINE project (Private Investment, Public Education, Labor, and Industry Experience) in 2014. The program brings together partners across sectors, like construction, to develop a seamless pipeline from education to a job for young people.¹²

Centralize and share data relevant to housing production/preparedness (jobs, wages, commutes, pipeline, production tracking).

Data was discussed as a barrier to collaboration on housing across agencies that can help address the problem. Specifically, shared state inventories and data on jobs, wages, commute sheds, and the production pipeline. Ensuring that state agencies trying to work together have access to common data will go a long way in setting concise goals, working together, and tracking progress.

Example: Iowa established a central source for state demographic, economic, and housing data with the potential to share current and relevant information about factors influencing housing development and need. The Iowa Finance Authority launched an interactive profile tool earlier this year that allows housing professionals at the state and local level to work together to address the housing needs throughout the state.¹³ A similar tool created by the Florida Housing Finance Corporation provides public information about housing needs and supply, subsidized rental housing, and household demographics.¹⁴

Example: Washington State initiated a Buildable Lands Program that requires county reports of buildable land every eight years. The program is designed to consolidate county data on land uses and activities within and outside urban growth areas to determine the quantity and type of land suitable for residential and commercial development.¹⁵

3. Leverage State Assets and Investments

¹⁰ www.americanprogress.org/issues/economy/reports/2016/02/09/130750/how-states-are-expanding-apprenticeship/

¹¹ Additional model apprenticeship programs can be found in Connecticut, California, Kentucky, and Wisconsin: www.americanprogress.org/issues/economy/reports/2016/02/09/130750/how-states-are-expanding-apprenticeship

There are also numerous states linking career and technical education and registered apprenticeship: sites.ed.gov/underservedyouth/files/2017/01/MS5-Connecting-Secondary-Career-and-technical-Education-and-Registered-Apprenticeship-A-profile-of-Six-State-Systems.pdf

¹² mnpipeline.com

¹³ www.westernes.com/Iowa/

¹⁴ flhousingdata.shimberg.ufl.edu

¹⁵ app.leg.wa.gov/RCW/default.aspx?cite=36.70A.215

Oregon is poised to achieve greater outcomes by maximizing existing programs and resources. A number of programs and tools could be aligned or integrated across agencies as demonstrated in the Workforce Housing Initiative.

Initiate assessment across state agencies of programs that directly relate to or influence housing or development readiness.

The Governor should decide where to vest the responsibility to coordinate this and decide which are better served if integrated.

This recommendation is intended to begin the process of a coordinated effort to incentivize local action, and relates the recommendations that follow. State agencies should first review the programs that influence housing or development readiness, and input should be solicited on which programs may impact housing at the local level. Then, a decision must be made on which should be considered for additional incentives or coordination.

OR Agency / Program	Purpose	Benefit to Designated communities
DLCD/ODOT – TGM	Helps local communities plan for transportation and land use...	Bonus points in grant application evaluation
Business Oregon - Special Public Works Fund
OHCS –Greater Oregon Housing Accelerator
DLCD – Development Readiness
Business Oregon – IOF
DEQ – Safe Drinking Water		
Business Oregon Brownfields		
State Parks/Main Street Program		

Utilize State and other publicly-owned lands or surplus properties.

State land assets, across agencies and across the state may provide opportunities to increase housing supply. An assessment should be conducted, utilizing an inventory of state owned assets, to determine which have the potential to meet housing needs.

Example: Massachusetts' Open for Business Initiative is a state-wide effort to maximize the full potential of Commonwealth real estate assets for the benefit of its cities and towns. The online portal shares current, future, and past bids for real estate opportunities.¹⁶

Example: Arlington County's Public Land for Public Good initiative.

4. Consider Regulation and Program Alignment

Oregon is not alone in facing regulations as barriers to development. Throughout the Workshop, a few examples emerged for further consideration with specific agencies and local government. The more that agencies can coordinate their investments, especially those made in housing and transportation, ensure that investments made support state goals, and keep regulations from contradicting or creating unintended consequences, the more successful each will be in supporting development.

Conduct a comprehensive examination of building code requirements and how they may impede small-scale multifamily housing.

Building and zoning code requirements in Oregon may be impeding the development of small-scale multifamily structures. Often described as the “missing middle,” buildings with 2 to 49 units are a critical product with the potential to ease the pressure on supply.

In many states, building and zoning code requirements impede the development of small-scale multifamily structures. For example, Chapter 43 (Low-Rise Apartments) of the 2017 Oregon Residential Specialty Code has limited and restrictive language regarding residential dwelling types with three stories or less. The State may want to consider ways to change building codes to make it easier to rehab older buildings and cheaper to construct the low-rise apartments in demand. Oregon Department of Consumer and Business Services which oversees the Building Codes Division and Department of Land Conservation and Development could explore a collaborative process to understand impediments and make appropriate changes to requirements.

Example: Olympia, Washington has proposed a municipal zoning reform to support small-scale multifamily—permitting triplexes, fourplexes, and courtyard apartments in its R4-8 residential zoning districts and cutting down off-street parking requirements.¹⁷

Example: Minneapolis is recognizing the appeal of duplexes, triplexes, and fourplexes amid its housing shortage, and has proposed low-rise buildings with 4 units or less to be permitted in most neighborhoods. At smaller scale, or “middle densities,” such smaller multi-family houses can be less expensive to build on a per unit basis than high-rise apartment buildings.¹⁸

Example: The Montgomery County Planning Department (MD) suggested several ways to create flexibility in their building code to allow for “missing middle” housing—a range of building types that are moderate density, and between single-family detached homes and taller apartment buildings:

- Create more townhouse zones during the master planning process as these zones are the most flexible regarding approving the development of Missing Middle typologies.

¹⁶ www.mass.gov/open-for-business

¹⁷ www.theolympian.com/news/local/article214629440.html

¹⁸ www.strongtowns.org/journal/2018/3/29/fourplexes-everywhere-bold-reform-proposed-in-minneapolis

- Create a new Missing Middle conditional use or optional method within the existing zoning code, particularly in the R60-R90 zones. This may be enough to spur more development of these typologies within the county.
- Create a Missing Middle overlay zone near public transit or along major transportation corridors that would allow either by right development of certain Missing Middle typologies and/or significantly streamline the regulatory process.

Example: Appendix Q from the International Code Council¹⁹ provided guidance and addressed code issues related to loft sleeping spaces, access to them, means of egress, and more. Adoption of these standards code changes in the Oregon Reach Code have been proposed.²⁰

Identify additional incentives for localities to change their regulations

Some suggestions are below:

- Establish a housing production plan
- Keep an up-to date housing needs analysis (within 5 years)
- Remove code-based barriers to housing, i.e.: reduce minimum lot sizes, reduce or eliminate parking minimums, other items from “Table 5”
- Conduct an economic opportunities analysis
- Update public infrastructure plans
- Washington State policy on smaller units counting as .5 towards density limits
- Increase density permissible in mixed-use environments, walkable places, and near employers
- Encourage localities to authorize transfer of density where such transfer increases the supply of targeted housing while maintaining smart growth objectives within the urban growth boundary
- Encourage increased development of ADUs with less stringent municipal ordinances²¹

Example: In some of San Francisco’s high-density mixed-use zones, minimum lot sizes per unit are reduced because the code allows a studio unit of up to 500 square feet to be counted as three-quarters of a unit for density purposes. To support the market for these units, these zones often have no parking required and no parking maximums.

