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CITY OF HAPPY VALLEY
RESOLUTION 25-03

HOUSING PRODUCTION STRATEGY

WHEREAS, cities with a population greater than 10,000 are required to prepare and adopt a housing analysis that includes a housing needs projection addressing housing types and price levels, residential land needs analysis, buildable land needs analysis, and identification of measures for accommodating needed housing per Oregon Administrative Rule (OAR) Chapter 660, Divisions 7 and 8; and; and,

WHEREAS the City Council adopted a Housing Needs Analysis (HNA) and Buildable Lands Inventory (BLI) into the City's Comprehensive Plan on February 1, 2022, by Ordinance 559; and

WHEREAS pursuant to HB 2003 and implemented through OAR 660, Division 8, cities with a population greater than 10,000 are required are required to develop a Housing Production Strategy (HPS) to promote the development of needed housing identified in the adopted HCA; and

WHEREAS funded by the Oregon Department of Land Conservation and Development (DLCD), Winterbrook Planning supported the City in developing an HPS over nearly the past year; and

WHEREAS the development of the HPS included a variety of community engagement including an online survey, tabling at multiple community events, a roundtable discussion with a variety of housing producers and an interview with an affordable housing provider in the city; and

WHEREAS the City Council and Planning Commission held a joint work session to shape the development of the HPS on November 19, 2024; and

WHEREAS the City Council held a second work session on February 4, 2025, focused on the strategies within the HPS; and

NOW THEREFORE, THE CITY OF HAPPY VALLEY RESOLVES AS FOLLOWS:

Section 1. The Housing Production Strategy shall be hereby adopted by the City Council on February 18, 2025, and is effective immediately.

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Resolution 25-03 is enacted by the City Council of the City of Happy Valley, this 18th day of February 2025.

Tom Ellis

Tom Ellis
Mayor

ATTEST:

Kara Kerpan

Kara Kerpan
City Recorder

HAPPY VALLEY, OR
EST. 1965

HOUSING PRODUCTION STRATEGY REPORT

February 2025

WINTER BROOK

OREGON
Department of Land Conservation & Development



Acknowledgements

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Brett Sherman	Councilor
David Golobay	Councilor
Glenn Wachter	Councilor

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Name	Position(s)
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Donald Hanna	Commissioner
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Marchelle Paholsky	Commissioner
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Mario Musil	Commissioner
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TABLE OF CONTENTS

1 Executive Summary 4

2 Happy Valley Housing Needs 10

3 Community Engagement 30

4 Housing Production Strategies 40

A – Promote, Educate, Clarify Existing Opportunities 44

B – Address Availability and Cost of Land and Infrastructure 49

C – Reduce Local Regulatory Barriers to Needed Housing 55

D – Incentivize Affordable & Accessible Housing 60

5 Achieving Fair & Equitable Housing 68

Appendices

1. Contextualized Housing Need Assessment (CHNA) Memorandum
2. Community Engagement Summary and Materials

1 EXECUTIVE SUMMARY

Report Purpose

The Happy Valley Housing Production Strategy (HPS) report provides information that supports the City's adoption of strategies and measures to increase local housing production. Increased housing production is a goal statewide and is essential to meet the future housing needs of city residents. This report has been developed specifically to satisfy the requirements of Statewide Planning Goal 10, Housing, as implemented by Oregon Administrative Rule Chapter 660-008-0050, Housing Production Strategy Report Structure.







Report Organization

The HPS report has five chapters:

1. Executive Summary
2. Housing Needs
3. Community Engagement
4. Housing Production Strategies
5. Achieving Fair and Equitable Housing

These sections work sequentially. After a general description of the entire report, Chapter 2 lays out the city's identified housing needs and previous steps of this process intended to help increase housing production. Previous City efforts include a Buildable Lands Inventory (BLI) and a Housing Capacity Analysis (HCA). Chapter 2 also explains the findings of a Contextualized Housing Needs Analysis (CHNA) done for this project. Chapter 3 summarizes the consulting team's months-long community engagement process to solicit feedback from housing consumers and producers to better

inform production strategies. These actions then lead to Chapter 4, the expansive list and description of the strategies themselves. The content of this chapter details what the strategies are, how they will operate, which are higher priority than others, and how they connect to a particular identified need or satisfy objectives spelled out in state rules. The final chapter, Chapter 5, concludes the report with an explanation of how Housing Production Strategies will help to achieve fair and equitable housing.

Housing Needs

Chapter 2, Housing Needs, summarizes Happy Valley's Housing Capacity Analysis (HCA) and contextualizes the city's housing needs. The 2022 HCA described existing housing, market conditions, and projected need. Building on the information in that document, this report takes it to another level by placing those needs in the context of demographic and market information—household size, race, income, market trends, and neighborhood differences—using categories consistent with the Goal 10 Housing Rule. By assessing current and future housing needs, acknowledging recent local planning efforts, and identifying local factors affecting Happy Valley housing production, the basis for strategies begins to form.

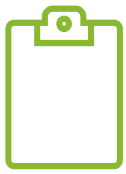


This Contextualized Housing Needs Assessment (CHNA) summary provides a broader context for identifying barriers to affordable housing and strategies to remove such barriers. While the HCA and the accompanying BLI identified types and amounts of housing and land needed, the CHNA explains the current housing environment and future housing need within the context of demographic and market trends.

Community Engagement

Chapter 3, Community Engagement, summarizes the extensive effort to gather high-quality feedback from both consumers of and producers of housing in Happy Valley to inform the strategies. This chapter has a summary of each different modality of engagement and the results that came from them. Engagement activities included:

- Tabling at community events
- Online survey
- Roundtable meeting with housing producers
- Interview with an affordable housing developer
- Coordination with Oregon DLCD and Happy Valley staff
- Work sessions with Happy Valley Planning Commission and City Council







Participants in the community engagement offered a wide variety of opinions and feedback on the housing situation in Happy Valley. Most noted that housing is increasingly expensive and that those who rent are often financially strained. The rapid growth of housing has challenged resident expectations, but most agreed that being a highly desirable community drives housing demand. Both residents and producers point to single-family homes as the most desired housing type, but both groups also were interested in other options, including attached, cluster, accessory dwelling units (ADUs), and housing for seniors and people with disabilities. Conversations with developers revealed challenges related to high costs of production and infrastructure improvements, topography, and coordination with outside agencies.

The later steps in the engagement process included comments from planning commissioners and city staff on the draft HPS report, a work session with the City Council, and a public hearing for City Council's to adopt the report.

Recommended Housing Production Strategies

Chapter 4, Housing Production Strategies, provides detailed descriptions and assessments of four strategy categories and 18 specific measures divided across those categories. The table at the end of this Executive Summary and in Chapter 4 is the heart of this report and the most concise description of strategy categories and measures. Chapter 4 has additional information about which measures are highest priority, that is, which should be done in the first implementation cycle. It also discusses

intended outcomes and who the measures are primarily intended to benefit.

Housing Production Strategies listed in this report are specific steps, programs, and policies designed to address the city's needs. The focus on affordable housing is the result of a finding that the greatest unmet needs in Happy Valley are predominantly new ownership opportunities at middle and low-price points, such as townhomes, condos, and small detached housing on small lots, and rental units affordable for households at the lowest income levels. New, market-rate housing is the dominant housing type produced in the City and has resulted from successful initiatives to encourage it. The City is planning for more housing generally and it has been produced at a rate that exceeds most other jurisdictions. Existing initiatives, listed in Chapter 2, should be continued. At the same time, the strategies proposed in the HPS emphasize changes that support the production of more affordable housing types because they are currently lacking in Happy Valley.

The table below shows the strategies, the measures within each strategy, and a brief description. Ten of the measures are marked with an asterisk, indicating a higher priority measure. Priority was determined by an assessment of housing productivity impact, cost, political feasibility, and demands on staff time.

Strategy A - Promote, Educate, Clarify Existing Opportunities

Ref	*Description*
A.1*	Expand website content on housing insecurity and homelessness
A.2	City Toolkit for Affordable Housing
A.3	Promotional Materials for Middle Housing Provisions
A.4	Publicize SDC credit process

Strategy B – Address Availability and Cost of Land and Infrastructure

Ref	*Description*
B.1*	Partner with ODOT to implement improvements at Highway 212 intersections and the future Sunrise Corridor expressway
B.2*	Establish and utilize Capital Improvement Plan (CIP) criteria to prioritize investment in higher-density housing areas
B.3*	Plan for servicing higher-elevation land

B.4	Update the Comprehensive Plan to simplify residential zones

Strategy C – Reduce Local Regulatory Barriers

Ref	*Description*
C.1*	Reduce limitations to multi-family housing
C.2	Reduce limitations to middle housing
C.3	Reduce limitations to accessory dwelling units (ADUs)
C.4*	Investigate opportunities to improve coordination with service providers (water, sewer, engineering, etc.)

Strategy D – Incentivize Affordable & Accessible Housing

Ref	*Description*
D.1*	Pursue a residential construction excise tax (CET) for Affordable housing infrastructure
D.2*	Pursue public land banking
D.3*	Reduce code limitations to the development of Affordable housing units
D.4*	Promote universal design principles
D.5	Conduct an economic analysis of existing Affordable housing incentives
D.6	Apply for grant financing on behalf of Affordable housing developers

Achieving Fair and Equitable Housing Outcomes

Chapter 5 concludes this report by evaluating how the strategies listed in the previous chapter achieve fair and equitable housing outcomes. The housing rule requires a summary of how the City's existing policies and the strategies of the HPS will achieve equitable outcomes for federal- and state-protected classes of people. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within protected classes.

The following six factors affect the desired outcomes. Chapter 5 describes the expected outcomes for each factor and identifies corresponding policies and programs within the HPS:

- Location of Housing
- Fair Housing

- Housing Choice
- Housing Options for Residents Experiencing Homelessness
- Affordable Home Ownership and Affordable Rental Housing
- Gentrification, Displacement, and Housing Stability



Cumulative Impact

Chapter 4 describes the individual impacts of each strategy. Each measure's description includes an assessment of its potential impact, target population, and timeline. Together, these measures will reduce barriers and provide incentives for Happy Valley to produce more housing generally and the most needed housing types in particular. The overarching purpose of the HPS effort is to make policy changes that address key housing needs, using tools available at a local level to promote more affordable and accessible housing units.

The strategies described are intended to work in concert so that, cumulatively, they spur the development of new affordable housing units that would otherwise not be constructed. Specific to the relationships between categories, the City promoting existing opportunities (Strategy A) applies to current rules that favor homebuilding and those that might be changed or implemented in the other three recommended strategies. Addressing land availability and infrastructure costs (Strategy B) would have a multiplier effect on any measure to benefit affordable housing in Strategy D, such as development code changes or economic incentives. Finally, reducing local regulations on housing types that are more likely to be affordable (Strategy C) naturally dovetails with explicit incentives for subsidized units mentioned in Strategy D, such as widening eligibility for the use of density bonuses.

Any single measure is unlikely to stimulate production of many housing units. Other factors, like interest rates or the cost of building materials, may swamp local changes. Nevertheless, each measure has at least a marginal impact on the production of new units. As changes build up, they create momentum toward establishing an environment where additional housing development becomes easier and more likely. Implementing actions gradually over the full timeline of the HPS hopefully contributes to a pro-housing set of City policies that results in the intended outcome: more available, accessible, and affordable housing.

2 HAPPY VALLEY HOUSING NEEDS

Overview

This section serves two primary purposes: summarizing Happy Valley's Housing Capacity Analysis (HCA) and contextualizing the city's housing needs. This chapter begins with the key findings from the 2022 HCA, describing existing housing, market conditions, and projected housing need. The next section contextualizes those needs by assessing current and future housing needs, descriptions of recent local planning efforts and factors affecting housing production, and an analysis of demographic and market information to help inform local housing production strategies consistent with the Goal 10 Housing Rule (OAR 660-006-050[1]).



Figure 2-1. Multifamily Development in Happy Valley

This part of the report is the Contextualized Housing Needs Assessment (CHNA). The CHNA provides a broader context for identifying barriers to affordable housing and strategies to remove such barriers. The HCA and the accompanying Buildable Lands Inventory (BLI) have identified types and amounts of housing and land needed. This CHNA explains the current housing environment and future housing need within the context of demographic and market trends.

More specifically, this section of the report

1. describes methods and data sources;
2. summarizes key findings from the 2022 HCA;
3. summarizes the overall findings of the CHNA;
4. describes Happy Valley's existing initiatives that support housing production.

This section is a distilled version of a more detailed CHNA memorandum, which is contained in full in Appendix 1. That memorandum has additional detail and analysis of the issues discussed in this summary.

Methodology

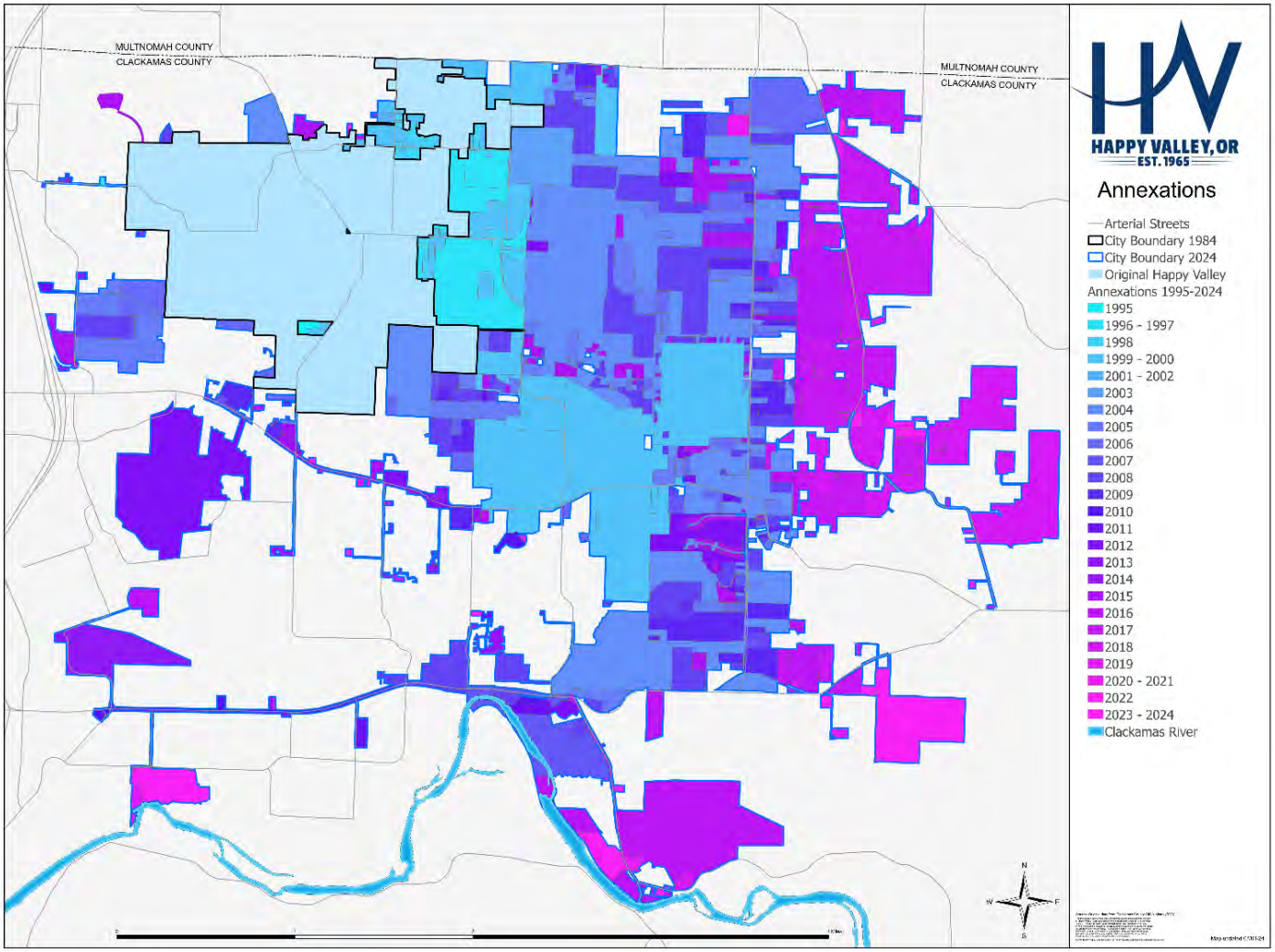
Demographic data needed for this assessment are from the U.S. Census Bureau, from detailed tables or mapping tools, filtered by city (Census-designated place), county, and state, when relevant. The American Community Survey (ACS) 5-year Estimates provide detailed information including housing, education, and employment. The analysis used ACS 5-year Estimates from 2021 and 2022 depending on availability. The 2020 Decennial Census data are used to represent demographics such as age, race and ethnicity, and owner/renter status (tenure).

The City of Happy Valley provided local data and was a key source of information for this analysis, including details of recent planning initiatives and background information about the city's rapid growth, as well as building permit data and acreage of annexed land. Qualitative local data from public engagement with housing producers and consumers in and around Happy Valley also informs the study. These data sources were described in the previous chapter.

Additional Government sources include the US Department of Housing and Urban Development (HUD), which provides Continuum of Care (CoC) programs addressing homelessness at the local or regional level. CoC programs will often conduct the annual Point in Time (PIT) homelessness counts for their area. The State of Cities Data Systems (SOCDS) Building Permits Database is also useful for its downloadable spreadsheets with totals and types of approved building permits dating back to 2001. The McKinney- Vento Act's Education of Houseless Children and Youth Program annually publishes spreadsheet data with counts of houseless students per school district. Oregon Housing and Community Services (OHCS) publishes an annual list of Severe Rent-Burdened Cities.

Metro cities must assess housing capacity and need within city limits consistent with state statutes and administrative rules to produce an HCA. The Housing Production Strategy is a "next step" and should be based on the analysis provided by the HCA. However, in Happy Valley's case, city limits have changed numerous times between the 2022 HCA and the time of this report, adding hundreds of acres, as shown in Figure 2-2. In addition, Happy Valley has a growth area to its east, the Pleasant Valley/North Carver area. This area covers 2,700 acres and is both partly inside and partly outside the city limits. Pleasant Valley/North Carver has its own comprehensive plan and its own HCA and is not specifically included as an area for analysis in the scope of this Housing Production Strategy.

Figure 2-2. City of Happy Valley Annexations by Year



Evaluating the same categories of information longitudinally is limited by shifting city limits and an adjacent area that is outside the scope of the study but partially within those boundaries. That is because the units of analysis—area, population, housing units—are not the same over time. For example, the 2022 ACS and 2020 Decennial Census Place boundaries do not include land that has since been annexed into the city.

To reach conclusions about recent historical trends, patterns in demographic and market analysis, and initiatives that will support desired outcomes, it is not necessary to resolve every fine distinction between the city's status in 2022 and its status today. The HPS presents available data, identifies places where data are limited or comparisons are inexact, and proceeds with the analysis acknowledging potential effects on the recommendations.

Housing Capacity Analysis

The 2022 Happy Valley Housing Capacity Analysis (HCA) includes a Current Housing Needs assessment, a Future Housing Needs projection from 2020 to 2040, and a comparison of the housing needs with the results of a Buildable Lands Inventory (BLI). The reader should note that these statistics have likely changed in the two years since the HCA was published.

Existing Households and Housing Stock

Existing housing and demographic conditions in Happy Valley were described in the HCA as follows:

- The city population quadrupled between 2000 and 2020, from 4,500 to 23,000, a much higher growth rate than experienced by Clackamas County or the state. In that same timeframe, the city added 6,150 housing units.
- Almost three-quarters (72 percent) of the housing in the city has been built since 2000.
- Most of the existing housing in Happy Valley is single-family homes that are owner-occupied (83 percent). Meanwhile, renters mostly occupy multi-family housing that contain five or more units per structure.
- The average household income also increased significantly (29 percent)





between 2010 and 2019. In 2019, the average household income in the city was 35 percent higher than the county average and more than double the state average.



- Most employed people who live in Happy Valley do not work in the city (97 percent), whereas most people who work in Happy Valley do not live there (94 percent) and tend to live in nearby Portland or Gresham.



Market Conditions and Affordability

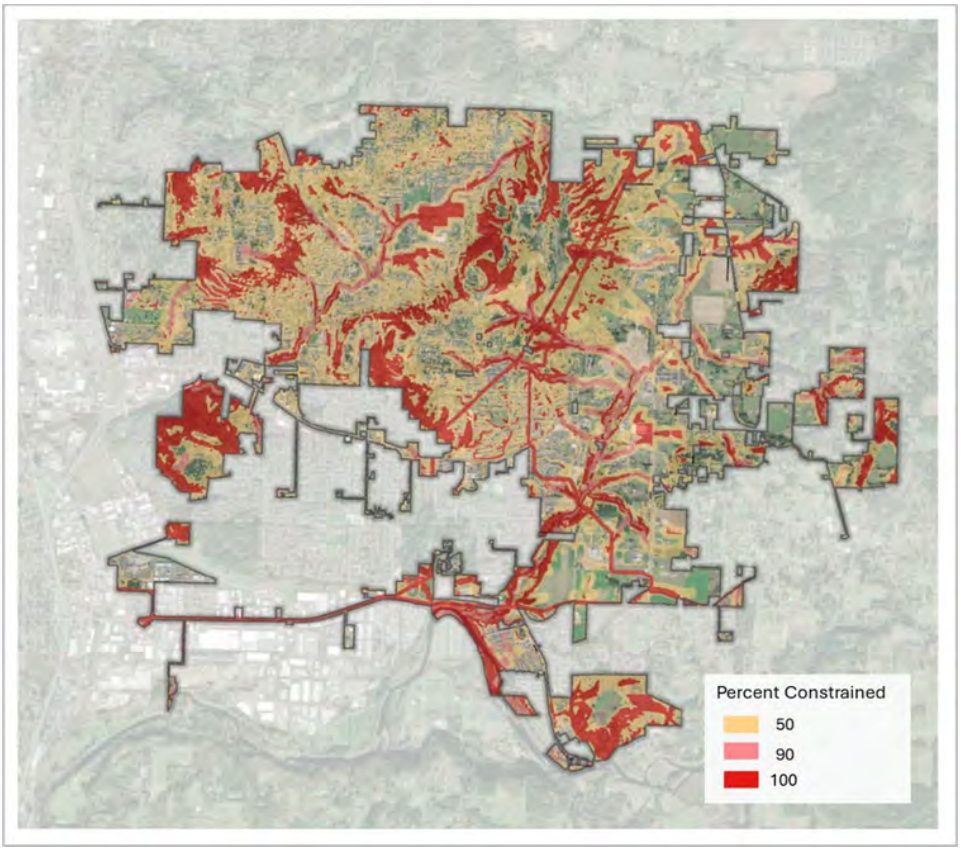
- Annual multi-family development has become more prevalent in Happy Valley (averaging 24 percent of permits approved annually) since 2011. Multi-family development before then was rare or inconsistent.
- The vacancy rate for all housing types is low, approximately 6 percent.
- As of 2018, more than 23 percent of Happy Valley households were "cost-burdened," meaning they pay more than 30 percent of their household income on housing costs. The burdens are obviously higher on lower-income households. For instance, 78 percent of renters in the lowest income bracket were cost-burdened, while the highest income bracket has 0 percent renters that were cost-burdened.
- Most low-income households in Happy Valley (earning $46,000 to $73,500 annually) could afford the market-rate rental housing available in the city (at rent ranges of $1,100 to $1,600 a month). Those earning a very low to extremely low income ($46,000 or less), however, could only afford rent-subsidized units (their affordable range being $1,100 or less per month).
- At the time the city's HCA was published, the first subsidized apartment project was being planned. The 142-unit development was funded in part by a Metro bond measure for affordable housing, developed by a faith-based non-profit, built on donated land, and opened in 2023.
- Almost a quarter of renter-occupied households in the city were estimated to be spending an unaffordable and unsustainable amount of their income on rent.

Projected Housing and Land Needs

The Future Housing Needs section of the HCA examined the projected housing conditions and needs in Happy Valley. As concluded in the assessment:

- Happy Valley is projected to grow 1.7 percent in population annually through 2040. The 2040 population is estimated to be over 32,000 people, which will result in approximately 3,000 new households.
- Single-family detached houses make up the large majority of projected household need – consistent with the makeup of existing housing stock.
- Demand for rental units is expected to increase over time. Satisfying the demand would increase the share of rental housing and bring the proportion of ownership versus rental housing closer to the County and State averages.
- There is both need and market support for new ownership housing that is affordable by middle-income and low-income households.
- One of the greatest unmet needs is low-income housing. This is housing that costs less than 30 percent of household income for those at the "extremely low" end of the spectrum.

Figure 2-3. Happy Valley Combined Constraints (BLI, 2020)



At the time of the BLI, there was insufficient land within Happy Valley to accommodate the projected need for low-density housing but sufficient supply to accommodate the need for medium-density and high-density housing. The City has annexed approximately 200 acres of land since the HCA, so the BLI results are outdated.

However, high demand for housing in the city means it is likely that land availability will be a continued concern throughout the planning period.

The inability of city land to accommodate the projected need was partially attributed to the density standards for low-density zones, which use land less efficiently than higher-density zones. It was also attributed to natural features and utility constraints. Constraints on land availability include natural hazards (topography, slopes), natural resources (water quality features, vegetated corridors, conservation areas), and the provision of utilities (easements for water, powerlines, natural gas).

As noted earlier, housing need and supply projections are based on the land within City of Happy Valley limits at the time of the HCA (2020). The analysis did not include land annexed or planned to be annexed into the city. Fast-growing Metro cities such as Happy Valley have city limits that change quickly. Happy Valley adopted a separate HCA and comprehensive plan for Pleasant Valley/North Carver (PVNC), a planned expansion area. That plan was adopted in March 2023. The PVNC has an entirely separate set of housing data not part of the Happy Valley HPS, unless specifically indicated.

The adopted Housing Capacity Analysis for Pleasant Valley/North Carver identified a need for 4,361 dwelling units between 2015 and 2040. The planned capacity in PVNC is for 7,527 dwelling units, including single-family detached units on various lot sizes, attached units such as townhomes and duplexes, small-scale multifamily units such as cottage clusters and courtyard apartments, and larger multifamily developments.

Combining the City and PVNC HCAs, the larger area has planned capacity for over 11,000 units over the next 20 years, which exceeds the baseline need by about 3,805 units. However, planned capacity for housing is not the same as the production of actual dwellings, nor does it address the contextualized needs of various sub-groups in Happy Valley, particularly disadvantaged people and households.

The overall message of the Happy Valley HPS is that the strategies proposed in it are broad and encourage housing production in both existing and future city limits, including planned growth in the PVNC area.

Contextualized Housing Need

The first section below contains the CHNA's summary conclusions and recommendations. The following factors were considered as part of that analysis.

- Household Size
- Age
- Resident/Employment Location
- Income
- Race & Ethnicity
- People with Disabilities
- Homelessness
- Housing Inventory
- Affordability
- Market Conditions
- Spatial Relationships

Because Happy Valley has a wide variety of existing initiatives to promote new housing, the CHNA also includes a detailed account of those initiatives. Finally, in spite of the City's efforts, there are still barrier to needed housing that are discussed in at the end of this section.

CHNA Summary

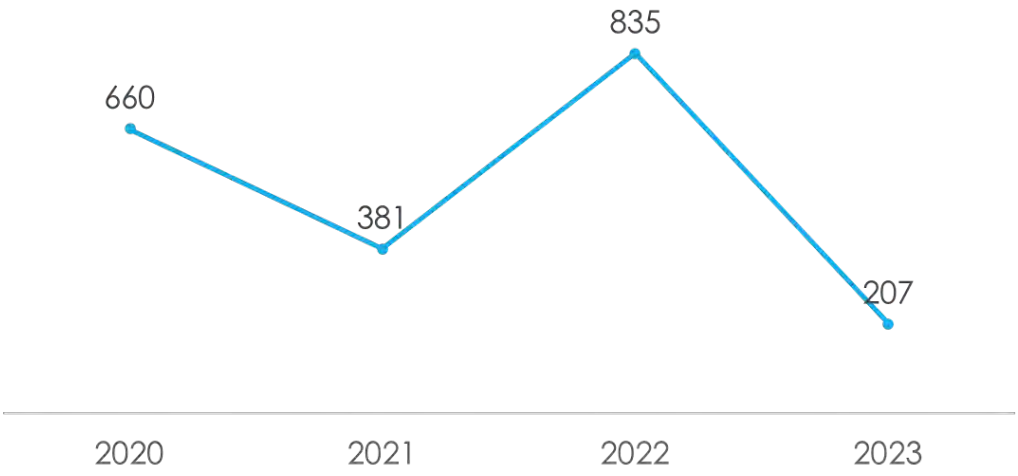
1. Happy Valley has produced a great deal of housing in the last few decades relative to its metro-area neighbors, quadrupling its population over the last 25 years and generating thousands of housing units. This has been due to policy direction, land availability, and planning initiatives.

- The rapid growth rate in people, housing units, and land area indicates both a strong market demand for people to live in Happy Valley, and policy decisions that have made it relatively easy to increase supply. These trends are expected to continue. The city has added more than 2,100 acres of land and 3,600 housing units since 2010.
- Abundant and high-quality housing is, to a degree, Happy Valley's reason for being, since 97 percent of its residents work outside the city. Conversely, very few of Happy Valley's workers live in

the city. Future construction activity will likely be in residential buildings, although some commercial development is also anticipated, based on City Council directives to add jobs.

Figure 2-4. Total Residential Permits Approved

City of Happy Valley Planning Department, 2024



2. Happy Valley is a relatively wealthy community – as reflected in high household incomes and correspondingly high housing costs.

- Median household incomes (MHI) are substantially higher in Happy Valley than in Clackamas County and Oregon. Happy Valley has a disproportionate number of "upper income" households as compared with other cities in the region. At the same time, the population is not uniformly upper income, and a significant share of households (27 percent) are in "low" or "extremely low" income categories. These groups are likely to struggle with affordability, given the higher-than-average housing prices and rental costs.

Figure 2-5. Median Household Income (MHI) by Jurisdiction

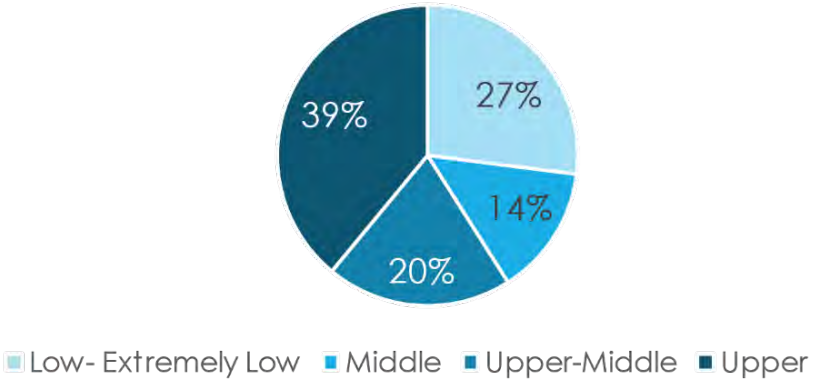
Median Household Income (MHI)	
Happy Valley	Clackamas County
$126,108	$95,740

2022 ACS 5-year Estimates (Table CP03)

- Residents from all racial and ethnic groups have higher incomes when compared with the same group outside the city.