Example: Clean Water State Revolving Funds function like environmental infrastructure banks by providing low interest loans to eligible recipients for water infrastructure projects. As money is paid back into the state’s revolving loan fund, the state makes new loans to other recipients for high priority, water quality activities. Repayments of loan principal and interest earnings are recycled back into individual state CWSRF programs to finance new projects that allow the funds to “revolve” at the state level over time.²²

Example: The MassWorks Infrastructure Program is a competitive grant program that provides a robust and flexible source of capital funds for municipalities and other eligible public entities to complete public infrastructure projects that support and accelerate housing and job growth throughout the Commonwealth.²³ In 2017, the program funded the construction of a road and

¹⁹ https://codes.iccsafe.org/content/IRC2018/appendix-q-tiny-houses?site_type=public

²⁰ https://docs.wixstatic.com/ugd/bd125b_e1317f991a274c459392d5cab49bfc24.pdf

²¹ www.aarp.org/content/dam/aarp/livable-communities/documents-2015/ADU-report-AARP-APA.pdf

²² <https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf>

²³ <https://www.mass.gov/service-details/massworks-infrastructure-grants>

associated utilities to provide direct access to 25 acres of land where a mixed-use redevelopment is planned, which will include 250 housing units, assisted-living facility, and school.²⁴

The Public Policy Institute provides a model state act for ADUs, which includes general regulatory authority, lower parking requirements, and fee structure. Additionally, it provides a model local ordinance, that the state could encourage localities to use, though they would not be required to under the model state act.

Example: New Hampshire’s ADU statute includes that a municipality may require owner occupancy of one of the dwelling units, but it shall not specify which unit the owner must occupy. Prevent policies at the local level that specifically target and prohibit adding density to neighborhoods.

Example: California’s ADU statute limits parking requirements to one parking space per unit and exempts parking standards for ADUs in several circumstances, including when it is located one-half mile from transit, car share is available within one block, and if on-street parking permits are required but not offered to ADU occupants.

Reward communities who are increasing housing and/or making significant efforts to meet state housing goals

As discussed at the beginning of this report, Oregon could create a Housing Choice Initiative similar to that of Massachusetts to recognize/certify communities and make them eligible for specific funds or opportunities.

Another way to reward communities is to establish Priority Considerations or “bonus points” that can be awarded to communities working to increase the supply of housing or preparing for housing production. For example, Minnesota offers geographic points for locating housing being near schools, transit, jobs, etc.

Understand the impacts of Split Determination with mixed use projects

Prevailing wage requirements were highlighted as issues in some of the workforce housing applications, and there was some discussion at the convening about this cost driver. GICD recommends more analysis about the cost impact. The Economic Policy Institute provides a review of the research on the topics, discussion of benefits and costs, and includes a few studies from specific states including Iowa, Kentucky, and Maryland in an annotated bibliography.^{25, 26}

Increase utilization of land trusts to create more opportunities for long term affordability

The Regional Solutions Cabinet has begun discussing land trusts, and this conversation should continue. Agencies with land assets often prefer to utilize land for the highest value use (in the short term); and it is sometimes perceived incorrectly as a legal requirement.

Strategies may include making the legal process easier to create them and removing barriers; making it easier for local governments, nonprofit, or state itself to put land in trust and ground lease for affordable housing; and providing incentive funding to get started.

²⁴ <https://www.mass.gov/service-details/massworks-2017-award-winners>

²⁵ <https://www.epi.org/publication/bp215/>

²⁶ <https://pdfs.semanticscholar.org/27c6/6044334ed8a110f5c108204ac7b755392fb4.pdf>

Example: Colorado Community Land Trust creates and preserves in perpetuity affordable home ownership for modest income households.²⁷

²⁷ coloradoclt.org/

Appendix

Benefits of Housing Choice designation to communities by program in Massachusetts.

The Massachusetts Housing Choice Initiative rewards municipalities that have produced certain rates or amounts of new housing units in the previous five years and that adopted best practices related to housing production.²⁸

Best Practices are defined as:

1. Designated local resources for housing, such as established an Affordable Housing Trust, donated land, or spent substantial CPC funds for community housing
2. Selected a housing best practice as part of its Community Compact
3. Achieved a minimum of 10% affordable housing stock according to the subsidized housing inventory
4. Adopted zoning that allows mixed use or cluster development by right (or demonstrated a pattern of approving such developments)
5. Have zoning that allows for accessory dwelling units by right (or demonstrated a pattern of approving them)
6. Have zoning that provides for inclusionary housing with reasonable increases in density
7. Approved a 40R district, participate in the Housing Development Incentive Program, or have adopted an Urban Center Housing Tax Increment Financing district
8. Have at least one zoning district that allows multi-family by right with capacity to add units and that allows for family housing
9. Have a certified Housing Production Plan

Communities that achieve the Housing Choice designation have exclusive access to apply for new Housing Choice Capital Grants. These funds can be used for land acquisition, new construction, new infrastructure, infrastructure improvements, renovations to parks and fields, design work, and more.

²⁹

Housing Choice Communities also receive bonus points or benefits under other state grant programs. The Initiative includes separate funding for a competitive capital grant program for towns with population under 7,000.

Oregon should set any requirements/actions for communities to earn a similar designation. For example, an Oregon Housing Choice Initiative could create a designation for communities that meet similar criteria as the Massachusetts program.

Bonus points or other advantages could be given to Housing Choice communities who engage employers, review zoning codes to include mixed use or higher densities, or leverage local resources to match state investments.

The Minnesota Economic Development and Housing Challenge (EDHC) Program provides flexible funds (0% deferred loans and some grants) to finance the acquisition, rehabilitation, stabilization or

²⁸ Thresholds are: greater than 5% housing growth or 500 units; or greater than 3% growth or 300 units and 4 out of 9 best practices

²⁹ See chart in Appendix

construction of affordable housing. Encourages businesses and local governments to step up: 50% of projects require non-state match with priority given to highest match; preference given for regulatory changes or waivers that result in cost avoidance/reductions (increased density, flexibility in site development standards, or zoning); preference for housing opportunities for an expanded range of household incomes in community or within the development.³⁰

Oregon should create a similar program to create buy-in from communities and challenge localities to be collaborative and creative. For example, an Oregon Challenge Program could reward regulatory changes like zoning reform, financial actions like seeding a housing trust fund, or engaging employers. Alternatively, another round of the Rural Housing Accelerator could be modeled as a Challenge Program that encourages localities to collaborate with the State.