Figure 2-6. Happy Valley Households by HUD Income Category[1]

2022 ACS 5-year Estimates



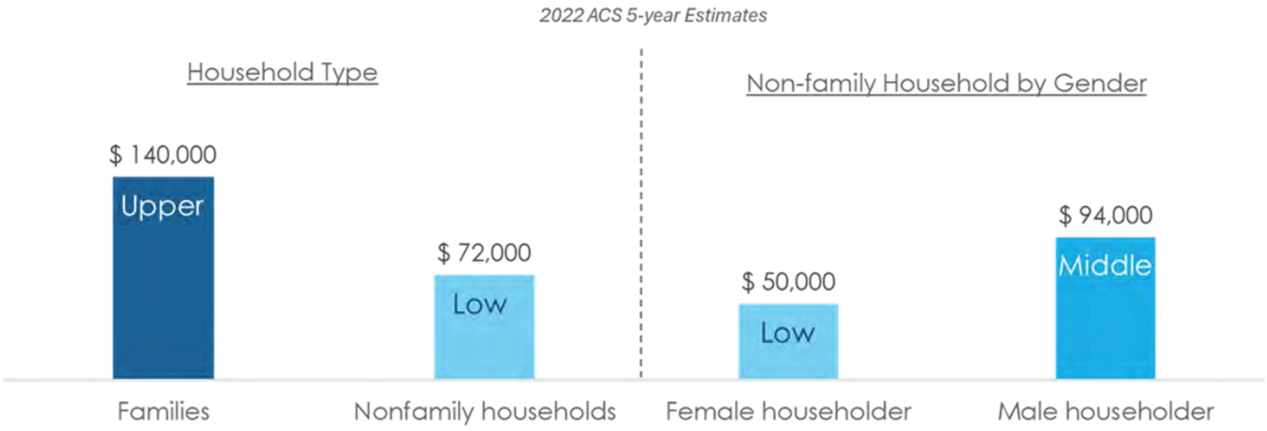
Household Income Categories, Based on Clackamas County Average				
Extremely Low Less than 30%	**Very Low** 30% – 50%	**Low** 50% – 80%	**Middle** 80% – 120%	**Upper** 120% or more
$29,000 or less	$29,000 - $48,000	$48,000 - $77,000	$77,000 - $115,000	$115,000 and more

Income Qualifications are calculated based on HUD standard guidelines. Calculated based on the Clackamas County MHI (2022 ACS 5-year Estimates). Rounded to the nearest thousand dollars.

- Most people (93 percent) working in Happy Valley live outside city limits ("outside workers") and more of these people are earning low monthly incomes compared to Happy Valley residents employed outside the city.
- To address the strong demand for new housing among both higher and lower income groups in Happy Valley, the city will need to continue to encourage the production of more needed housing types. This housing should serve a wide variety of income levels, and include plexes, attached single-family, ADUs, cottage clusters, SROs, and apartments.

[1] This pie chart depicts a simplified categorization of the 2022 ACS 5-year Estimates data from Detailed Table S1901: Income in the Past 12 Months (in 2022 Inflation-Adjusted Dollars). The income range categories in this ACS table do not perfectly align with the HUD income categories detailed in this table. Therefore, for the purpose of comparing the percentages of households by income category, the pie chart qualifies some households as "Upper-Middle" income if the ACS data range did not fall directly within the Middle-income or Upper-income ranges. Similarly, the figure shows a combined percentage for Low-income, Very Low-income, and Extremely-Low income households because the ACS categories are incompatible.

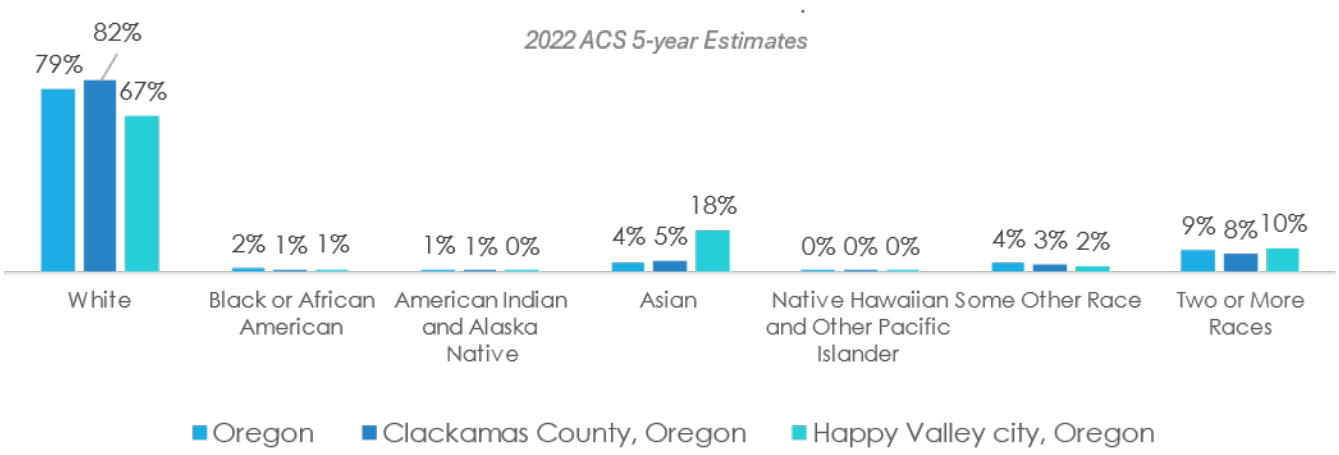
Figure 2-7. Household Income by Household Type in Happy Valley



3. Happy Valley households are larger and have more children, on average, than households statewide. Happy Valley has a greater share of Asian families than neighboring areas or the state. There is a smaller percentage of people with disabilities. Other demographic categories are very close to regional and state averages.

- Happy Valley has more households with children and larger households overall than the state or region. This has implications for the size of housing units to accommodate the people within these larger households.
- The city population is largely white but has four times the number of Asian families as the area average. For households headed by People of Color and Hispanic or Latino ethnicities, Happy Valley is minimally below the averages for the area and state.
- The percentage of people with disabilities is smaller in Happy Valley. Results from community engagement also indicated that people in need of accessible housing have had a difficult time finding options in the city.
- The age distribution of residents is somewhat younger than state and regional averages. Happy Valley is different from state and regional averages at both ends of the age spectrum, more children (14 and younger) and fewer older people (60+).

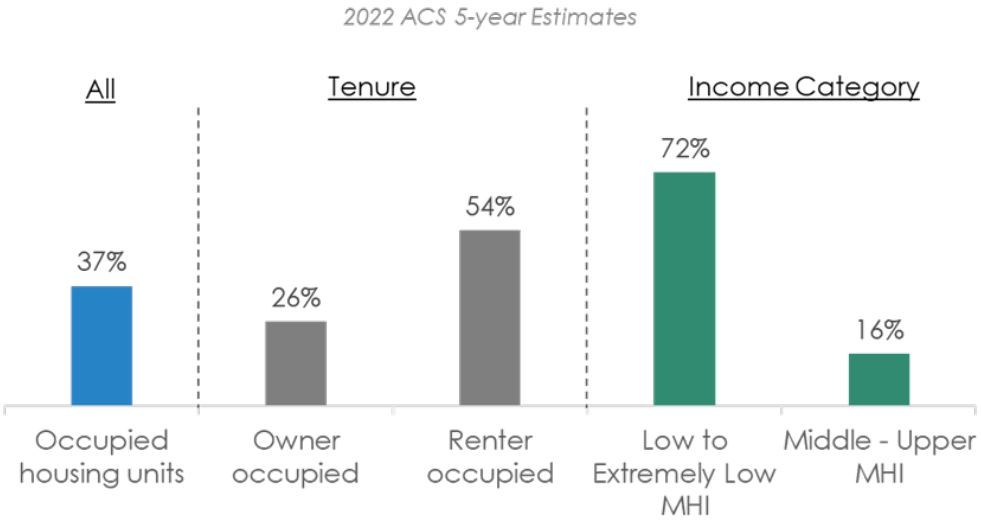
Figure 2-8. Distribution of Race in Population



4. Happy Valley residents have higher incomes compared with neighboring areas. But residents also pay more for their housing and many are cost-burdened, even at higher income levels. Lower-income residents pay a much higher share of their income for housing, and this group has the greatest unmet need.

- Income inequalities in Happy Valley correspond to housing tenure and the gender of the head of household. People who own their homes, and male-headed households have higher median incomes. Because women, renters, and single people in Happy Valley are likely to have lower incomes, they are more likely to find it difficult to secure needed housing.
- There is limited local homelessness data for people living in the city, but affordability data implies many households are struggling with maintaining secure housing. More than a third of all households in Happy Valley are considered cost-burdened. This status is much more prevalent among low-income households but even affects middle to upper income households.
- The prevalence of cost-burdened households, even at the high end of the income scale, indicates a need for more affordable housing, both ownership and rental units. More availability of affordable housing will accommodate lower-income people, who are those most in need and currently least likely to be able to find housing in Happy Valley.

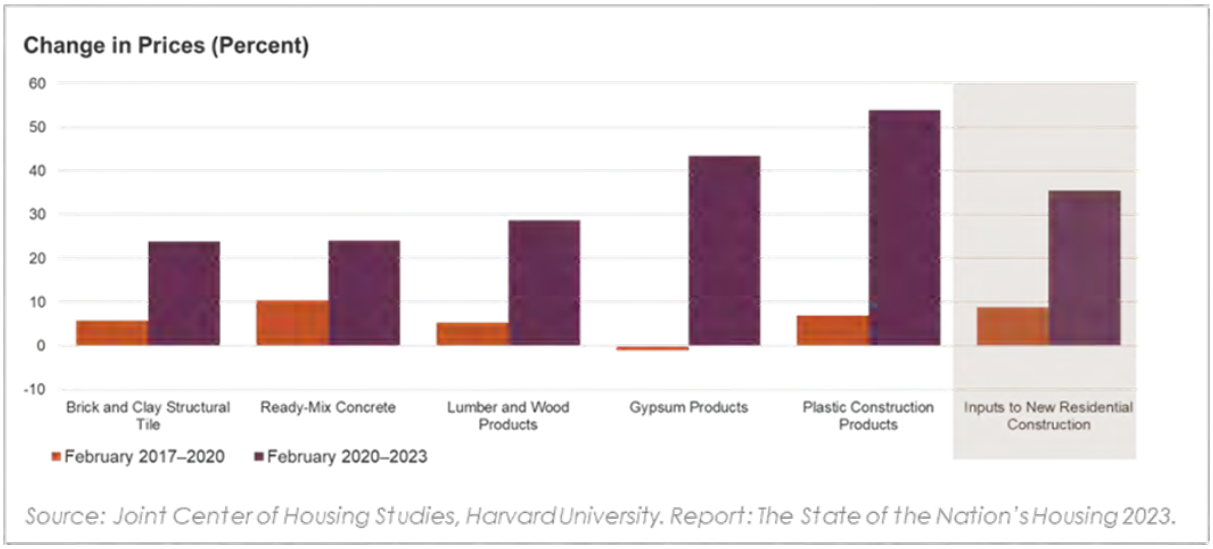
Figure 2-9. Percentage of Cost-burdened Households



5. Happy Valley's housing stock is very new. Almost two-thirds of all housing units in the city were built in the last 25 years, much more than elsewhere in the county and state. National forces related to housing construction also affect the city.

- Newer housing corresponds to higher ownership costs and lower maintenance costs for residents. With so much recent development, the average housing unit in the city is relatively new.
- The city is subject to the same national forces affecting housing production as anywhere else -- high interest rates, and construction cost inflation (Figure 2-10). These cause swings in housing production from year to year.

Figure 2-10. Increased Building Material Costs



6. More affordable and accessible housing types, including multi-family, plexes, rowhomes, and ADUs are needed to accommodate existing and future Happy Valley residents.

- The current housing stock is dominated by larger, detached, single dwelling houses. This housing type accommodates the larger-than-average households that live in the city, but its correspondingly higher cost makes it difficult to afford for people with different needs.
- Although multi-family units in the city have increased as a share of overall city housing inventory, this trend should be further expanded to accommodate anticipated need. Barriers to producing such housing should be identified and removed where possible.

7. Spatial differences within Happy Valley show potential patterns relating to household income, tenure, race, and ethnicity, though the block group data has serious limitations.

- An emerging pattern from the spatial data is that households within city limits, as compared to immediately neighboring households outside the city, are more likely to be owner-occupied, earning a middle to upper income, White, and not Hispanic or Latino. Lands around and just outside the city limits appear to have a markedly different profile than land within the city.
- Block groups with higher shares of renters—which are few, overall--are mostly outside city limits. This indicates the presence of apartment buildings in the area that are just outside the city.

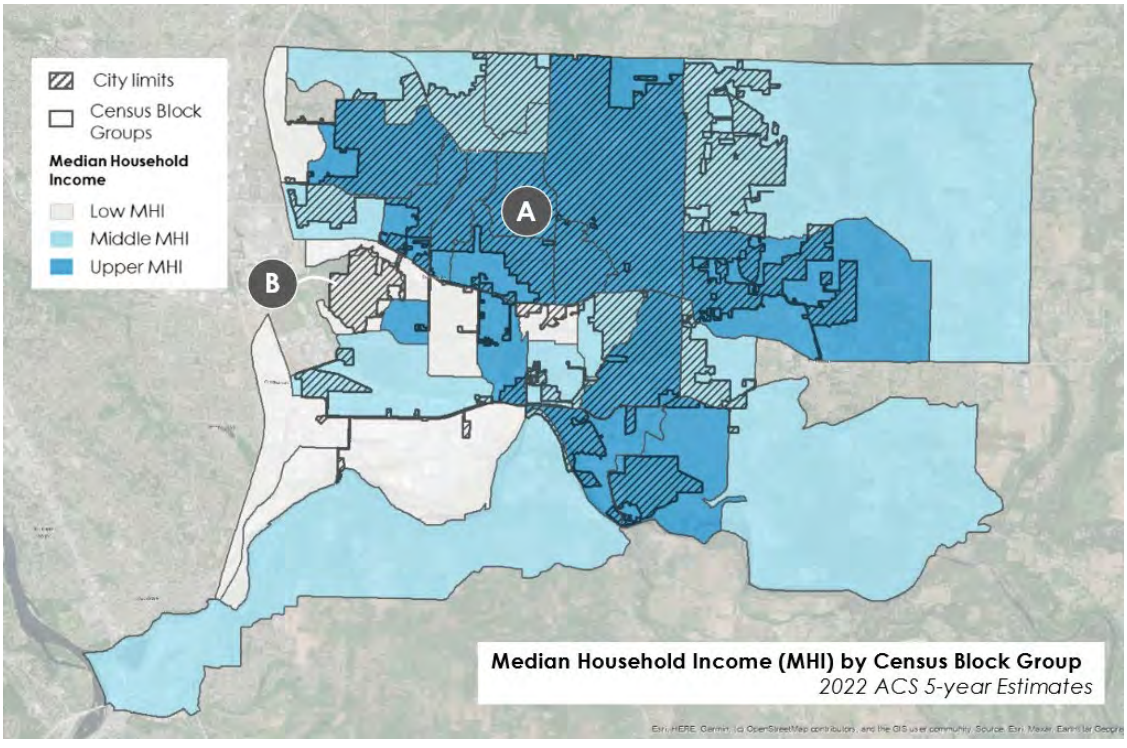


Figure 2-11. Median Household Income (MHI) by Census Block Group

- The Median Household Income in most block groups is upper income. In contrast, the lowest income block groups either contain minimal city land or contain highly constrained land (e.g. Mount Talbert Nature Park at point B on Figure 2-8).
- In most block groups there are few people of Color or Hispanic or Latino People. For those block groups that have higher numbers of these demographic groups, People of Color are concentrated inside the city and Hispanic and Latino outside city limits.

8. Happy Valley has a strong record of encouraging housing production. The City has taken steps to promote housing, and in trying to expand its affordability. Some of those existing initiatives include:

- Allowing a mix of housing types, adopting regional and state standards for middle housing, ADUs, and reduced parking.
- Benefits for affordable housing projects: priority processing of permits, density and height bonuses, reduction in development standards, and waivers of SDCs and public works requirements.
- Comprehensive Plan Policy statement to support FHA and affirmatively further fair housing.
- Planning for UGB expansion and annexation areas (East Happy Valley, Pleasant Valley/North Carver); Planning for future downtown area.

Existing Planning Initiatives

Part of the context for Happy Valley's housing needs are the City's existing planning and zoning initiatives to provide for and promote housing opportunities. Existing initiatives create a solid base for City housing policy. With regard to outcomes, more housing units per capita have been generated in the city than almost any other jurisdiction in the state, vastly increasing the housing stock over the last 25 years. Furthermore, in a 2020 -2022 Comparison of Residential Permitting Trends study by Johnson Economics, Happy Valley was identified to have the fastest average approval times for multi-family permits out of the five Metro area jurisdictions studied[2].

DLCD has a "tool kit" of strategies that local governments may adopt to increase housing production to meet local needs. Happy Valley has adopted policies and codes that align with many of these

[2] The report noted that among the five cities studied (Portland, Gresham, Hillsboro, Vancouver), Happy Valley had the smallest share (1.4%) of multi-family permit requests and processed them significantly faster than the other jurisdictions.

recommended tools. The table below references the DLCD tool kit number, strategy, and description. The last column is a description of how Happy Valley specifically has addressed the strategy.

#	Strategy	Description	Happy Valley Planning Initiatives
A01	Ensure Land Zoned for Higher Density is not Developed at Lower Densities	Establish minimum density standards, prohibit new single family detached housing in high density residential zones. Allow single-family in medium density zones only if they meet minimum density or lot size requirements.	Higher density zones prohibit low density uses
A02	Zoning Changes to Facilitate the Use of Lower-Cost Housing Types	Facilitate development of lower-cost housing types, such as ADUs, manufactured homes, multifamily housing, micro-units, or single-room occupancy buildings. Make low-cost housing types allowable by-right, or easily approved through discretionary review.	Middle housing types allowed in many residential zones; quick review process
A03	FAR, Density, or Height Bonuses for Affordable Housing	FAR, density, and height bonuses for affordable housing developments.	LDC 16.44.060 : bonuses and incentives for affordable housing. Qualifying projects allowed 25 percent density increase, or 50 percent if near a commercial or transit center
A05	Code Provisions for ADUs	Smaller, ancillary dwelling units located on the same lot as a primary residence. Ease occupancy requirements, allow more ADUs per lot, and expand size limits. Look for flexibility in siting, design, lower fees.	LDC 16.44.050, ADUs. No occupancy requirements, generous 1,000 s.f. size limit. Some design requirements
A08	Promote Cottage Cluster Housing	Groups of small homes oriented around shared grounds. Specific development standards, allow for a wide range of sizes and options; no specific ownership structure; modify design requirements, minimum site size, setbacks and building coverage.	In 2024, Council adopted a cottage cluster overlay that prohibits this housing type on some properties in older parts of the city, while increasing the potential for these units overall. Also LDC 16.44.130, Design standards for cottage cluster housing
A12	Align Lot Division Density with Zoning Density	Coordinate densities with land division and zoning – to make equal footing for condominium versus fee-simple developments.	Zoning code allows middle housing and land divisions consistent with state law
A13	FAR & Density Transfer Provisions	Encourage Transfer of Development Rights (TDR) for public benefit.	LDC 16.63.020.F. Density transfers allowed in a PUD from environmentally sensitive areas
A15	Encourage Diverse Housing Types in High-Opportunity Neighborhoods	Support multiple unit sizes and types to promote diverse housing options in high- opportunity neighborhoods. Promote access to households with a range of backgrounds and incomes. Pair with localized incentives.	A variety of zoning designations allow a variety of mixed housing types

#	Strategy	Description	Happy Valley Planning Initiatives
A17	Small Dwelling Unit Developments	Allow for smaller lots where dwelling unit size is limited. Allow for different density calculations.	Higher densities allowed for townhomes
A18	Increase Density near Transit Stations and Regional Multi-Use Trails	Higher density allowed near transit stations.	Higher density zoning designations near transit facilities
A22	Mixed Housing Types in Planned Unit Developments	Require or incentive a mix of housing types within Residential Planned Unit Developments (PUD).	Variety of housing types allowed in planned unit developments including multi-family which is not otherwise allowed in some zones.
B01	Remove or Reduce Minimum Parking Requirements	Removing parking requirements for residential uses; including removing parking requirements near transit or for affordable housing.	LDC 16.43.030, Reduced parking consistent with state-mandated CFEC rules
B02	Remove Development Code Impediments for Conversions	Streamlining the conversion of larger single-family homes into multi-unit dwellings (e.g. duplex or triplex).	Clear standards and easy process for conversion
B03	Expedite Permitting for Needed Housing Types	Expedited permitting to reduce costs of housing development. Prioritize projects with government funding and consider designating staff to shepherd housing projects through process.	LDC 16.44.060.G, Priority Processing of Affordable Housing Projects
B04	Expedite Lot Division for Affordable Housing	Expedite lot divisions and subdivisions for affordable housing projects	LDC 16.44.060.G, Priority Processing of Affordable Housing Projects
B06	Streamline Permitting Process	Review development approval process to identify factors that suppress new residential construction. Assess whether obstacles can be reduced or eliminated to stimulate development. Evaluate actual, rather than planned, timeline performance.	Online submittal, fast processing times
B07	Flexible Regulatory Concessions for Affordable Housing	Allow options for affordable projects to have modified setbacks, height bonuses, or allowing for flexibility in how units are delivered.	LDC 16.44.060.C.2.a, reduction in development standards (coverage, setback, lot size, design or parking requirements) allowed for affordable projects
B08	Waive Off-Site Infrastructure Requirements for Needed or Affordable Housing	Waive infrastructure build-out requirements for infill affordable or needed housing projects if network does not already have those amenities.	LDC 16.44.060.C.2.a and e. Reduced public works improvements and waiver of SDCs possible

#	Strategy	Description	Happy Valley Planning Initiatives
B10	Public Facility Planning	PFPs and capital project reduce costs for needed housing. PFPs allow for more capacity, especially in high-density zoned areas.	CIP projects to support growth on edge of city
B11	Pro-Housing Agenda	Promote a pro-housing agenda within the culture of the Planning Department for both rental and ownership types. Offer education on fair housing and housing economics.	Track record of encouraging housing production, quick permit processing, and planning that exceeds projected market-rate need
B13	Align Bike Parking Requirements with Actual Use	Bike parking requirements more in line with actual use.	Table 16.43.030-1. For multi-family, scales between 1.25 – 1.75 bike spaces, depending on unit size
B14	Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan	Explicitly make AFFH a housing policy in comprehensive plan. Potentially create Analysis of Impediments to Fair Housing, or conduct training for Council, Planning Commission, staff.	Comp. Plan policy H-1.6, "Employ strategies that support the Fair Housing Act and affirmatively further fair housing goals."
C01	Reduce or Exempt SDCs for Needed Housing	Reduce, defer, or finance SDCs at lower rates for needed housing than for market-rate housing.	Reduced SDCs for Middle Housing
E03	Vertical Housing Development Zone Tax Abatement	Partial property tax exemption for new mixed use development. Projects must have improved, leasable, non-residential development on the ground floor and residential development on upper floors.	City Council applied VHDZ to Eagle Landing Master Plan in June 2024, noted potential to expand to other locations.
F15	Ordinances that Address Zombie Housing	Tax foreclosures to enable zombie housing to be rehabilitated and occupied.	LDC 15.11, Registration of abandoned residential property and vacant foreclosed residential property
Z01	Custom - Other	→	Adoption of planning for urban growth boundary areas. Includes East Happy Valley and Pleasant Valley North Carver annexation areas
Z02	Custom - Other	→	Planning for future downtown and City acquisition of associated land

Barriers to Producing Needed Housing

The information in the previous sections of this chapter creates the basis for the housing production strategies listed in Chapter 4. The contextualized housing need identifies existing conditions and remaining obstacles to the provision of needed housing. The City's goal of encouraging adequate, affordable housing to its residents is increasingly difficult to achieve despite efforts by City officials to implement pro-housing policies.

Barriers can be organized into several categories.

Developer Perceptions

- Housing producers have expressed satisfaction with Happy Valley as a place to do business, but identified challenges with permitting coordination and obtaining financing.
- Other developers do not seek or are unaware of the affordable housing benefits available for that type of development.

Public Perceptions

- Existing residents have mixed feelings about new development. Many have expressed outright opposition to housing, and perceive it as a threat to existing neighborhoods.
- Status quo bias is toward detached single-family development, which may not match the housing type of greatest need.

Infrastructure

- Provision of infrastructure (water, sewer, streets, sidewalks, parks) to support new housing is often difficult and expensive.
- SDCs are a significant share of the cost of development.
- Infrastructure projects such as water reservoirs or street intersections that could "unlock" additional residential land are not always fully funded by outside agencies.

Land Availability

- An expanding land base has resulted in rapid city growth. This is more difficult to sustain over time as the easiest-to-develop parcels are already built-out.

- Some areas of very low-density zoning could likely accommodate additional units, more than rules currently allow, without affecting environmental resources.
- More land and zoning categories could potentially allow multi-family or other lower cost development types by-right, rather than exclusively single-family (or more recently middle housing).

Market Conditions

- National market forces, including rising interest rates, materials costs, and labor costs, have made the production of housing more expensive everywhere. The baseline of financial challenges is high, even before local factors are considered.
- Land costs are a function of demand, which is regional, and also of state-level decisions. This can drive up the price of developable lots and make some projects economically infeasible.

Income Barriers

- Despite its relative wealth, Happy Valley has a large share of cost-burdened households. This indicates that incomes of many of Happy Valley's current households do not support living in market-rate housing.
- The median house in Happy Valley is a new-build, larger, expensive, detached single-family home. This product type is not affordable for a large segment of existing and future residents.

Zoning and Regulations

- The city's development code has an unusually large number of residential zoning categories, and a long list of requirements for all housing types.
- The code substantially limits design for ADUs, middle housing, and multi-family buildings. These requirements increase the cost and risk for housing construction that is typically lower in cost.

Overall, the barriers to producing housing are significant, in Happy Valley as elsewhere. Chapter 4 lists strategies for overcoming these barriers, which grow out of the information collected in the CHNA.

3 COMMUNITY ENGAGEMENT

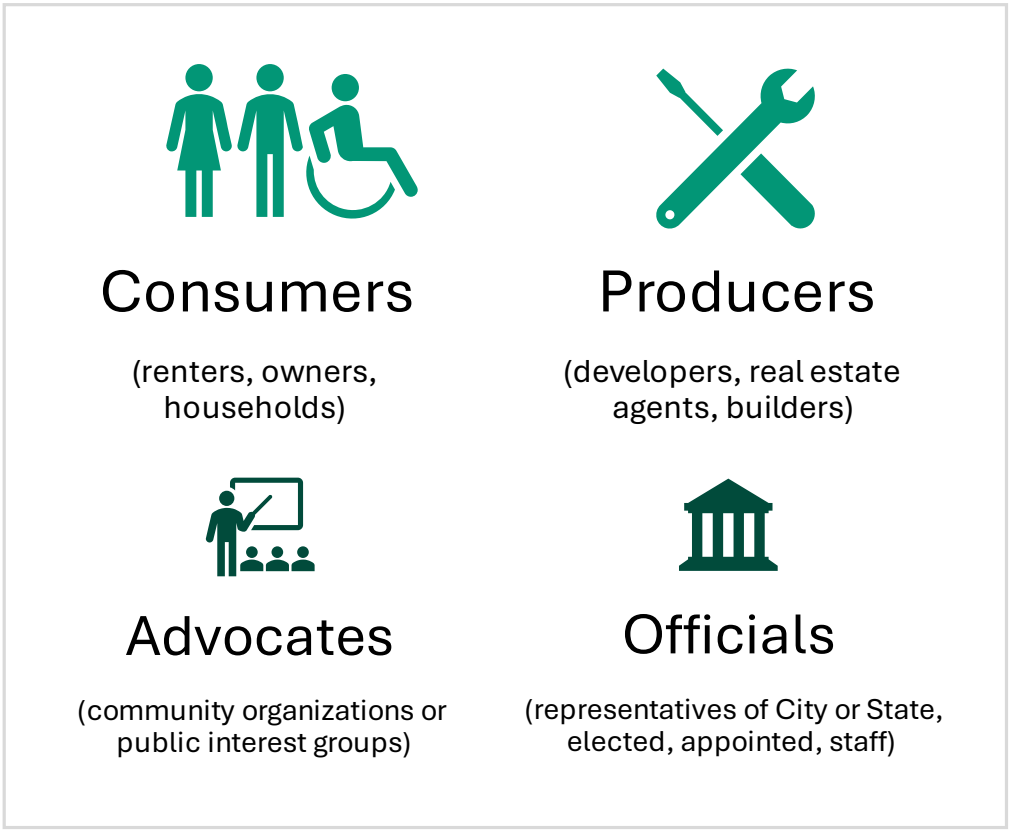


Figure 3-1. Tabling Outreach at Happy Valley Park (Image credit: Cascadia Partners)

Overview

This section summarizes the community engagement processes undertaken by the City of Happy Valley and the consultant team to inform this Housing Production Strategy. The narrative elements, data types, and sources required by OAR 660-006-050 (2) are included in this section and in **Appendix 2**. Appendix 2 includes consultant Cascadia Partners' documentation of the HPS community engagement process, a discussion of the successes and challenges, summaries of engagement results, and recommendations for future engagement. Appendix 2 also includes the collection of engagement presentation materials.

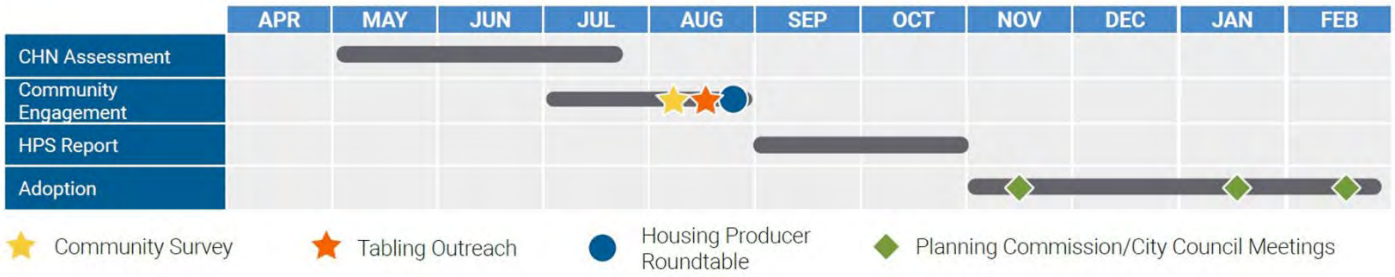
Figure 3-2. Types of Communities Engaged



The public engagement process consisted of the following:

- In-person tabling at free community events to reach housing consumers
- Online survey open to responses from the public
- Virtual "roundtable" discussion group consisting of housing producers and City of Happy Valley officials
- Individual interview with an Affordable housing producer
- Department of Land Conservation and Development (State) coordination and outreach to public interest groups
- Coordination between City planning staff and project consultants
- Joint work session with the City Council and Planning Commission
- Work session with City Council
- City Council hearing for HPS report adoption

Figure 3-3. Community Engagement Timeline (Graphic credit: Cascadia Partners)



Tabling at Happy Valley Events

In lieu of a virtual roundtable with housing consumers, the consultant team attended existing community events to conduct tabling outreach and meet with residents where they are. This allowed residents to share anecdotes about their lived experiences related to housing access and affordability and potentially reach residents with diverse socioeconomic backgrounds.

- Cascadia Partners, Engagement Summary in Appendix 2

Tabling at Happy Valley Events

August 8th - Happy Valley Park

- Feedback from ~10 Happy Valley residents
- Shared survey with estimated 100 event attendees

August 9th - Village Green Park

- Feedback from 5 Happy Valley residents
- Shared survey with nearly 25 event attendees

Figure 3-4. Tabling Events Summary (Graphic credit: Cascadia Partners)

Key Themes and Findings

Below are quotes from the findings discussion and summary report by engagement consultants, Cascadia Partners. The full text is available in Appendix 2.

- Most residents the consultant team spoke with noted that housing in Happy Valley is becoming increasingly expensive. [...]
- Some long-time Happy Valley residents the consultant team spoke with mentioned the rapid increase in homes built over the last decade. [...]
- Rent increases have created financial strain for cost burdened residents.[...]
- While single-family homes were the most preferred housing type, most people were interested in or advocated for other housing types, such as attached housing, cottage clusters, and ADUs. [...]
- Several residents emphasized the need for more affordable housing options for seniors and people with disabilities.

Online Survey

Promoting the online survey through tabling outreach and the City of Happy Valley's social media which resulted in 337 survey responses. The survey was also available in Spanish.

- Cascadia Partners, Engagement Summary in Appendix 1

Key Themes and Findings

Below are quotes from the findings discussion and summary report by engagement consultants, Cascadia Partners. The full text is available in Appendix 1.