Rewards: Advantages in selected State Grants

	AGENCY – PROGRAM	PURPOSE	BENEFIT TO HOUSING CHOICE COMMUNITIES
1	MassDOT – Capital Program	Reconstruction and expansion projects that go through MassDOT’s scoring & project selection process	For capital transportation projects, MassDOT will give bonus points to projects located within Housing Choice Communities
2	MassDOT – Complete Streets	Technical Assistance and Construction grants for communities to implement complete streets principals	Bonus points for grant evaluation score with Housing Choice designation
3	TRE/DEP – Clean Water Trust	2% interest loans for water pollution abatement and drinking water infrastructure projects	Additional subsidy below 2% interest rate, reducing debt service costs for communities
4	HED – MassWorks	Grants to municipalities for infrastructure improvements to support economic development and housing production	Bonus points for grant evaluation score with Housing Choice designation
5	HED – Seaport Council Grants	Grants to municipalities for planning and infrastructure improvements to support the marine economy	Housing Choice Communities may have required 20% match waived and/or the \$1Million grant amount may be exceeded for eligible applicants
6	EEA – Community Investment Grants	Planning Grants	Bonus points for grant evaluation score with Housing Choice designation
7	LAND Grant Program	Acquisition of conservation land	Bonus points for grant evaluation score for LAND program
8	PARC Grant Program	Acquisition of recreation land, construction of new parks, renovation of existing parks	Bonus points for grant evaluation score for PARC program
9	Gateway Park Grants	Acquisition of recreation lands, construction of community parks and trails in Gateway Cities	Bonus points for grant evaluation score for grant program; possible reduction in matching requirement for Gateway PARC program

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Research Notes

1. State Housing Bond Packages

Oregon

The State passed a [series of bills in 2016](#) for affordable housing:

- Tenant Protection
- Streamlined, fast-tracked process for developing new affordable housing
- Non-profit developers get exempt from property taxes in order to help maintain existing affordable housing units
- Lifted bans on inclusionary zoning and construction excise tax
- Final Budget bill SB 5701
 - \$10 M for emergency housing assistance and prevent/end homelessness
 - \$2.5 M to keep properties with rent subsidies or manufactured home parks affordable
 - \$2.73 M for foreclosure counseling services

Measure 102 on the ballot in November 2018

- Would amend the state constitution to allow cities to use bond revenue to fund the construction of affordable housing without necessarily retaining complete ownership of the constructed housing
- This would allow metro areas to use federal program funds, like the LIHTC, and bond revenue from local bond measures
 - Many cities have also been adopting an [excise tax](#) on new construction to help fund new affordable housing.

Portland Metro voters will vote on \$652.6 million affordable housing bond in November

- Could fund up to 3,900 homes in the Portland area
- Approximately \$60 in added property tax over the course of a year for a home assessed at \$250,000

Oregon's Housing and Community Services Department – [2017-19 Governor's Budget](#)

Massachusetts

- An increase for the State Low Income Housing Tax Credit to \$25 million per year and an extension through 2025;
- An increase for the MA Historic Rehabilitation Tax Credit to \$55 million per year;
- Extends the Community Investment Tax Credit to 2025 and increases the maximum allocation of credits each year;
- Extends the Brownfields Tax Credit for 5 years and increases the credit from 25% to 50% of net response and removal costs if at least 20% of residential units on the land are for households earning up to 120% of the area median income;
- Extends the Housing Development Incentive Program at \$10 million per year through 2024; and
- Provides a \$100 million authorization for MassHousing's Workforce Housing Initiative.
- Funding for Affordable Housing Trust Fund, Capital Improvement and Preservation Fund, Program for housing units around transit, community based housing for people with disabilities...

California

- SB 35 – streamlined approval process for infill projects that comply with existing zoning, 10% of units must be affordable, construction workers must get fair wage, only in localities that have not yet met their housing targets.
- AB 73 – provides state financial incentives to cities that create an overlay district with streamlined zoning, projects must include a minimum amount of affordable housing and pay prevailing wages

- SB 540 – state funds to city adopting a housing development plan that minimizes project environmental review. Developments must use a prevailing wage and include 50% units affordable to people at or below moderate income, 10% affordable for lower income.
- Several bills increasing accountability and enforcement
 - SB 72 – Authorizes Housing and Community Development to find any jurisdiction out of compliance with state housing law at any time and refer any violations to the Attorney General if it determines the action is consistent with the locality’s adopted housing element.
 - This could lead to the city being ineligible for CalTrans Sustainable Communities Grant, funds from the Affordable Housing and Sustainable Communities Program, state Planning Grant, housing program grants, and/ or Veterans Bond
 - SB 166 – Requires cities to identify additional low-income housing sites when market-rate housing is developed on a site currently identified for low-income housing
- Components to create and preserve affordable housing (highlights):
 - SB 3 – \$4 billion general obligation bond: assisting affordable multifamily developments, housing of farm workers, TOD, infrastructure for infill development, and homeownership. Funds matching grants for Local Housing Trust Funds and allocates funds to farm and homeownership for veterans
 - AB 1505 – inclusionary zoning authorization
 - AB 1521 – requires a seller of a subsidized housing development to accept a bona-fida to purchase from a qualified purchaser, if specified requirements are met.

2. Accessory Dwelling Units

Best Practices for ADUs

[Model State Act & Local Ordinance](#) – Public Policy Institute (AARP & APA)

Model State Act Highlights

- **General Regulatory Authority** – The model does not mandate adoption of an ordinance by a municipality. It does, however, encourage localities to certify ordinances to provide for the creation of ADUs in single- and multi-family zones.
- **Imposing Standards** – A municipality may impose standards on ADUs that include, but not limited to, parking, height, setback, lot coverage, architectural review, and maximum size of unit.
- **Requiring Owner Occupancy** – Premises with owner-occupants are better maintained and the legislature declares that a municipal regulation requires properties with ADUs be owner-occupied, either in the accessory or principal unit.
- **Less Restrictive Provisions** – The Act does not prohibit municipalities from adopting less restrictive ADU ordinances.
- **Maximum or Minimum Size** – Municipalities may require size requirements for both attached and detached ADUs.
- **Use, Density, and Plan Consistency** – Municipalities may limit ADUs from exceeding the allowable density for the lot they are located and require that ADUs are a residential use consistent with the plan and zoning designation.
- **Noninterference by Other Law** – No municipality may develop, amend, or interpret other codes or regulations, such as building codes, in ways that interfere with the intend of this Act.
- **Parking Requirements** – Shall not exceed one space per unit or per bedroom, whichever is greater. Off-street parking shall be permitted in required residential yards, setback areas, or through tandem parking.
- **Fees** – fees for creating an ADU shall not exceed 30% of the fees required for the creation of a single-family home with similar zoning.

Model Local Ordinance Highlights of “Optimal” Provisions

- **Authorization for ADUs by Zoning District** – ADUs allowed in zoning districts designed to primarily permit single-family houses on individual lots. ADUs may be allowed in single-family

houses with walls attached to other single-family houses when ADU conforms to building and fire code.