Figure 3-5. Community Survey Summary (Graphic credit: Cascadia Partners)

Feedback on potential housing production strategies

- Respondents are most supportive of changes that facilitate development and increase housing options through simplified processes, smaller pieces of land for housing, and more homes on the same lot, while there is less enthusiasm for reducing parking requirements and changing single-family lot regulations.
- A number of responses from the open ended question highlighted concerns about the capacity of current infrastructure to handle new development, emphasizing the need for adequate planning before further expansion.
- Planning & partnership to support housing development
- Strong Support for Public Infrastructure Projects. […]
- Moderate Support for Providing Information and Technical Assistance. […]
- Financial incentives to builders and prioritizing public land sales for affordable housing development are less popular among respondents.

Ideas for other potential strategies

- Among the open-ended responses (122 responses), two-thirds were either opposed to any new development of housing or opposed to any other housing type apart from detached single family homes or single family homes on large lots.

Roundtable and Interview

Facilitating a virtual roundtable with housing producers including private developers and city groups. One interview was conducted with a former affordable housing producer [with experience in Happy Valley] *who was unable to attend a virtual roundtable event.*

- Cascadia Partners, Engagement Summary in Appendix 1

Key Themes and Findings

Below are findings from the engagement consultants, Cascadia Partners. The full text is available in Appendix 2.



Figure 3-6. Housing Producers Engagement Summary (Graphic credit: Cascadia Partners)

- Developers recognize that Happy Valley faces distinct geographic and demographic challenges. The city's complex topography increases development costs and general demographics trends—from an aging population to evolving family structures—demand a broader range of housing solutions.
- Participants underscored the significant role that infrastructure costs play in shaping housing development. Developers face high expenses for necessary infrastructure improvements, such as stormwater management, sewer, water lines, and street improvements.
- The non-profit developer that consultants interviewed found City planning staff to very helpful in liaising between developers and City engineers. However, the review process in general was difficult to navigate and was seen as unpredictable and lacking clarity but also noted that this may be due to it being Happy Valley's first subsidized housing development.
- Community engagement is crucial for reducing opposition to housing projects. […]

Work Sessions with Planning Commission and City Council



Figure 3-7. Joint Work Session of the City Council and Planning Commission

The Happy Valley Planning Commission and City Council met for a one-hour joint work session in November 2024. Staff and consultants presented a draft list of proposed strategies and accompanying actions. Participants offered comments and questions and were provided forms for written feedback. Four Commissioners and one Councilor provided written feedback.

Key Themes and Findings (Joint work session)

Joint work session discussion:

- A desire to highlight existing and in-progress planning work as much as possible when detailing the proposed strategies and actions
- Implementing most actions challenges decision-makers because they must balance support for growth and more housing with opposition against it from some current residents . This vocal opposition directly conflicts with regional needs, state housing requirements, and development interests.
- Concern for the availability of staff time and public funding resources to implement proposed actions.
- Several requests for additional detail on proposed actions, including more background information and specifics or examples of the intended impacts.

Joint work session written feedback:

- There were no unanimous responses regarding whether a particular action would be a high, medium, or low priority for Happy Valley.
- A desire to highlight existing and in-progress planning work as much as possible when detailing the

proposed strategies and actions

- The desire to rely as much as possible/solely on existing work and partnerships. A general opposition to spending resources on work that has already been done elsewhere if the City can utilize that work.
- A limitation of several proposed actions is the availability of staff time to maintain new programs or informational resources.
- Apprehension about assisting developers through inter-agency coordination and project financing (more than the City already does) due to a general idea that developers should be experts.
- Concerns about removing or reducing design standards for housing (regardless of housing type) for fear of losing a certain visual character.

The City Council met for a second work session in February 2025 ahead of the adoption hearing, to ask any remaining questions and provide feedback about the Adoption-ready Draft of the Housing Production Strategies report. Staff and consultants presented the key changes since the November joint work session and the Public Review Draft feedback period and answered participants' questions.

Key Themes and Findings (Council work session)

- Understanding state requirements for HPS's, the review timeline, and ongoing Administrative Rule-making processes about enforcement of cities' housing production.
- Agreement that proposed actions are feasible in terms of expected political and public support, and many are initiatives the City would likely have pursued regardless of the DLCD HPS requirements.
- Mild concern about Action D.1* (Construction Excise Tax for Affordable housing infrastructure) and its impact on market-rate development – which is contrary to the City's pro-development reputation and intentions.
- Desire to increase two actions to "high priority" status: B.3 (Plan for servicing higher-elevation land) and C.4 (Investigate opportunities to improve coordination with service providers). This change means they are added to the list of actions to pursue during the first HPS cycle.
- Interest in the City's existing Vertical Housing Development Zone (VHDZ), and its future expansion was supported by participants. The VHDZ, a tax exemption tool first used in 2024, is listed in the Existing Planning Initiatives in Chapter 2. Because there was insufficient time ahead of the scheduled adoption hearing to define the desired terms of expansion of the VHDZ or identify new locations for it, this

remains as an existing initiative rather than its own strategy. However, the City may certainly expand its use of the VHDZ, independent of the HPS, and may revisit this as an implementing action at its mid-cycle review of the HPS with DLCD.

Implementing Community Feedback into HPS

These engagement initiatives' key themes and findings informed the Contextualized Housing Needs Assessment (CHNA) and the strategies included in this report. Table 1 connects key engagement themes to the ultimate strategies and actions that they impacted. Chapters 2 and 4 provide more explanation of direct impacts, where input played a role in the direction of background research or evaluation.

As indicated in Table 3-1 there were often direct contradictions between certain key themes. An example is that some of the people engaged showed strong support for certain actions that facilitate development and increase housing options. At the same time, there was also significant opposition from others to any new housing development at all. The ultimate strategies include carefully-selected and locally-tailored actions meant to balance diverse and oftentimes opposing feedback.

Key engagement themes	Associated actions
Existing planning initiatives from the City have promoted **substantial market-rate housing** production over the last decade. The City has invested resources toward past and ongoing initiatives that should be **highlighted and relied upon** as much as possible.	A.2, A.3, A.4 B.1* D.2*, D.5
Vocal opposition to any new or Affordable housing development directly conflicts with **workforce** needs, **regional** needs, **state housing requirements,** and **development interests**. **Community engagement** is crucial for reducing opposition to housing projects.	A.1*, A.2, A.3 C.1* D.3*, D4*
The **capacity of public infrastructure** needs to be able to handle existing and new development. Infrastructure **costs** also play a significant role in shaping housing development.	A.4, B.1*, B.2*, B.3*, B.4 D.1*, D.6
Distinct **geographic and demographic challenges** (e.g., topography constraining the costs of extending water services and a workforce that is unlikely to afford to live in the city) are not conducive to **profitable market-rate** development of **accessible** and **Affordable** options in the current market.	A.1*, A.2, A.3, A.4 B.3* C.1*, C.2, C.3 D.1*, D.2*, D.3*, D.4*, D.5, D.6
Elements of the **City code and plans** lack clarity (e.g., numerous and/or subjective review standards, no established CIP review criteria) which can inhibit **applicant and public comprehension,** development **review timelines,** and **project predictability** for developers. However, there are concerns regarding reducing or removing elements like design standards for fear of losing control of the **built environment's aesthetic**.	B.2*, B.4 C.1*, C.2, C.3, C.4* D.3*
There is limited availability of **staff time and public funding resources** to implement proposed actions. Happy Valley has a comparatively **low municipal tax rate** (which cannot be substantially increased due to State Measures 5 and 50) and there has been **limited public and political support** for the investment of City resources to subsidize needed **Affordable housing** development.	A.2, A.4 B.2*, B.3*

Table 3-1. Engagement themes and associated actions

Recommendations for Future Engagement

The HPS process includes an assessment of the City's current methods of housing planning engagement and, consequently, an evaluation of how the City can improve these practices for future housing engagement efforts. Below are the recommendations from engagement consultants, Cascadia Partners. The full recommendation discussion and summary report are in Appendix 2.

- ***Advance a pro-housing culture***
  - *Develop a pro-housing toolkit of best practices, resources, and studies […]*
  - *Encourage developers to engage nearby neighbors of affordable housing developments, particularly regulated housing, early and often to build trust and reduce the power of NIMBYism[3] on housing projects.*
  - *Develop a marketing plan to spread awareness about housing production incentives, initiatives, and tools.*
  - *Convene a housing work group that can help continue developing a pro-housing culture to pursue finding opportunities and implement housing strategies.*
- ***Gain a more comprehensive understanding of housing issues and needs***
  - *Continue to engage [A]ffordable housing residents and resident service coordinators […]*
  - *Continue to engage neighbors near [A]ffordable housing developments […]*
  - *Continue to engage large employers and workers in Happy Valley […]*
  - *Continue working with TriMet […]*
  - *Continue building partnerships […]*



Figure 3-8. Housing preference activity during tabling outreach (Image credit: Cascadia Partners)

[3] Cascadia Partners uses the acronym NIMBY which stands for "not-in-my-backyard" and cites the US Department of Housing and Urban Development (HUD) definition, "A mentality adopted by those who reject certain changes to their communities. Although many types of development can provoke NIMBY attitudes, supportive housing for persons who are homeless frequently arouses such opposition. Often fears of increased crime, decreased property values, and other negative impacts on the community underlie objections to developing supportive housing."

4 HOUSING PRODUCTION STRATEGIES



Figure 4-1. Townhomes in Happy Valley

Overview

This section identifies specific strategies that the City of Happy Valley will use over the next 20 years to address its housing needs. The strategy elements and analyses required by OAR 660-006-050 (3) and (5) are included in this chapter. This chapter is organized into two main parts:

- An explanation of the strategies' purposes and the methodology of the selection process; and
- Detailed descriptions and evaluations of each strategy and their implementing actions. This includes identification of the target populations, implementation timelines, roles and responsibilities, considerations of opportunities and obstacles, and ways to measure each action's effectiveness.

The housing production strategies listed here are specific steps, programs, and policies designed to address the city's needs. The greatest unmet needs in Happy Valley are predominantly new ownership opportunities at middle and low price points, such as townhomes, condos, and small detached housing on small lots, and rental units affordable for households at the lowest income levels. These needs were identified both in the 2022 HCA and the CHNA summarized in Chapter 2. The strategies proposed in this process focus on promoting the production of a greater variety of affordable housing types, in addition to new, market-rate single-dwelling units, which are being produced by the market and current City policies.

Methodology

Generating this set of strategies derives from work completed by the City of Happy Valley and project consultants throughout 2024. They include the following input:

- **Code review**. A high-level code review to identify potential barriers and opportunities for housing development within the city. The direction of this review included assessing and comparing the kinds of residential uses and housing types permitted across different zoning districts and the potential burdens of design and development standards for various housing types.
- **Contextualized Housing Needs Analysis**. Consultants prepared a Contextualized Housing Needs Analysis memorandum (Appendix 1, and summarized in Chapter 2), which included a detailed analysis of demographic and market trends in Happy Valley. This analysis is based on the City's 2022 HCA results.
- **Public Engagement**. The consultant teams had multiple contact points with housing consumers, housing producers, and elected and appointed officials (Appendix 2 and Chapter 3).
- **Staff discussions**. Consultants coordinated with Planning Division staff to discuss analysis findings, provide planning data and maps, and review potential strategies. These initial discussions included a review of the City's existing planning initiatives.
- **DLCD housing strategies toolkit**. A "toolkit" prepared by DLCD was a source for potential housing strategies in Happy Valley. That toolkit was the basis for the existing planning initiatives table and a valuable resource for generating preliminary strategies.

Priorities

Proposed housing production strategies require adequate staffing, political support, and funding. As indicated with asterisks throughout this chapter, the project consultants identified ten of the eighteen implementing actions as being the highest priorities during Happy Valley's first HPS cycle. These "priority" selections recognize that each action will require substantial investments in time, effort, and funding from the City and its partners. The strategies and actions were considered with particular emphasis on several issues:

- Effectiveness in producing needed housing
- Staff time and effort to implement
- Expected political feasibility or public support
- Cost of implementation[4]



Strategy Categories

This Report identifies four broad strategies, each drawing from Happy Valley's identified and contextualized housing needs (see Chapter 2) and public engagement results (see Chapter 3). Within these four categories, 18 distinct actions implement the strategies.

Table 4-1. Summary of Housing Production Strategies

Ref	***Strategy***	***Number of actions***
A	Promote, Educate, Clarify Existing Opportunities	4
B	Address Availability and Cost of Land and Infrastructure	4
C	Reduce Local Regulatory Barriers to Needed Housing	4
D	Incentivize Affordable & Accessible Housing	6
		18*
** 10 recommended high-priority actions*		

[4] One key funding limitation to the strategies is that the City of Happy Valley's comparatively low municipal tax rate is capped by state Measures 5 and 50, which limit the City's ability to use general funds or to offer tax incentives. New funding sources for the proposed housing production strategies could include state grants, construction excise tax (CET) revenues, and urban renewal districts.

List of Strategies

Strategy A - Promote, Educate, Clarify Existing Opportunities	
Ref	*Description*
A.1*	Expand website content on housing insecurity and homelessness
A.2	City Toolkit for Affordable Housing
A.3	Promotional Materials for Middle Housing Provisions
A.4	Publicize SDC credit process
Strategy B – Address Availability and Cost of Land and Infrastructure	
Ref	*Description*
B.1*	Partner with ODOT to implement improvements at Highway 212 intersections and the future Sunrise Corridor expressway
B.2*	Establish and utilize Capital Improvement Plan (CIP) criteria to prioritize investment in higher-density housing areas
B.3*	Plan for servicing higher-elevation land
B.4	Update the Comprehensive Plan to simplify residential zones
Strategy C – Reduce Local Regulatory Barriers	
Ref	*Description*
C.1*	Reduce limitations to multi-family housing
C.2	Reduce limitations to middle housing
C.3	Reduce limitations to accessory dwelling units (ADUs)
C.4*	Investigate opportunities to improve coordination with service providers (water, sewer, engineering, etc.)
Strategy D – Incentivize Affordable & Accessible Housing	
Ref	*Description*
D.1*	Pursue a residential construction excise tax (CET) for Affordable housing infrastructure
D.2*	Pursue public land banking
D.3*	Reduce code limitations to the development of Affordable housing units
D.4*	Promote universal design principles
D.5	Conduct an economic analysis of existing Affordable housing incentives
D.6	Apply for grant financing on behalf of Affordable housing developers

A – Promote, Educate, Clarify Existing Opportunities



Figure 4-2. Existing City Homelessness Webpage

Description

Strategy A builds from the strong base of existing planning initiatives already promoting housing production in Happy Valley (see Chapter 2 or Appendix 1 for a table summarizing recent initiatives). Strategy A aims to maximize the benefits and outcomes of existing policies and programs in promoting needed housing. Implementing actions of Strategy A:

- Increase awareness of existing strategies, such as the City's incentives for Affordable housing development; and
- Fine-tune existing programs, like the City's SDC credit program, to ensure long-term success.

Strategy A: Implementation Actions

Each strategy is accompanied by specific actions that will contribute to its effectiveness.

Ref.	*Description*	*Intended Outcome*	*Schedule*
*A.1**	Expand website content on housing insecurity and homelessness	Addresses the issue of looming housing insecurity as a component of homelessness Information and resources are provided to residents or potential residents who are at risk of losing housing	**Begin**: 2025 **Implementation**: One year

A.2	City Toolkit for Affordable Housing	Affordable/mixed-income housing developers are provided with additional assistance through the planning process Community members engaged and provided resources to understand Affordable housing	**Begin**: 2028 **Implementation**: Three years
A.3	Promotional Materials for Middle Housing Provisions	Increased likelihood of middle housing type production and development by smaller scale developers	**Begin**: 2027 **Implementation**: One year
A.4	Publicize the SDC credit process for housing developers	Improved accessibility of a cost-saving tool for housing producers	**Begin**: 2026 **Implementation**: One year

*Indicates higher priority action

- **Action A.1*** is an initiative to expand the content on the city's existing web page, which is dedicated to directing people to shelters and homelessness services in Clackamas County or informing them about the City policies on outdoor encampments. As a result of this action, the web page would also provide proactive/community-oriented information about housing insecurity. The purpose is geared toward reaching residents struggling to afford their housing and providing a broader image of the issue of homelessness outside of what can oftentimes be seen only as unsheltered strangers.
- **Action A.2** is a guide to Affordable housing development created by the City. This resource is meant to cover a variety of key topics related to this needed housing type, including summaries of City incentives, review criteria, and review processes, and educational resources and best practices regarding addressing public concerns and common myths[5]. This action recognizes that Affordable housing development can be accompanied by fear and miseducation from the public and that approval processes vary, depending on the jurisdiction and the land use regulations that control the site. A toolkit can be a one-stop resource for developers and encourage new housing.

[5] The City of Medford offers a helpful example of sharing educational resources and best practices in its 2022 Affordable Housing Acceptance Toolkit. Developed from a "6 Steps" process originating in San Francisco in the late 1990's, the City of Medford, Rogue Valley Community, and a host of other organizations created this Medford-specific resource.

- **Action A.3** is a guide to middle housing development. As a city within the metropolitan service district, Happy Valley was required through Oregon House Bill 2001 (HB 2001) to update the LDC and Comprehensive Plan to expand the opportunities for middle housing development in the city, which it did in 2019. Numerous additional policies in Happy Valley encourage and support the production of middle housing (such as a streamlined process for converting larger single-family homes into multi-unit dwellings), yet the development of middle housing between 2020 and 2023 has been minimal (see Chapter 2 or Appendix 1). This action aims to increase developers' awareness of opportunities provided by existing policies and code elements. The key difference from the efforts of action A.2 is that A.3 will rely heavily on existing promotional and educational materials from the State, and it does not require an element of coaching for public engagement, because middle housing doesn't traditionally garner the same public backlash as Affordable housing.
- **Action A.4** involves promoting the City's system development charge (SDC) credit process[6]. This process is described in the LDC. The City's building department hosts a list of available SDC credits for purchase, but there are no formal promotional materials to explain the process in an accessible manner for housing developers who stand to benefit from these reduced SDC costs. In this action, the City actively promotes the credit reassignment process by publishing summaries of the process, the requirements, and the relevant staff contact information.

Strategy A: Evaluation

Implementation Steps and Responsibilities

To execute these actions, City staff would primarily be responsible for:

- Conducting an audit of these existing provisions and programs, as well as applicable current housing review processes, to create simplified summaries;
- Creating or contracting for the production of digital and/or physical resources, ideally in more than one language;
- Soliciting and incorporating feedback, then distributing promotional materials to local and regional developers, Affordable housing developers, construction companies, and advocacy groups.

[6] A developer who constructs a qualified public improvement or pays a fee-in-lieu may receive credit against an SDC. These SDC credits may also be "reassigned" to another person for a new development/property, subject to conditions (LDC 3.04.050(K) and 3.05.110(J)). Typically, the party receiving the credits purchases them from the original developer at a reduced cost.

The implementation of Strategy A has already begun in multiple ways. Each of the implementing actions builds from existing planning work, and through the HPS planning process and related engagement, the City has already begun implementing Strategy A. Continued engagement will be necessary to best promote, educate , and clarify these efforts. Developers, advocates, and others in the housing production industry (e.g., construction, financing, realty) provide expertise and experience and play an essential role in implementing this strategy.

Target Population

Strategy A will benefit various populations, developers, and current/future residents by increasing their awareness and comprehension of existing opportunities.

- **Action A.1* and A.2** target low to extremely low-income households and cost-burdened households. In Happy Valley, example populations include longtime senior residents who can't afford to downsize; Young/adult children of longtime residents who can't afford to move out and stay in Happy Valley; People with disabilities - especially mobility difficulties – who can't find accessible housing options; and families, especially one-earner households unable to afford increased housing costs. The content of A.1* should be geared toward people concerned about housing costs, tenant/owner rights, or who in their community may be at risk of homelessness.
- **Action A.3** is most likely to directly benefit middle—to low-income households who can feasibly afford middle housing development, which currently accounts for a small percentage of the existing housing stock.
- **Action A.4** stands to benefit housing development in general, but it can have comparatively great benefits to developers looking to build those needed housing types that are less profitable and with lean margins (such as middle or Affordable housing).During engagement for this HPS, an Affordable housing developer shared that – although the process was difficult to understand – the costs saved from participating in the SDC credit process made a substantial impact on the feasibility of an Affordable housing development in the city.

Opportunities, Obstacles, and Negative Externalities

Strategy A builds on some of the City's existing initiatives either by increasing their reach or improving them based on feedback. Therefore, these actions require relatively few resources compared to the

other strategy categories. Furthermore, because the nature of the actions is to emphasize existing initiatives that are working well or to improve upon initiatives that were already approved in the past, this strategy has a lower potential for negative public feedback than others.

An obstacle to implementing this strategy is the limited staff time and budget for systematic review, outreach, and material creation. While several implementing actions can be singular occurrences, they are all most effective if maintained over the planning period to reflect information and statistical changes. This would be a relatively small but ongoing commitment of the Planning Division. Fortunately, the contents of A.3 are primarily based on State middle-housing requirements. Therefore, the City should utilize as many existing resources as possible.

Magnitude of Impact

The City is committed to expanding awareness of the existing code provisions and programs and improving the accessibility and functionality of those that have yet to reach their full potential. By reaching new and larger audiences, the likelihood of middle and Affordable housing development will increase significantly. Furthermore, whether those living in these needed housing types or those living nearby, the public will be better informed of the City's role in housing planning and some of the myriad nuances in ensuring secure housing access. In general, educational materials have a relatively small impact on the quantity of units generated in the city, and SDC changes have a moderate one.

Measuring Effectiveness

Implementation of Strategy A depends on the City's commitment to continued outreach and engagement. There are several ways to measure progress towards completing the implementing actions of Strategy A. The burden of carrying out these actions falls primarily on the Planning Division.

- The Division will track the completion of the implementation steps described above and note actions taken to implement these steps over the next five years.
- The Division will continue to track housing production by type annually to determine the trends and progress toward meeting housing needs.

B – Address Availability and Cost of Land and Infrastructure

Description

In response to the input of Planning Staff and residents, this strategy recognizes factors of housing production that are commonly cited challenges to housing production in Happy Valley: the lack of serviceable, buildable residential land, the need for infrastructure that can keep up with rapid housing growth, and the prohibitive costs of both. This strategy approaches these challenges through direct action and long-range planning.



Figure 4-3. Construction (left) and Water Storage Facility (right) in Happy Valley residential areas

Strategy B: Implementation Actions

Ref.	*Description*	*Intended Outcome*	*Schedule*
*B.1**	Partner with ODOT to implement improvements at Highway 212 intersections and the future Sunrise Corridor expressway	Unlock transportation constraints on development at key locations	**Begin**: 2025 **Implementation**: Six years
*B.2**	Establish and utilize Capital Improvement Plan (CIP) criteria to prioritize investment in higher-density housing areas	Ensure that public facilities and improvements parallel areas of greatest density and growth	**Begin**: 2026 **Implementation**: Two years

*B.3**	Plan for servicing higher-elevation land	Increased supply of buildable residential land within city limits Ensure that medium- and high-density housing can occur alongside low-density on higher-elevation land	**Begin**: 2025 **Implementation**: Six years
B.4	Update the Comprehensive Plan to simplify residential zones	Streamline and simplify zoning categories, increase housing capacity	**Begin**: 2026 **Implementation**: Six years

*Indicates higher priority action

- **Action B.1*** would address improvements at key intersections and roadways in the city that are constraints on housing growth. Doing so is likely to unlock buildable land that is otherwise limited due to capacity in the transportation system. In the long run, the City assumes development of a future Sunrise Corridor expressway (Phase 2) and potential improvements to Highway 212 intersections. Partnership and cooperation between Oregon Department of Transportation (ODOT), Clackamas County, and the City will be an essential element of implementation.
- **Action B.2*** would establish and conduct CIP review criteria to prioritize investment in higher-density housing areas[7]. This action commits the City to prioritize public facilities and improvements (primarily upgrading streets, sewer, and water systems) in neighborhoods with the highest residential densities and the most rapid growth.
- **Action B.3***. As discussed in Chapter 2 and Appendix 1, some land within the city limits is unsuitable for residential development due to constraints on the provision of utilities. Throughout the HPS process, Planning Division staff have identified part of this challenge to be due to restrictions of the local water authority (Sunrise Water Authority [SWA]), which prevent the extension of services to higher elevation land. Happy Valley can coordinate mitigation efforts and planning with other jurisdictions (SWA, County, State) and work with local stakeholders (such as affected property owners and developers). Happy Valley can dedicate staff time to Plan creation and support grant requests for a planning effort. Critically, the land made available through this process should be zoned for middle- to high-density

[7] Planning Division staff report there is no CIP year-plan with an explicit criterion to prioritize housing. Rather, most projects on the CIP list are "driven by development or a need to fill a gap in a deficient area." For transportation projects, the City uses TSP and TSDC methodology.

housing. This benefit would help offset the high service costs to develop the land and ensure more even distributions of housing types throughout the city and in areas with scenic views.

- **Action B.4** would update the Comprehensive Plan to make changes that simplify the development landscape and look at the capacity of areas of the city to accommodate new housing. Happy Valley has comprehensively planned several sub-areas recently (Rock Creek Area in 2011, East Happy Valley in 2018, Pleasant Valley/North Carver in 2022). Still, the citywide Comprehensive Plan Map has not been updated since 1984. A city-wide update could assess potentially under-utilized areas of the city.



Figure 4-4. Single-family Housing in Happy Valley

Another part of a future comprehensive plan update would be to modify the "very low density" zoning categories (R-40, R-20, and R-15[8]). The first and easiest change would be eliminating the City's R-40 designation, which was historically applied to environmentally constrained land. Since this land now typically has environmental overlays to protect it from unsuitable development, a very low-density zone may no longer be needed. Denser zoning on land currently zoned R-40 could generate some limited new housing opportunities.

Taking it one step further, the City should consider upzoning other very low-density districts to one of the low-density designations to better suit their urban setting. According to the City's 2022 BLI, the most abundant zoning category for vacant land is R-20, with nearly 480 acres vacant or partially vacant. Allowing an incremental increase in density would make more efficient use of urban land and could create housing opportunities on land inside city limits. The stated purpose of the very low-density zones includes "elbow room and breathing space" and encouraging "estate development," neither of which suggests an efficient use of urban land and resources, especially given identified housing needs.

[8] As detailed in LDC 16.22.030 (A)(1) through (3), R-40 means that no more than one primary dwelling unit is permitted per 40,000 square feet of lot area. In the R-20 zone, it is 20,000 square feet. In the R-15 zone it is 15,000 square feet.

Strategy B: Evaluation

Implementation Steps and Responsibilities

Reliance on and forming partnerships will be a critical and ongoing step in implementing Strategy B.

- The City will increase its engagement with the jurisdictions with which it already partners to support planning for increased utility access and facility improvements throughout the city.
- The City will advocate to ensure that partners support these actions with political support, staff time, and funding.

The cooperation of these agencies- including the Sunrise Water Authority, Clackamas County, the state's Department of Land Conservation and Development, and the Oregon Department of Transportation- is crucial to the actions' success.

Target Population

Residents of Happy Valley will universally benefit from being adequately serviced by well-connected transportation infrastructure and public utilities. Nevertheless, the target populations for this strategy are households struggling to find and afford appropriate housing in Happy Valley amidst the city's rising housing costs and rapid development. Opening up new land for development, balancing the impacts of new housing across the city, and clear, effective capital planning benefits lower-income populations. Meanwhile, the strategy will also benefit all future residents with its long-range planning elements.

Opportunities, Obstacles, and Negative Externalities

- **Action B.1*** benefits from substantial prior planning initiatives that will be used as guidance for the partnering jurisdictions. As noted by a participant during the Joint Work Session with the City Council and the Planning Commission, the City's substantial investments in the Sunrise Corridor project are expected to have far-reaching housing impacts, which should be reviewed at the City's mid-cycle HPS review.
- **Action B.3*** is likely to be challenging to implement as the City notes there have been prior unsuccessful efforts to convince the local water authority to extend its services to higher-elevation land. It appears that neither the water authority nor the City (or its residents) find it feasible to pay the

substantial costs of constructing new water facilities. Alternative and cooperative funding mechanisms and planning initiatives are critical to the success of this action. During the City Council work session (Chapter 3) participants asked that this action be a high priority – in part because it may bring attention to the difficulties, they have previously faced in attempts to address the issue.

- Several of the implementing actions, such as **B.2* and B.4**, could engender public opposition from long-term residents resistant to change and/or residents hostile to housing affordable to low-income people. These obstacles are commonly encountered in suburban, predominantly affluent communities, and attitudes such as these were readily observed in survey responses during the public engagement tasks. This can be circumvented through clear messaging, ongoing engagement and education, and removing discretionary standards that allow biases to inform legislative decisions.
  Comprehensive plan updates that eliminate the outdated R-40 zone and potentially upzone the R-20 or R-15 zones would increase housing opportunities on that land and make future redevelopment more feasible. As with any upzoning proposal, increasing allowable densities on existing property may come with opposition from incumbent landowners who do not want change, or support from owners who see increased development opportunities.

Magnitude of Impact

Strategy B will have a substantial impact as it addresses elements of housing planning not explicitly called out in the current state statute or Rule requirements for assessing housing capacity—specifically, the potential capacity of lands that historically have had very low densities or not been served by public utilities. The overall impact of the actions in this category is anticipated to be significant, depending on how broadly the City implements them.



Figure 4-5. Happy Valley Park

Furthermore, this strategy can be particularly effective in addressing the availability and costs of land and infrastructure when supported by the actions of Strategy D (Incentivize Affordable and Accessible Housing).

Measuring Effectiveness

Monitoring the impacts of this strategy will mainly involve tracking the progress of the various amendments, procedures, and plans. However, in concert with the strategy's purpose, the affected land should become serviceable, maintained, improved, available on the market, and have greater opportunities for profitable development that middle—to low-income households can afford. All these effects can be mapped and thus compared with existing conditions.

The effectiveness of this strategy can also be measured by implementing the other strategies and their related actions. Related strategies include:

- Strategy A, which improves community awareness and understanding of housing opportunities and needs in Happy Valley
- Strategy D, which ensures that land is available and costs are reduced for Affordable housing developments

C – Reduce Local Regulatory Barriers to Needed Housing



Figure 4-6. Developable Land in Happy Valey

Description

As in many jurisdictions, regulations for producing new housing in Happy Valley are often complex and cumbersome. Simplifying and streamlining code requirements to make the process less discretionary and more certain will reduce barriers to building housing. By reducing the frequency and degree of discretionary interventions in the development process and allowing more development as-of-right, builders can gain more certainty and are more likely to start projects. While these factors may not have as much impact on the decision to greenlight a project in the same way as financing, labor and materials costs, land availability, or infrastructure costs, reducing the permitting burden has real value to developers. It increases the chances of a project moving forward.

Strategy C: Implementation Actions

Ref.	*Description*	*Intended Outcome*	*Schedule*
*C.1**	Reduce limitations to multi-family housing	Increased likelihood of multi-family housing production	**Begin**: 2025 **Implementation**: Two years
C.2	Reduce limitations to middle housing	Increased likelihood of middle housing production	**Begin**: 2027 **Implementation**: Two years
C.3	Reduce limitations to accessory dwelling units (ADUs)	Increased likelihood of new ADU development or conversion of existing space	**Begin**: 2026 **Implementation**: One year
*C.4**	Investigate opportunities to improve coordination with service providers (water, sewer, engineering, etc.)	Reduce review times for new development	**Begin**: 2026 **Implementation**: Three years

*Indicates higher priority action

- **Action C.1*** would reduce the burden of certain restrictions or requirements that can be a barrier to multi-family housing development. Recommended changes include:
    - Allow multi-family buildings by right in all medium and high-density residential zones. The City's mixed-use residential zones are among the few that allow this type by right. At the same time, multi-family buildings are not permitted without a PUD process in any of the medium-density or high-density residential zones, even though these zones have relatively high minimum densities.
    - Though the housing development standards are ostensibly objective, the quantity of design standards that apply is significant, for example, a multi-family façade design regulation that requires "at least 8 of the following 14 architectural features" (16.44.010.B.3.a). This chapter also contains subjective terms, such as "designed to invite the public in" and "to enliven the sidewalk" (16.44.010.B.3.c.i and ii). Evaluating and responding to these standards increases cost, risk and timelines for housing developers.
    - Change the requirement for residential buildings to have ground floor commercial in several

mixed-use districts. This issue was raised by a builder in the public engagement process and was described as not being in line with market demand and difficult to incorporate into a building design and financial model. There will still be some areas where requiring buildings to have ground-floor commercial is appropriate, such as along a downtown main street.