- **Approval Process** – One ADU per residentially zoned lot, provided the Zoning Administrator first approves the proposed ADU as complying with the standards in this ordinance.
- **Lot Standards, Occupied by Dwelling Unit** – An ADU may be incorporated in either an existing or a new dwelling unit.
- **Lot Standards, Minimum Size** – ADUs may be developed on lots meeting the minimum lot size for the respective zoning district, except that detached ADUs may be on lots that are [specific number of square feet].
- **Lot Standards, Setback and Lot Coverage** – ADUs are generally subject to setback and coverage requirements of zoning ordinances they are within.
- **Occupancy Standards, Owner of Premises** – Owner occupancy is not required in optimal provisions. It is required either in the accessory unit or in the principal dwelling for ‘favorable’ provisions.
- **ADU Building Standards, Orientation of Entrance** – ADU primary entrance is not the same as that for the principal dwelling unit, it shall be less visible from the street, and the ADU’s stairway may not be constructed in the front of the principal dwelling unit.
- **ADU Building Standards, Size** – The ADU should not exceed 40% of the living area of the principal dwelling, nor more than 1,200 square feet, nor less than 300 square feet, and nor have more than two bedrooms.
- **Parking** – One parking space required per ADU if:
 - Same requirement exists for principal unit;
 - No other parking spaces are available in rear or side yards, by tandem parking, or on-street parking; or
 - The use of the ADU will create the need for additional parking spaces

As defined by an [ADU Model Code](#):

- ADUs are allowed in certain situations to:
 - Create new housing units while respecting the look and scale of single-dwelling development;
 - Support more efficient use of existing housing stock and infrastructure;
 - Offer environmentally friendly housing choices with less average space per person and smaller associated carbon footprints;
 - Provide housing that responds to changing family needs, smaller households, and increasing housing costs; and
 - Provide accessible housing for seniors and persons with disabilities.
- Defined as a smaller, secondary home on the same lot as the primary dwelling. ADUs are independently habitable and provide the basic requirements of shelter, heating, cooking, and sanitation.
- An ADU may be added to a house on any residentially zoned lot.
- One ADU is permitted per residentially zoned lot, although some international examples allow a garden cottage (detached ADU) and an accessory suite (attached ADU).
- An ADU may be created through new construction, conversion of an existing structure, addition to an existing structure, or conversion of a qualifying existing house to a garden cottage while simultaneously constructing a new primary dwelling on the site.
- An ADU may not exceed the allowable density for the lot upon which it is located.
- An ADU is a residential use that is consistent with the existing community plan and zoning designation for the lot.
- Applications for ADUs must meet the following criteria and be handled through the existing municipal development process:
 - The applicant must demonstrate that the ADU complies with all development and design standards of this section.
 - The applicant must demonstrate that the proposed modifications comply with applicable building and fire safety codes

- Occupancy and use standards for an ADU shall be the same as those applicable to the primary dwelling on the same site.
- Design standards:
 - All ADUs (both attached and detached) may be no more than 800 square feet or the size of the primary dwelling, whatever is less.
 - No additional parking is required for an ADU. Existing required parking for the primary dwelling must be maintained or replaced on-site.
 - Accessory suites (attached ADUs) must meet the following additional requirements:
 - Only one entrance may be located on the facade of the primary dwelling facing the street, unless the primary dwelling contained additional entrances before the accessory suite was created. An exception to this regulation is entrances that do not have access from the ground such as entrances from balconies or decks.
 - Exterior stairs. Fire escapes or exterior stairs for access to an upper level accessory suite shall not be located on the front of the primary dwelling.
 - Garden cottages (detached ADUs) must meet the following additional requirements:
 - Height. The maximum height allowed for a garden cottage is the lesser of [20-25] feet or the height of the primary dwelling.
 - Building setbacks. Garden cottages must be located at least six feet behind the primary dwelling, unless the garden cottage is in an existing detached structure that does not meet this standard.
 - Building coverage. The building coverage of a garden cottage may not be larger than the building coverage of the primary dwelling.
 - Yard setbacks. No portion of an existing building that encroaches within a required yard setback may be converted to or used as a garden cottage unless the building complies with setback exemptions (ie. for garages, properties abutting alleys...) available elsewhere in the code.

State ADU Statute Examples

New Hampshire ([RSA 674:71 – 674:73](#))

Parking

- A municipality **may require adequate parking** to accommodate an accessory dwelling unit.

Property lines

- Any municipal regulation applicable to single-family dwellings shall also apply to the combination of a principal dwelling unit and an ADU including, but not limited to **lot coverage standards and standards for maximum occupancy per bedroom** consistent with policy adopted by the United States Department of Housing and Urban Development.

Owner occupancy

- A municipality **may require owner occupancy of one of the dwelling units**, but it shall not specify which unit the owner must occupy. A municipality may require that the owner demonstrate that one of the units is his or her principal place of residence, and the municipality may establish reasonable regulations to enforce such a requirement.

California ([SB 229](#))

Parking

- A local agency **may reduce or eliminate parking requirements** for any ADU in its jurisdiction.
- Parking requirements for ADUs **shall not exceed one parking space per unit or per bedroom**. These spaces may be provided as tandem parking on a driveway
- When a garage, carport, or covered parking structure is **demolished** in conjunction with the construction of an ADU, or **converted** to an ADU, and the local agency requires that those

off-street parking spaces be replaced, the **replacement spaces may be located in any configuration on the same lot as the ADU**, including, but not limited to, as covered spaces, uncovered spaces, or tandem spaces, or by the use of mechanical automobile parking lifts.

- A local agency shall not impose parking standards for an ADU in any of the following instances:
 - The ADU is located within **one-half mile of public transit**.
 - The ADU is located within an **architecturally and historically significant** historic district.
 - The ADU is **part of the proposed or existing primary residence** or an accessory structure.
 - When **on-street parking permits are required but not offered** to the occupant of the ADU.
 - When there is a **car share vehicle located within one block** of the ADU.

Property lines

- A local agency may impose standards including, but not limited to, **parking, height, setback, lot coverage, landscape, architectural review, maximum size of unit, and standards that present adverse** impacts on any real property listed in the **historic register**.
- **No setback shall be required** for an existing garage that is converted to an accessory dwelling unit, and a **setback of no more than five feet from the side and rear lot lines** shall be required for an accessory dwelling unit that is constructed above a garage

Owner occupancy

- A local agency shall approve an application for a building permit to create one ADU per single-family lot **if the unit is contained within the existing space of a single-family residence or accessory structure**, including, but not limited to, a studio, pool house, or other similar structure, has independent exterior access from the existing residence, and the side and rear setbacks are sufficient for fire safety. ADUs shall not be required to provide fire sprinklers if they are not required for the primary residence. A city **may require owner occupancy** for either the primary or the accessory dwelling unit created through this process.