- Change the requirement for multifamily residential buildings to have shared outdoor recreational areas. The requirement is detailed (200 square feet per unit per LDC 16.42.080) and does not provide an exception for sites close to existing private or public parks.
- Allow single-room occupancy (SRO) buildings—historically referred to as "rooming houses"—in the highest-density residential zones or through the PUD process. This housing type, typically featuring individual bedrooms and shared kitchen and recreational facilities, is oftentimes the most affordable market-rate multifamily option. "Rooming houses" are currently prohibited by the LDC in virtually all residential zones.

- **Action C.2** would allow middle housing types in more zones and more situations and ease the planning process for developers. Due to recent code changes for middle housing, most existing residential zones already allow duplexes, triplexes, quadplexes, and townhomes (attached single-family). However, a cottage cluster overlay – adopted in 2024 – prohibits cottage cluster housing in one area of the city, while expanding allowances elsewhere. Loosening these restrictions on where they can be sited is one way to encourage infill.

  Meanwhile, adopting "prototype" (or pre-approved) middle housing designs is another way to promote middle housing to developers. Creating and publicizing standard designs can indicate a faster, cost-effective, and easier path to approval.
- **Action C.3** removes specific barriers to ADU development from the LDC. These may include:
  - Allow two ADUs per residential lot, as in some other jurisdictions, if one of them is interior to the main structure. This would increase the potential for additional ADU development without significantly affecting the neighborhood's appearance. This would greatly expand the potential for new ADU development since most of the city's residential land is dedicated to single-dwelling zones.
  - Eliminate the extra design requirements or restrictions on ADUs (16.44.050.B). Specific examples include the prohibition on a second main entry facing the street and a requirement that siding, roofing, and paint color "generally match" the main structure. Neither of these requirements are applicable to an accessory structure that is not housing, like a garage or a workshop.

- **Action C.4*** would further coordinate the development process and guide builders through the various departments and agencies responsible for review. In the public engagement process, builders mentioned that it could be challenging to navigate the permitting process due to a lack of response or coordination from outside agencies that provide services. While builders generally praised Happy Valley's planning timelines, they were less complimentary of the overall process for development, considering all the players involved. Setting up systems or teams that guide new development could reduce this friction and make it easier to build housing.

Strategy C: Evaluation

Implementation Steps and Responsibilities

City staff are responsible for drafting comprehensive plans and development code amendments for review by the Planning Commission and adoption by the City Council by December 2027.
For Action C.4*, improved coordination, the City has limited authority over outside agencies, but they can collaborate and establish regular lines of communication or protocols for review to hasten housing project reviews.

Target Population

The target population for Action C.1 through C.3 is middle- and low-income renters, who will benefit from additional housing units that are more likely to develop with reduced regulatory restrictions. Additional housing created in general has an outsized benefit to those groups most in need in Happy Valley: middle and lower-income households, seniors, people with disabilities, and people of color. Action C.4*, better coordination between agencies, is targeted directly at developers of new housing and, therefore, indirectly at the people who can live in that new housing.

Opportunities, Obstacles, and Negative Externalities

Feedback from public engagement initiatives (see Chapter 3 and Appendix 2) identified a general obstacle to the implementation of this strategy (as well as the others): a divide in public opinions regarding new housing development in Happy Valley. While many spoke in favor of changes that would increase opportunities for new housing in Happy Valley, numerous others expressed resistance to change, which some of the code modifications above represent. Meanwhile, at the Joint Work

Session with the City Council and the Planning Commission, participants volleyed between favoring the recommendations in Action C.1* and expressing concerns for a loss of control over the aesthetics of Happy Valley's built environment. These actions recognize this conflict and balance the greatest unmet housing needs with expected political or public responses.

Magnitude of Impact

This strategy focuses on easing land use restrictions that limit the market's ability to produce needed housing. The kind of housing promoted by this strategy will favorably impact smaller households (single, young, or elderly) if it helps generate a substantial number of smaller units in the categories of ADUs, middle housing units, or apartments.

Measuring Effectiveness

The effectiveness of Actions C.1* through C.3 could be measured by an increase in the use of these City-modified provisions to build additional units over the baseline conditions. These could be tracked by the number of new ADU, middle housing, or multi-family units – either by the number of applications submitted, or units built. Results from the City's permitting tracking systems will inform determinations of whether code changes have tangible results in drawing interest to these housing types.

Action C.4* could be measured by reduced permitting times (assuming an increase in the quantity of applications). This can be tracked in terms of the land use process and, just as importantly, to the builder after land use approval and before a certificate of occupancy.

D – Incentivize Affordable & Accessible Housing



Figure 4-7. Good Shepherd Village, Affordable Housing in Happy Valley (Image credit: Catholic Charities)

Description

Strategy D includes plans for – and investments in – equitable housing opportunities across the city. The City's fair housing initiatives include Comprehensive Plan and specific area-plan policies that legislatively support or encourage equal opportunities for housing. For example, a Comprehensive Plan policy update in 2022 included the following policy:

> *"H-1.6: Employ strategies that support the Fair Housing Act and affirmatively further fair housing goals."*

The East Happy Valley area plan commits a policy to:

> *"H-2.1S: East Happy Valley will provide housing choices for people of all income levels and life stages. Housing will include:*
>
> *a) A full range of integrated housing types, affordability, and tenancy preferences across the neighborhoods that will fulfill state and regional housing requirements and allow people of*

all ages and incomes to live in East Happy Valley.

b) A range of housing types that allows community members to continue to live locally throughout all of life's stages (i.e., entry level worker, student, young professional, retired, and elderly)."

Still, barriers to equitable housing access remain. The results of the Happy Valley HCA (2022) and the housing needs assessment of this report (Chapter 2 and Appendix 1) indicate that rising housing costs in Happy Valley can be particularly burdensome for underrepresented and marginalized populations. These populations often include single women currently living in Happy Valley, People of Color, and Hispanic or Latino people living in the surrounding areas. On average, these populations cannot afford market-rate housing within the city.

Furthermore, there are fewer people with disabilities living in Happy Valley (9 percent) compared to Clackamas County (13 percent). Public survey results (see Chapter 3 and Appendix 2) indicate that this may be because people with disabilities or their families have found limited housing opportunities in the city that are accessible and meet their needs.

Strategy D focuses on affirming Happy Valley's commitments to fair housing by utilizing local government's unique functions and resources– thus allowing the City to play a more active role.

Strategy D: Implementation Actions

Ref.	*Description*	*Intended Outcome*	*Schedule*
*D.1**	Pursue a residential construction excise tax (CET) for Affordable housing infrastructure	Reduce cost barriers to Affordable housing production Maintain a priority for adequate infrastructure amidst rapid development	**Begin**: 2026 **Implementation**: Three years
*D.2**	Pursue public land banking	Reduce land costs and maintain the quality of Affordable housing	**Begin**: 2025 **Implementation**: Six years

*D.3**	Reduce code limitations to the development of Affordable housing units	Removes discretionary regulatory barriers Increases attractiveness of City incentives	**Begin**: 2026 **Implementation**: One year
*D.4**	Promote universal design principles	City acts as an advocate in evolving existing and new practices Increased likelihood of accessible housing development	**Begin**: 2025 **Implementation**: Ongoing
D.5	Conduct an economic analysis of existing Affordable housing incentives	The effectiveness of Affordable housing incentives is verified	**Begin**: 2027 **Implementation**: Two years
D.6	Apply for grant financing on behalf of Affordable housing developers	Reduce production costs and maintain the quality of Affordable housing Increased likelihood of Affordable housing development	**Begin**: 2028 **Implementation**: Ongoing

*Indicates higher priority action

- **Action D.1*** would pursue the creation of a new, local construction excise tax (CET) on certain market-rate housing production to subsidize Affordable housing infrastructure improvements, such as right-of-way improvements like roadways or sidewalks. The City already implements a CET for Metro and the school district but, via this action, would extend this locally for needed housing purposes. This is an effective tool when utilized in consistently strong markets, such as the market for new single-family homes in Happy Valley. The income is used as an incentive for Affordable housing development while still going toward public improvements.
- **Action D.2*** would involve the identification and reservation of viable City property for Affordable housing development. This action may involve utilizing the City's existing holdings or acquiring land expressly for affordable housing amidst rapid recent development. By reducing land costs, it creates the opportunity for new Affordable housing projects, including in the future downtown, that might not otherwise be viable.
- **Action D.3*** reduces limitations within the LDC that can hinder Affordable housing development. Opportunities for this in Happy Valley include:

  - Expand eligibility for Affordable housing development incentives. The eligibility requirements in LDC 16.44.060 are limited to developments with a certain minimum number of units and at a certain level of income or age. These thresholds can be altered to make the option more available to builders. Similarly, the "other incentives" under LDC 16.44.060.C.2 could be expanded or strengthened to make the development of Affordable housing more attractive.
  - Eliminate a subjective criterion for approving Affordable housing incentives. One of the standards for granting incentives and bonuses for Affordable housing is that the development "not be a hazard or nuisance to the City at large" (LDC 16.44.060.F.1.a). This standard, which is not required of other developments, creates regulatory risk for Affordable housing developers

- **Action D.4*** draws on other cities' efforts to increase the share of housing designed consistent with universal design principles. While the Americans with Disabilities Act (ADA) requirements dictate how spaces must be designed to accommodate disabled users, 'universal design' is an approach where designers plan and create spaces that can accommodate everyone, regardless of age or ability. Common elements of universally-designed housing include doorway widths navigable by mobility devices, entryways and floorplans that do not require climbing steps, and well-lit pedestrian paths. This ongoing action involves the City acting as an advocate for its current and future residents with disabilities by first conducting a comprehensive assessment and identification of Planning Division procedures and programs that can encourage the long-term accessibility of housing in the city.
- **Action D.5** would provide a comprehensive and local market-specific analysis of Happy Valley's current incentives for Affordable housing development. By factoring in land and production costs, the potential income from market-rate and below-market rents, and the various possible incentive alternatives, the results would indicate whether Affordable housing is over-, under-, or properly incentivized to developers. The City of Portland offers a helpful example of such an assessment.
- **Action D.6** would assist Affordable housing developers in obtaining grant financing for housing within the city. The City could partner with Affordable housing developers to identify and apply for funding opportunities that are only accessible to — or when in partnership with—local governments. Examples of funding sources include the Community Development Block Grant (CDBG), Choice Neighborhoods, and the HOME Investment Partnerships Program.

Strategy D: Evaluation

Implementation Steps and Responsibilities

The City and its partners will utilize their unique functions and resources to achieve this strategy.

- **Action D.1*** pursues implementation of a CET that incentivizes Affordable housing development while ensuring that infrastructure improvements are prioritized. As a tax, the action requires planning and support by Happy Valley staff, elected officials, and current residents. Part of this planning will involve establishing the parameters for the types of market-rate housing projects to which the CET would apply, to not deter needed housing.
- **Action D.2*** would necessitate an inventory of the City's current holdings and an evaluation of what publicly owned areas might be suitable for needed housing in the long run. At the time of this HPS, there may be the opportunity for the City to pursue Affordable housing land banking on land it has purchased for a downtown economic development initiative. In the case where existing City holdings are not a viable option, the Planning Division would inventory and evaluate private land and determine whether land acquisition and land banking for Affordable housing is feasible. If so, the Division would recommend to the City Council that such land be reserved or acquired for Affordable housing. The City could then partner with a private or non-profit developer to develop the land.
- **Action D.3*** would require staff to introduce code revisions that adjust existing bonuses and incentives for Affordable housing and to eliminate discretionary language related to potential "hazard or nuisance" impacts of that housing.
- **Action D.4*** calls for City staff to research other jurisdictional examples and to engage with residents, its workforce, and more generally with people with varied housing accessibility needs. In future steps of the action that will involve more direct improvements to City processes or programs, the City will want to collaborate with designers and advocacy agencies.
- **Action D.5** requires that the City contract out a third-party economic analysis of its Affordable housing incentives. With the results, the City may update and revise its menu of bonuses and incentives to make them work better. If so, these changes to the incentives would require development code revisions.
- **Action D.6** commits the City to tracking and applying for grant funding opportunities. This would require dedicated staff time and be most effective if the tracking efforts were coordinated with existing organizations or community groups.

Target Population

Strategy D specifically encourages the development of income-restricted or subsidized housing that disadvantaged or historically marginalized populations could feasibly afford. As indicated in the results of recent housing needs assessments (see Chapter 2 and Appendix 1), these currently include single women, People of Color, and Hispanic or Latino people. Action D.2* also has the potential of being particularly beneficial to the Happy Valley workforce – most of whom are already established members of the city's community yet are currently unlikely to find affordable housing opportunities within the city (see Chapter 2 or Appendix 1).



Figure 4-8. A No-step Entry Backyard Accessory Dwelling Unit (ADU) (Image credit: SQFT Studios)

Action D.4* promotes the concept of universal design principles, which would most directly target current residents with disabilities (most commonly with difficulty hearing, cognition, mobility, and independent living) or those who are looking to "age in place." However, universally accessible buildings would ultimately benefit all users.

Opportunities, Obstacles, and Negative Externalities

- **D.1*** is a revenue-generating opportunity and alternative to using already limited public funds. The City of Happy Valley charges one of the lowest municipal tax rates in the Metro region, and the City is limited in its ability to increase its rates due to Measures 5 and 50. Charging additional taxes and fees to market-rate housing projects could deter development due to increased production costs. At the City Council work session, participants expressed concern that a CET could drive up costs. Setting parameters on the tax, such as exempting projects costing under $200,000 from it, and scaling the tax by square feet would avoid deterring smaller housing projects.
- **D.2*** The City has transferable experience with land banking that could support Affordable housing. In 2023, the City purchased and (at the time of this report) owns land in Happy Valley that is reserved and

planned for the economic development of a future downtown. According to Planning Staff, the City can explore Affordable housing incentives or zoning within this area. Meanwhile, finding and potentially purchasing a similar site elsewhere in the city would involve investment of City resources or giving up City land that may otherwise be used for other potential public uses. In the Joint Work Session with the City Council and Planning Commission, there were multiple comments against City resources being used, which may be further reason to utilize the downtown land that has already been acquired by the City.

    - As mentioned above, the downtown location also offers a particularly promising opportunity for Affordable housing that could be utilized by the Happy Valley workforce – who largely do not live in the city and are unlikely to find affordable housing options. This creates an opportunity for social development, in addition to the intended economic development.

- **Action D.4***, in its current form, presents a challenge that is not unique to other actions in this HPS. The costs associated with universally designed spaces may be a barrier to profitability, and developers may cite a need to pass those increased costs on to residents when pushed to implement them. As it works to identify how to improve processes and programs, the City must take care to consider the financial consequences to residents with disabilities and mitigate these potential disincentives.
- **Actions D.3* and D.5** refine existing City programs or code elements for incentivizing Affordable housing. D.3* does so directly by reducing existing limitations in the LDC, and D.5 analyzes potential updates to the bonus/incentive programs already offered. For D.5, the City would either hire a consultant or conduct an internal analysis – either of which would cost limited resources. Therefore, D.3* is considered a higher priority for the City's first HPS cycle.
- **Action D.6** would be an opportunity for the City to further assist Affordable housing developers in reducing production costs in a manner limited to a municipality. However, the research, communications, and administration that would be required is currently beyond staff capacity.

Much like with the actions of Strategy B, several of these implementing actions are likely to face public opposition because they involve using limited public resources to support Affordable housing development. Circumventing this challenge will require clear messaging, ongoing engagement and education, and removing discretionary standards that allow biases to inform legislative decisions.