Municipal ADU Ordinances:

[Portland, OR](#)

[Eugene, OR](#)

[Minneapolis, MN](#)

3. Small-Scale Multifamily: Building Codes & Zoning

- Building codes do, in some cases, [increase the costs of housing \(5% or less\)](#)
 - Zoning and subdivision requirements do have a much larger impact on housing costs
 - A property maintenance code can expand the scope of the housing code to **include other types of buildings**
 - Arcane language in multiple building codes can lead to an elongated learning curve for builders and limit competition of builders working in the same area, and increase construction costs.
 - Poor codes can have administrative challenges – skill inadequacies, excessive fees, administrative delays, conflicts, etc.
- Oregon building codes criticized:
- a) Lack of uniform interpretation, which contributes to difficulty obtaining plan review and permits, expensive contract corrections, and increases construction time; b) Penalizing owners of older buildings for renovations by requiring expensive upgrades; c) Lack of a benefit-cost analysis when code changes are adopted and implemented; and d) Difficulty changing specific code standards when new

technologies, building techniques and building materials could be used to reduce costs while maintaining safety” (Metro Council, 2000: 55).

- [Oregon Residential Specialty Code](#) (2017)
 - Applies to detached one- and two-family dwellings and townhouses
 - One-family detached dwellings used for day care services
 - Detached one-family congregate facilities (10 people or less), detached one-family lodging (no more than 5 guest rooms)
 - Residential air craft hangars
 - Live/work units located in townhouses
 - **CHAPTER 43: Low Rise Apartments (2017)**
 - [Appendix N: Low Rise Apartments & Multifamily Dwelling Construction](#) (2010 Oregon Structural Specialty Code)

Potential Additional Recommendations regarding building codes:

- State Building Code Council to adopt [Appendix Q](#) (Tiny Houses) of the 2018 IBC.

4. Construction Trade Shortages

- Despite record lows in unemployment rates, Oregon and the rest of the US is facing an extreme shortage in labor for construction.
- [The construction industry has grown](#) over 11.2% since July 2017 and expects employment to grow 16.7% over the next decade
- Still, construction labor is not keeping pace with residential construction demand
- Construction companies are over-paying to make wages more attractive and prioritizing workforce training in schools to foster the needed skillset
- Increased wages, consistent hours are attracting [more workers from other industries as well as new entrants](#) into Oregon’s labor market.
- Construction workers are on the older side – median age 44 – which means we will experience an increasing loss of these workers over the next 20 years.
- Support training programs:
 - [Home Builders Institute](#)
 - Subsidize workforce and training programs like this
- State Apprenticeship Agencies
- [Apprenticeship Programs](#)
 - Combines on-the-job training with classroom instruction
 - Apprentices are paid for their time spent on the job and acquire little student debt
 - State strategies to grow apprenticeship programs:
 - Directing state funds to establish new and grow existing programs
 - Convening partnerships to develop high-quality, effective programs that address the workforce needs of the state
 - Building a talent pipeline through pre-apprenticeship and youth apprenticeship
 - Establishing a comprehensive plan to integrate apprenticeship as part of a state’s broader workforce strategy
 - [States linking career and technical education and registered apprenticeship](#):
 - North Carolina
 - Registered Apprenticeship: High school students participate directly in Registered Apprenticeship programs and are registered as apprentices with Office of Apprenticeship. Accommodations may be made for students’ age and ability to work in some industry settings, with career and technical education coursework applied toward Reg. Apprenticeship requirements and RA participation applied toward high school graduation requirements
 - CT, FL, KY, NC, WA

- Pre-Apprenticeship: High school students participate in programs designed to prepare them for a Registered Apprenticeship program, with related technical instruction provided as part of their CTE coursework. Students often participate in work-based learning placements with an RA sponsor and receive preferred and/or enhanced entry with credits earned toward RA program requirements
- Rhode Island
 - Registered CTE Curriculum: High school students enroll in CTE coursework that the state has aligned to RA programs in high-demand industries. All enrolling students earn credits toward an RA program following high school completion

5. Data for Housing Production/Preparedness

Iowa Finance Authority - interactive [profile tool](#)

- Allows state and local housing experts to collaborate and look at trends, data for housing needs

Florida Housing Finance Corporation funds the [Florida Housing Data Clearinghouse](#)

- Searchable dataset open to the public
- Housing needs/supply, subsidized rental housing, and household demographics

[Oregon 2016-2020 Housing Needs Assessment](#)

[California 2025 Statewide Housing Assessment](#)

Washington Growth Management Act (1997)

- [Buildable Lands Program](#):
 - Requires that each county submit a buildable lands report every eight years
 - “Encompass land uses and activities both within and outside of urban growth areas and provide for annual collection of data on urban and rural land uses, development, zoning and development standards, environmental regulations including but not limited to critical areas, stormwater, shoreline, and tree retention requirements; and capital facilities to determine the quantity and type of land suitable for development, both for residential and employment-based activities”
 - [More components](#):
 - Promotes more accurate buildable land reports
 - Allows state to finalize a buildable land report comparing actual growth and development with forecasted growth under comprehensive plans
 - Allows homebuilders to more easily determine what land is adequately buildable



Breaking New Ground

OREGON'S STATEWIDE HOUSING PLAN

SUMMARY



Across Oregon, housing has emerged as a paramount concern. The lack of available housing, high rents and high home prices are driving rapid increases in housing instability and homelessness. The data is clear: too many Oregonians are without a safe, stable and affordable place to call home.

As we embarked on this Statewide Housing Plan in 2017, we traveled throughout Oregon on a listening tour, which brought us to communities large and small — coastal villages, Central Oregon boomtowns, Eastern Oregon wheat country, and growing Portland area suburbs. In each community, the housing crisis loomed large. You told us the heartbreaking stories of your friends, neighbors and family members who are struggling to find a pathway out of poverty; you described the homeless youth in your city that line up around the block hoping for shelter each night; you shared the fear of speaking out about mold and dirty water in your homes; and you talked about the business in the next town that had to cut jobs because there is nowhere for employees to live. We heard about the impacts this housing instability is having on our school children, the medically fragile, elders, communities of color and the workforce.

Across the state, we also heard inspirational stories that demonstrate our communities' resolve and desire to bring about change. We have unprecedented engagement and leadership on housing issues from our elected officials in Salem and at the local level. Oregon Housing and Community Services is ready to match that resolve and engagement. At the date of this letter, we have a record number of homes — nearly 8,000 — in our affordable housing development pipeline. We are serving more people through our homeless programs than ever before, and we are in the midst of another banner year for first time homebuyers. Yet more is needed. The people we serve will stand front and center as we drive to solutions through national best practices, increased impact, partnership and innovation.

This Statewide Housing Plan is our road map as we embark upon a series of bold initiatives to realize this vision over the next five years. I encourage you to join us in this endeavor to lay the foundation for a new era of hope and opportunity for our communities. For one individual, for one family at a time, we can end homelessness. We can end housing instability. We can create a system that advances equity and eliminates disparities for people of color. And we can create an Oregon where we all have the opportunity to pursue prosperity and live free from poverty.



Sincerely,
Margaret Salazar, *Director*

Together, we can make Oregon a place where every child has a safe and stable place to call home.



Plan Purpose

The **Statewide Housing Plan** articulates how Oregon Housing and Community Services (OHCS) will pave the way for more Oregonians to have access to the stable housing opportunities necessary for **self-sufficiency**. To do this, the Plan...

- Draws on quantitative and qualitative data to illuminate areas of need across the state and within specific communities;
- Communicates **six priorities** to build support and inspire coordinated action;
- Describes how OHCS will lead, fund, and support our partners on priority issues over the next five years; and
- Provides a framework and direction for OHCS to prepare annual work plans, set goals, monitor progress and implement our priorities.

The Plan marks a new way of doing business for OHCS. It lays the foundation for OHCS to be a data- and research-driven organization, and proposes a new way of collaborating and focusing resources and energy to address the most pressing housing issues facing Oregon today.

Guiding Principles

The **guiding principles** set direction for OHCS over the five-year plan horizon and beyond, building on our mission statement, vision and core values. They are crosscutting philosophies that inform how we will approach our work and guide our decisions over the next five-plus years across the department's many programs.



PRIORITY

Equity and Racial Justice

Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.



People of color have long faced discrimination and inequity in housing, home loans and government services. African Americans, Native Americans, Latinos and others face persistent poverty and wage gaps that force families to spend a greater share of their incomes on rent, leading to housing insecurity and a higher risk of homelessness. In addition, ongoing discrimination in the housing market combined with systemic barriers to economic mobility, wealth creation and opportunities impede progress toward parity. We are committed to an intentional, data-driven approach in collaboration with our partners to reduce disparities in housing and social service provision and to achieve greater parity in housing stability, self-sufficiency and homeownership for communities of color.



PRIORITY

Homelessness

Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.

All available data suggests that homelessness has increased during the current housing crisis, likely driven by increasing rents, which compound personal and societal causes of homelessness. Homelessness and housing instability make it harder to find and keep a job, treat or manage medical conditions, and learn in school. Ending homelessness means that every community has a comprehensive system in place to prevent homelessness, and where it can't be prevented, ensure it is a brief, one-time experience. There is substantial momentum around ending homelessness, particularly for veterans and children. OHCS will focus services and resources to drive improvement in housing stability and collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.

PRIORITY

Permanent Supportive Housing

Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.



Permanent supportive housing is a proven model for successfully housing economically vulnerable people who may not otherwise be able to maintain stable housing. Permanent supportive housing combines housing affordable at extremely low incomes with wraparound supportive services. A wide body of evidence supports the use of permanent supportive housing to provide better outcomes for people and reduce costs for health care, criminal justice, emergency services and other public systems. OHCS has heard resounding support for the permanent supportive housing model from local governments and partners. OHCS will increase our commitment to permanent supportive housing by working with partners to align resources for, and eliminate barriers to, producing permanent supportive housing.



PRIORITY

Affordable Rental Housing

Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.

Many studies have shown that access to affordable housing has broad, positive impacts. Affordable housing increases financial stability and allows families to prioritize spending on what matters most, including food, transportation, healthcare and saving for college or retirement. In recent years, OHCS and its affordable housing development partners responded to an ongoing housing crisis with record production of new units. Still, rents and housing prices continue to rise relative to incomes, increasing levels of housing cost burden, while low vacancy rates make it difficult to find housing. OHCS will work with our partners to expand and expedite delivery of affordable rental housing, reduce housing cost burden for low-income renters, and preserve existing affordable housing units.

PRIORITY

Homeownership

Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.



Affordable homeownership is a critical component of any forward-thinking strategy that seeks to address both housing and prosperity. In markets with rising home prices, fixed home payments insulate homeowners from displacement pressures. Homeownership provides an avenue to build wealth and home equity that can support college education, business start-up, or other financial needs. Across the income spectrum, communities of color have lower homeownership rates than whites due to historical and ongoing discriminatory lending and disparate access to home financing. OHCS will expand the reach of existing homeownership programs for low- and moderate-income households and explore innovative new programs to address unmet needs in the marketplace. We will also increase the number of homebuyers of color in our homeownership programs through engagement with culturally responsive organizations and intentional program design.



PRIORITY

Rural Communities

Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.

Small towns and rural communities face distinct housing and service provision challenges. While housing costs may be lower, incomes are lower as well, and transportation costs can be significantly higher. There has been little new housing, especially multifamily housing, built in rural areas in the last decade. Issues include lack of suitable and available land, high labor costs to bring contractors to rural areas, rents and home prices too low to cover the cost of new construction, and lack of financing for smaller-scale projects. OHCS will collaborate with small towns and rural communities to increase housing development; tailor services to rural areas' unique needs; and build stronger partnerships among housing and service providers, private industry, employers, local governments, philanthropy and other stakeholders to improve capacity and leverage resources.



Working together to serve individuals, families and communities throughout Oregon

Equal Opportunity Housing and Equal Opportunity Employment

Oregon Housing and Community Services is committed to providing meaningful access. For accommodations, modifications, translation, interpretation or other services, please contact **Greg Current** at **503-986-2000**, by **TTY** at **503-986- 2100**, or by email at **greg.current@oregon.gov**.

Kenny LaPoint

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Oregon Housing and Community Services

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ph: 971-239-9968

<https://www.oregon.gov/ohcs/pages/oshp.aspx>



2019-21 Governor's Recommended Budget: Overview of Regional Solutions Related Budget Items

Background

The Governor's approach to community and economic development recognizes the unique needs of each Oregon region, and the importance of working locally to identify priorities, solve problems, and seize opportunities to get projects done. Through Regional Solutions state resources have been strategically aligned throughout Oregon to accomplish these goals through Regional Solutions Advisory Committees, Centers, and Teams. This alignment serves and supports the unique economic and community development needs of each region, and the regional boundaries have been strategically aligned with the 11 federally designated Economic Development Districts.

Regional Solutions Related Budget Components

A. Regional Solutions Priority Implementation Projects:

The Governor's budget provides \$15 million in Lottery-backed bond proceeds, plus the cost of issuance, to fund local and regional economic development projects identified after public input and recommended by each of the Regional Solutions Advisory Committees. Each of these projects leverages other public, private and philanthropic funds to address priority regional needs.

Implemented through the Regional Infrastructure Fund administered by Business Oregon.

Key agency budget components that also support Regional Solutions priorities

A. Business Oregon:

1. Special Public Works Fund (\$79.45 M), includes:
 - Broadband - \$5 M
 - Water/Wastewater - \$15 M
 - State match for federal programs - \$7.5 M
 - Wallowa Dam - \$16 M
2. Brownfield Redevelopment Fund (\$10 M)
3. Seismic Rehabilitation (\$120 M)
 - Schools (\$100 M)
 - Emergency Services Building (\$20 M)
4. Innovation and Entrepreneurship (\$12 M)
 - University Innovation Research Fund (\$10 M)

- Oregon Growth Fund (\$2 M)

B. Oregon Housing and Community Services (\$406.1M)

1. Accelerate Growth of Housing Supply (\$31.4 M)
 - a. Greater Oregon Housing Accelerator (\$15M)
 - b. Housing Development Guarantee Account (\$15 M)
2. Ending Children's Homelessness (\$298 M)
 - a. Local Innovation and Fast Track – build 1700-2100 units (\$130 M)
 - b. Apply increased document recording fee to affordable housing (\$30 M)
 - c. Emergency and homeless Assistance (\$50 M)
 - d. Addressing child homelessness (\$20.5 M)
 - e. Preserving 400 units of affordable housing (\$25 M)
 - f. Acquiring 450 units of affordable housing (\$15 M)
 - g. Individual Development Accounts to help families out of poverty (\$7.5 M)
 - h. Resources of tenants and landlords (\$20 M)
3. Housing Veterans (\$22.2 M)
4. Invest in Permanent supportive Housing (\$54.5 M)

C. Department of Land Conservation and Development

1. Technical Assistance for communities to be ready for development (\$1.4 M)

D. Department of Environmental Quality

1. Klamath Basin Water Quality Improvements - \$640,412 General Fund, to support a coordinated, multi-agency effort to scale up watershed restoration efforts to improve water quality and fish habitat for native species and prepare for reintroduction of salmon and steelhead following dam removals planned for 2021.
2. Water Quality Permit Program Improvements - \$2.9 million General Fund and \$1.7 million Other Funds to phase-in 27 positions (19.8 FTE) to address the permitting backlog and provide resources essential to ensuring timely issuance of quality permits, verified compliance with permit conditions, compliance with federal e-reporting requirements, improved availability of information to the public, and improved opportunities for stakeholder engagement.

E. Oregon Department of Transportation

1. Connect Oregon (\$20 M)
2. Immediate Opportunity Fund (\$ 7 M)

F. Oregon Department of Water Resources

1. Water Supply Development Fund (\$15 M) – grants and loans for water supply projects to meet instream and out of stream water needs.

South Central Region (Klamath and Lake Counties)

South Central Advisory Committee

Convener	Jane O’Keeffe, O’Keeffe Family Ranch
Philanthropic Representative	Charles Massie, OCF Fellow
Business Representative	Tricia Hill, Gold Dust Farms
LOC Representative	Mayor Carol Westfall, City of Klamath Falls
AOC Representative	Commissioner Bradley Winters, Lake County
Committee Appointment	Commissioner Kelley Minty-Morris, Klamath County
Committee Appointment	Roberta Vanderwall, Town of Lakeview
Committee Appointment	Don Gentry, Klamath Tribes
Committee Appointment	Betty Riley, South Central OR Economic Development District
Committee Appointment	Jim Walls, Lake County Resources Initiative
Committee Appointment	Peter West, Energy Trust of Oregon

South Central Team

Governor’s Coordinator	Annette Liebe
Business Oregon, Business Development Officer	Larry Holzgang
Water Resources	Kyle Gorman
Energy, Department of	Rob Del Mar
Environmental Quality, Department of	Greg Svelund
Housing & Community Services	Kim Travis
Land Conservation & Development, Department of	Jon Jinings & Scott Edelman
State Lands, Department of	Nancy Pustis
Transportation, Department of	Jarod Johnson
Parks and Recreation	Todd Honeywell

South Central Priorities

Updated August 2017

Mission:

The South Central Regional Solutions Team provides regulatory technical assistance, aligns funding and shares information to support job retention and attraction. The South Central Regional Solutions Advisory Committee has identified the following priorities to guide the team’s work.

High Focus Priorities

1. Infrastructure

- a. Natural gas (Lakeview)
 - b. Rural Broadband
 - c. Rail
- 2. Shovel ready industrial land
- 3. Support entrepreneurship and small businesses
- 4. Agriculture/food processing/value added agriculture
- 5. Downtown Revitalization
- 6. Workforce Housing – increase stock of available attractive homes, not just affordable housing.
- 7. Workforce training – especially in the trades and connecting high school students with internships.
- 8. Improve forest health and access to federal timber resources

High Focus Priorities: the committee, coordinator and team will actively engage in seeking solutions and projects that contribute to successful outcomes for the priority.

Support Priorities

- 1. Transportation (highways, airports, and local roads)
- 2. Water/waste water systems (Chiloquin, Lakeview) (Prior version had Ciloquin, Malin, Merrill, Bonanza and Crescent listed; much progress has been, or, is being, made on these)
- 3. Reduce water quality impediments to economic development (Klamath Falls)
- 4. Remove air quality impediments to economic development (Lakeview)

Support Priorities: the committee, coordinator and team will monitor, engage and support as needed and requested. The coordinator/team will continue working with communities opportunistically to address these priorities and to serve as a catalyst for their successful accomplishment.

South Central Projects

INFRASTRUCTURE:

The Regional Solutions Advisory Committee prioritized rural infrastructure for investment during the 2015-17 biennium. The following three projects were prioritized for investment through a competitive process:

- 1. **Lake County Rail bridge improvements** - Inspection of the Lake County Railroad bridges identified several bridges as being in a priority stage 2 state of disrepair. Until repairs are completed, the county is responsible for inspecting these bridges every week and continued reliable service is in jeopardy. The Regional Solutions committee recommended funding for Lake County to repair the highest priority bridges. Most bridges on the line are of timber construction, consequently the timber pilings, walkways, handrails, and deck ties have

decayed over time. Timely repair is needed to ensure continued rail service to two of Lakeview's largest private employers, specifically, Collins Companies Sawmill (75 jobs), and Cornerstone (25 jobs), as well as Lake Railway (6 jobs). In addition to those primary jobs, secondary jobs bringing materials to these manufacturers are also benefitted. This project was awarded \$165,000 in Regional Solutions funding that was matched with \$82,700 in county funds.

"These improvements are critical to sustaining our current employers by addressing immediate safety needs." Brad Winters, Lake County Commissioner

2. **Malin Water System Upgrades** - The City of Malin installed a new cloud telemetry system to electronically monitor operations of the pumps, well levels, and storage tank levels to provide more secure and reliable water delivery for city businesses, residents and a new potato processor that was able to locate in the city (12 – 15 new jobs). This project was completed well under budget.
3. **Chiloquin WasteWater system** - Business Oregon and the Regional Solutions Team has been working closely with the city on a variety of waste water system improvements. The Regional Solutions funding supported improvements to a wastewater pump station with \$58,500 that was matched with \$25,000 in local funds. The City Council has also decided to construct a new lagoon system to replace the City's current system, and agencies held a one-stop meeting in April 2018 to explore financing. The city has an State Revolving Loan Fund planning loan and is currently exploring next steps.

The Regional Solutions Team has worked on the following additional infrastructure projects:

1. **City of Chiloquin Water System** – the city was also awarded \$930,000 from Business Oregon in April 2017, which was matched by city funds and funds from Indian Health Services to rehabilitate the incorporate the Airport well into the city water system. In August 2017 the Oregon Water Resources Department and Klamath Tribes advised the city that since the Klamath Basin Reclamation Act is no longer in effect, the subsequent Upper Basin Agreement is no longer in effect. This means that when the Tribes make a "call" on their water right, which has a priority date of "time immemorial" the city will have to cease using Well #1 and will not be able to utilize the airport well, because the wells are within 1 mile of the river. After multiple city council work sessions and consultation with OWRD, the city has come to the conclusion that the only solution is to relocate their primary water source outside the one mile buffer from the Sprague and Williamson Rivers. The city is requesting additional funding from Business Oregon's Safe Drinking Water Revolving Loan Fund.
2. **Crescent Waste Water Treatment System**: The Crescent Sanitary District (CSD) has been working for several years to resolve public health concerns related to their failing septic systems. The RST (DEQ, OBDD/IFA, ODF, and DLCD) have been meeting consistently with the CSD since January 2015 to make recommendations on their facilities planning,

advise on the best strategy for locating their facility on ODF-owned property (including a process to transfer the land and subsequent zoning applications), and on project financing. With technical and funding assistance from the Department of Environmental Quality and Business Oregon, the CSD broke ground in November 2018.

“The professionalism and collaboration on this project has been outstanding. The team has worked diligently together to move the project along in a timely and methodical manner.”

Chuck Lawrence, Crescent Sanitary District, Project Manager

3. **Klamath Falls Brett Way Extension:** RST has been working to identify and secure state permits/approvals needed for construction of a new road to increase safety and serve future industrial uses. ODOT has been working closely with the City of Klamath Falls to encourage the city to install wet utilities in the right of way. DEQ, DLCD, and ODOT worked to address land use issues and federal Clean Air Act requirements. The consultant has started the design/engineering for this project.
4. **Lake Ewauna Trail:** ODOT and DEQ worked together to eliminate contaminated soil discovered during the Lake Ewauna Trail construction project. ODOT has worked with the city to acquire DEQ and DSL permits. The project is currently under construction.

Lake and Klamath Counties - Reduce Economic Development Barriers by Improving Air Quality: This project is complete.

Both Klamath Falls and Lakeview did really well with this change out by changing uncertified woodstoves for energy efficient systems. Lakeview change outs include 46 Heat Pumps; 2 Electric Furnaces, 15 Propane Units, 16 Pellet units; and 40 Hybrid Wood burning units. There were 119 Change Outs in Lakeview resulting in a 73 fewer wood burning units in Lakeview. Klamath Falls change out total was 128, which includes 32 Gas Furnaces; 63 Gas Fireplace Inserts; 6 Gas Stoves; 10 Heat Pumps; 11 Pellet Inserts; and 6 Pellet Stoves. This is 111 fewer wood burning units in Klamath Falls.

Through this program, we were able to utilize over \$111,236.20 in Discounts and Rebates:

Residential Energy Tax Credit	\$49,149.76
Energy Trust of Oregon	\$39,826.50
Avista Utilities	\$ 6,718.00
Gensco	\$ 700.00
Vendor Discounts	<u>\$17,841.94</u>
Total Discounts	\$111,236.20

Most of the Vendor Discounts came from Coastal Farms of Klamath Falls and Robinson Heating and Cooling in Lakeview. The Avista Rebates were mainly for programmable thermostats when gas products were installed. ETO Rebates include Heat Pump installation in homes that

replaced electrical heat with the heat pump system as well as some of these rebates were related to weatherization projects.

Through these change outs over 10 tons of emission credits were created in Lakeview and Klamath Falls. These credits are available for new or expanding business. Further, air quality monitoring in Lakeview and Klamath Falls shows reduced levels of particulate.

*“These credits will make a difference in attracting new businesses to South Central Oregon.”
Larry Holzgang, Regional Development Officer, Business Oregon*

North Ridge Estates Superfund Match through Interagency Land Exchange, Klamath Falls:

North Ridge Estates is a subdivision in Klamath County, developed with approximately 22 homes and a small apartment complex. The site was developed with a number of uses in the past, including the Oregon State Hospital and the former Oregon Technology Institute (now Oregon Institute of Technology). Like many buildings constructed prior to 1970, the buildings and associated underground steam heating pipe were asbestos-laden, and when the property was developed as a subdivision the asbestos abatement was handled improperly. On September 16, 2011 the site was listed as a national priority site for cleanup under Superfund. As part of a Superfund cleanup action, the state is required to pay a 10% match of the actual cleanup costs. The EPA has estimated the total cleanup effort at North Ridge Estates to be approximately \$38 - \$40 million.

The Regional Solutions Team executed a land exchange between ODOT and DSL that will provide approximately 274,000 cubic yards of clean fill material as an in kind match for the remediation. Because of requirements governing disposal and use of DSL-owned property, the agency needed to transfer the site to other ownership. ODOT was interested in obtaining jurisdiction of the site. The kick off remediation began in September 2016 and is expected to be completed Fall 2018. During the 2017-19 biennium the state in kind match is estimated to result in close to \$900,000 in savings. The project cleans up a public health issue, puts properties back on the tax rolls for the county, and saves state funds. The clean up was completed in October 2018.

Red Rock Biofuels: Red Rock Biofuels (RRB) is constructing a \$250 million biofuels refinery in Lakeview, funded with a \$70 million federal Department of Defense grant and private investors. Once operational, the facility will employ 31 full time, with 55-60 indirect jobs created in the nearby Fremont-Winema National Forest; 250 jobs are estimated for construction. RRB intends to convert 140,000 gallons per year of renewable jet fuel, diesel and naphtha fuels. The RST is coordinating RRB's state permits, including DEQ Air Quality Permit; DSL wetland permits; and UGB Exchange/Amendment with guidance from DLCD. The RST has been convening monthly calls with the company, town, county, and state agencies to ensure good coordination on the various state approvals. The Final Environmental Assessment was published in December 2016. The town and county approved the Enterprise Zone Agreement December 2015. The RST continues to work with the town, the county, and Red Rock to provide assistance on state approvals and incentives (air quality and wetland permitting, transportation/jobs incentives).

Business Oregon worked closely with the company and the Governor's Office to secure allocations of tax exempt bonds late in 2017 and early 2018. Red Rock Biofuels broke ground in August 2018 and is currently under construction.

"The Regional Solutions Team has been vital in coordinating the many state departments and agencies. These teams provide a very valuable role in the development of large projects."
Jeff Manternach, CFO

Housing Needs Analyses: In order to help address the housing shortage, DLCD secured a consultant to complete housing needs analyses for Klamath Falls, Lakeview and Paisley. Work is currently underway. In Lakeview and Paisley the consultant will also be completing an Economic Opportunity Analysis to evaluate opportunities for economic development and land needs.

Water supply study: Water Resources Department provided a grant to evaluate water storage options in the Klamath Basin. Work is underway; report is expected later in 2019.

Modoc Point Irrigation District: RST convened one meeting in December 2018 to evaluate pilot project opportunities that address water and energy conservation and reduce effluent in the Modoc Point Irrigation District. This is an ongoing project.

Project PNP: The RST continues to provide information and technical assistance about regulatory and natural resource issues as part of the due diligence process for site selection related to this major economic develop project. Klamath County Economic Development Association is lead in partnership with Business Oregon, DEQ, WRD and East Cascades Works.