Magnitude of Impact

The production costs of land and transportation improvements can be some of the most substantial barriers to the production of most housing types. Actions D.1*, D.2*, D.3*, and D.6 combined increase the likelihood of more housing opportunities that - at a controlled price point – would allow households from target populations to shift away from being housing cost-burdened. Therefore, much like Strategy B, this strategy has some of the greatest potential for direct impacts.



Figure 4-9. Right-of-way Improvements for Affordable Housing Development in Happy Valley (Image credit: MWA Architects)

The impact of Action D.4* is likely to be relatively low during the City of Happy Valley's first HPS cycle because it requires thorough research and identification of how the City can most effectively promote universal housing design, followed by the commitment to ongoing advocacy. With this research and groundwork, and as the City implements other actions, Action D.4* can evolve to implement programs and policies that directly encourage or incentivize accessible housing.

Measuring Effectiveness

The City of Happy Valley's current development tracking system will be useful in monitoring this strategy. Staff will be able to determine whether the number of Affordable housing permits and approvals each year changes, as well as what types of Affordable housing are developed and where in the city they are located. Over time, this information will be critical to evaluating changes or funding needed for these policies and programs.

5 Achieving Fair & Equitable Housing

This chapter evaluates the strategies listed in Chapter 4 for how they achieve fair and equitable housing outcomes. The Housing Rule requires a summary of how the strategies in this HPS report, combined with Happy Valley's existing policies, will achieve equitable outcomes. The factors that lead to the desired outcome are prescribed in the rule and consist of the following categories:



- Location of Housing
- Fair Housing
- Housing Choice
- Housing Options for Residents Experiencing Homelessness
- Affordable Home Ownership and Affordable Rental Housing
- Gentrification, Displacement, and Housing Stability

Consequently, the discussion below describes the expected outcomes for each factor and identifies corresponding policies and programs within the HPS. Equity in this rule focuses on housing opportunities for federal and state-protected classes. Federal protected classes are race, color, national origin, gender, familial status, and disability. Oregon has additional protected classes: marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

The review in this section is an overview of how the totality of the actions affects outcomes, but it does not represent a fully comprehensive evaluation of every possible impact. This analysis provides a brief evaluation of each of the expected outcomes.

Location of Housing

Increasing the diversity of locations for needed housing would mean increasing the number of

compact, mixed-use neighborhoods in Happy Valley, widening the availability of housing types for people from state and federal protected classes. Actions within the HPS that support development of compact, mixed-use residential areas include:



Existing actions and programs

- Minimum density requirements in high-density zones
- Mix of housing types allowed in existing mixed-use neighborhoods
- Higher density zoning near transit facilities
- Liberal ADU regulations re: size, occupancy requirements



Actions in the HPS

- Service lands at higher elevations (Action B.3*)
- Update Comprehensive Plan to Simplify Residential Zoning (Action B.4)
- Public facilities/capital improvements emphasis in higher density areas (Action B.2*)

Fair Housing

A path to supporting Fair Housing is by increasing access to housing for people in state and federal protected classes, Affirmatively Furthering Fair Housing, helping those people who have been historically underserved to address disparities in access to opportunity to housing, and decreasing patterns of segregation. Fair Housing within the HPS is furthered by:



Existing actions and programs

- Bonuses and zoning incentives for Affordable housing
- Mix of housing types allowed in existing mixed-use neighborhoods
- Priority processing for Affordable housing projects



Actions in the HPS

- Expand eligibility for Affordable housing incentives (Action D.3*)
- Identify methods to encourage universally accessible housing (D.4*)
- Update Comprehensive Plan to plan for more even distribution of densities (Action B.4)
- Increase allowances for middle and multi-family housing types (Actions C.2 and C.3)

Housing Choice

Housing choice is increased by opening up options for communities of color, low-income people, people with disabilities, and other state and federal-protected classes. Better housing choices for people in these categories also mean improved access to existing or new housing in neighborhoods with healthy and safe natural environments and excellent community amenities, schools, and employment opportunities. Housing choice is advanced by:



Existing actions and programs

- Mix of housing types allowed in existing mixed-use neighborhoods
- Bonuses and zoning incentives for Affordable housing
- Middle housing allowed in many residential zones
- Priority processing for Affordable housing projects



Actions in the HPS

- Update Comprehensive Plan to simplify residential zones (Action B.4)
- Reduce limitations for multi-family housing (Action C.1*)
- Reduce code limitations on Affordable housing (Action D.3*)

Housing Options for Residents Experiencing Homelessness

It is critical to work with partners, primarily at the County level, identifying ways to address homelessness and taking actions that reduce the risk of people falling into homelessness. The focus of these actions is on households with the lowest incomes. To have more options for people experiencing homelessness, the HPS includes the following options:



Existing actions and programs

- Homeless information on the City website, reference to County services



Actions in the HPS

- Expand information and offer content on housing insecurity (Action A.1*)
- Reduce code limitations on Affordable housing (Action D.3*)

Affordable Homeownership and Affordable Rental Housing

This category focuses on actions in the HPS that support affordable owner and renter products. For ownership, this looks at those actions supporting housing affordable to households below 120% of MFI. Many of the actions in the HPS are targeted at this income level group or below. This includes support for developing lower-cost housing types (such as middle housing), removing regulatory barriers to low-cost housing, supporting Fair Housing principles, and lowering the cost of land and infrastructure. For rentals, existing and proposed actions support the production of income-restricted Affordable housing and privately developed affordable housing, typically aimed at households with incomes below 60% or below 80% of MFI. Those actions that support affordable ownership and rental housing development include:



Existing actions and programs

- Bonuses and zoning incentives for Affordable housing
- Priority processing for Affordable housing
- Reduction in standards, possible waiver of SDCs for Affordable housing



Actions in the HPS

- Affordable Housing toolkit (Action A.2)
- Reduce limitations for multi-family housing (Action C.1)
- Increase allowances for middle housing, reduce ADU requirements (Actions C.2 and C.3)
- Pursue CET to subsidize Affordable housing project infrastructure (Action D.1)

When all the proposed strategies are combined, Happy Valley's objective is to achieve equitable outcomes for all city residents. The ultimate goal is to have more equitable housing opportunities, which emphasizes improving outcomes for lower-income households, people in state and federally protected classes, and underserved communities.

Gentrification, Displacement, and Housing Stability

Increasing housing stability means taking measures that do so for existing households and preventing displacement of residents so they can remain in their homes. The actions proposed and identified below mitigate gentrification resulting from public investments or redevelopment. Displacement can

be addressed through the following actions:



Existing actions and programs

- Low-cost housing types generally allowed by-right
- Clear process for allowing conversions of single-family homes



Actions in the HPS

- Public land banking (Action D.2)

The final required "additional elements" of an HPS Report listed in OAR 660-008-0050 (5) are provided in Chapter 4, because it is more useful to list opportunities, constraints, or negative externalities under each strategy. This is more effective than restating the information at the end of the report. Likewise, Chapter 4 described the actions the City and other stakeholders must take, and how the City will measure implementation and progress for the first HPS.


18 LOT - SUBDIVISION
HOMES - TOWNHOMES
5 ACRES - DUPLEXES






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APPENDIX 1:

Contextualized Housing Need Assessment (CHNA) Memorandum

February 2025

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Memorandum

To: Oregon DLCD, City of Happy Valley

From: Ben Schonberger, Larissa Gladding, Maddy Poehlein

Date: November 14, 2024

Re: Contextualized Housing Need Assessment – Happy Valley Housing Production Strategy

Contents

1 Introduction 1
2 Methodology 3
3 Key 2020-40 Housing Capacity Analysis Results 6
4 Demographic Characteristics 9
5 Housing Characteristics 24
6 Spatial Data Characteristics 36
7 Existing Planning Initiatives 42
8 Key Conclusions 46

1 Introduction

This Contextualized Housing Needs Assessment (CHNA) contextualizes Happy Valley's current and future housing needs, describes recent local planning efforts and factors affecting housing production, and provides demographic and market information to help inform local housing production strategies consistent with the Goal 10 Housing Rule (OAR 660-006-050(1)[1].

1 As provided in ORS 197.290(2), a city with a population of more than 10,000 people must develop and adopt a Housing Production Strategy Report that includes a list of specific actions, including adoption of measures and policies that the city shall undertake to promote development within the city to address a housing need identified under ORS 197.296(3) or (10) for the most recent 20-7ear period described in the city's Housing Capacity Analysis. At a minimum the report must incorporate the following components:

(1) Contextualized Housing Need – A contextualization and incorporation of information from the most recent Housing Capacity Analysis that describes current and future housing needs in the context of population and market trends.
(a) At a minimum, this must include a discussion of:

(A) Socio-economic conditions and demographic trends of housing living in existing Needed Housing. This must include a disaggregation of households living in existing Needed Housing by race and ethnicity.

(B) Measures already adopted by the city to promote the development of Needed Housing.

(C) Market conditions affecting the provision of Needed Housing.

(D) Existing and expected barriers to the development of Needed Housing.

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The CHNA is based upon Happy Valley's most recent Housing Capacity Analysis (HCA) and provides a broader context for identifying barriers to affordable housing and strategies to remove such barriers. The HCA and the accompanying Buildable Lands Inventory (BLI) have identified types and amounts of housing and land needed. As stated in the Housing Rule, the product of the CHNA should explain the current housing environment and future housing need within the context of demographic and market trends.

This memorandum serves as a draft of the CHNA which will be included in the final Happy Valley HPS report. The contents and conclusions of this assessment may evolve as the HPS project continues – including engagement with consumers and producers of needed housing.

1.1 Organization of the CHNA

This memorandum is organized into sections, which are briefly explained as follows.

1. Introduction and Organization – Outlines the basis for the HPS project and the organization of the CHNA.
2. Methodology – Describes the methods and data sources used in this analysis. Includes a discussion of limitations of the data due to changing city limits.
3. Housing Capacity Analysis Results– Summarizes key findings from the 2022 HCA, providing a basis for a more in-depth review of demographic and market trends.
4. Demographic Characteristics – Analysis of demographic characteristics and their relationship to housing. Includes household size, age, income, race, ethnicity, disability status, and homelessness.
5. Housing Characteristics – Analysis of existing housing and the housing market in Happy Valley.
6. Spatial Data – Examines socio-economic data through a geographic lens. Includes a discussion of tenure, household income, race, and ethnicity.

(E) An estimate of the number of people or households experiencing homelessness. Estimates must include, as available, the following data sources: (i) An estimate of regional housing need for people experiencing homelessness provided by the state or regional entity. (ii) The applicable Housing and Urban Development Point-in-Time count conducted by the Continuum of Care that the city is located within. (iii) The applicable Housing and Urban Development Homelessness Assessment Report. (iv) The applicable McKinney-Vent0 Homeless Study Data for all school districts that overlap with the city boundary.

(F) Percentage of Rent Burdened Households, as determined in the report described in OAR 813-112-0020(2);

(G) Housing tenure, including rental and owner households;

(H) Housing needs for people with disabilities, including hearing, vision, cognitive, ambulatory, self-care difficult, and independent living as provided in the applicable American Community Survey and other data sets, as available.

(b) A city may use the following types and sources of data to further contextualize housing need for the purposes of this section. (A) The percentage of housing stock that is market rate compared to the percentage of housing stock that is subsidized to make it affordable. (B) Units that the city has permitted but which have not yet been produced. (C) Population groups that are not typically accounted for in a Housing Capacity Analysis, including but not limited to college and university students or second homeowners. (D) Redevelopment rates that impact the preservation of existing affordable market-rate units; and (E) Other types and sources of data to refine housing need for those experiencing homelessness […]

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7. Recent City Planning Initiatives – Summary of planning initiatives that the City of Happy Valley has recently put in place related to housing production.
8. Key Conclusions – Conclusions drawn from the information in this analysis, including remaining barriers to housing production.

2 Methodology

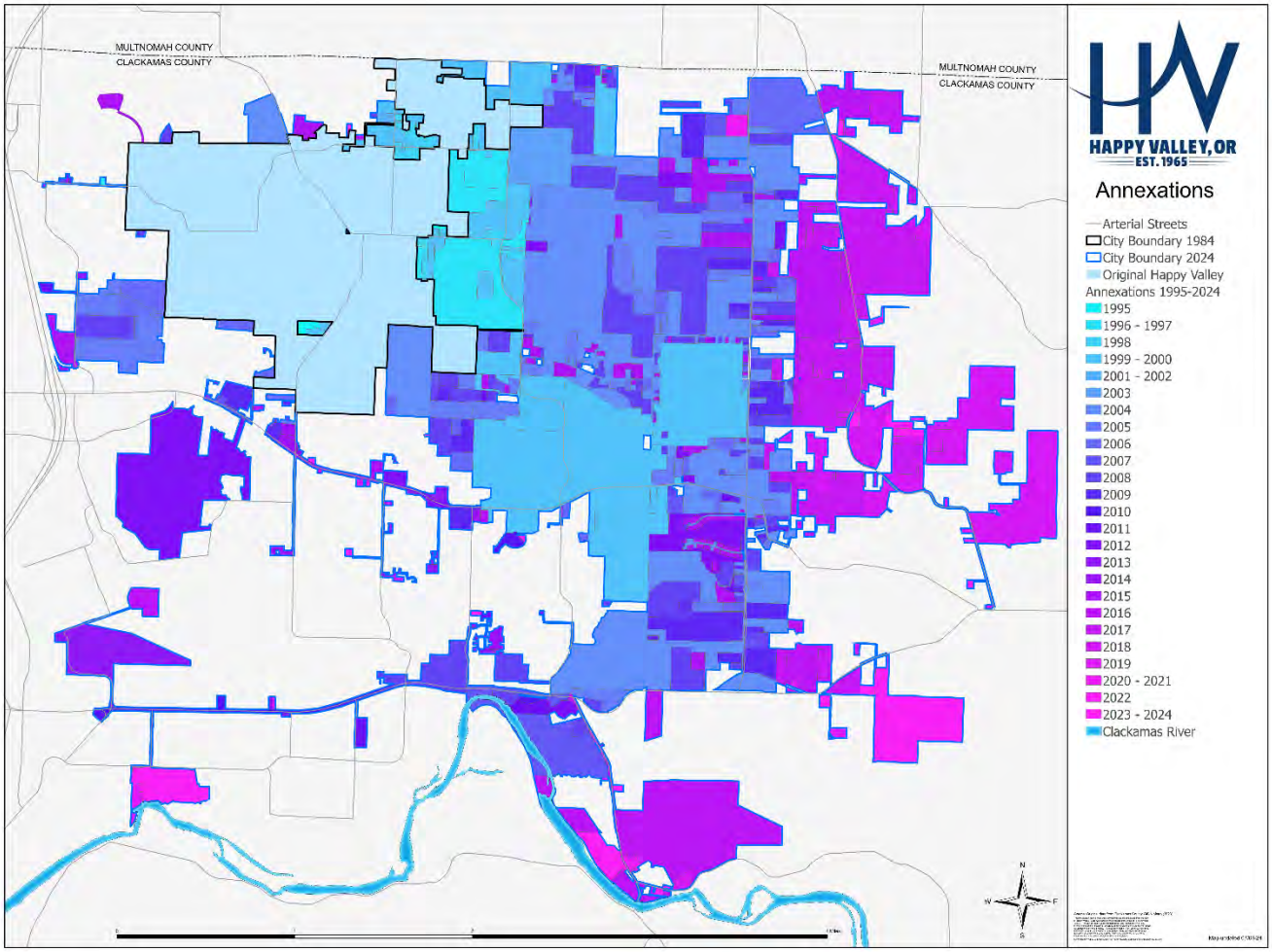
Much of the demographic data needed for this assessment are from the U.S. Census Bureau, from detailed tables or mapping tools, filtered by city (Census-designated place), county, and state when relevant. The American Community Survey (ACS) 5-year Estimates are more reliable for detailed information including housing, education, and employment. The CHNA used ACS 5-year Estimates from 2021 and 2022 depending on availability. The 2020 Decennial Census data are most often used to represent demographics such as age, race and ethnicity, and owner/renter status (tenure). When the data used in this assessment has missing elements or limitations, they are addressed in footnotes and table notes so that the information can be understood as accurately as possible.

Metro cities must assess housing capacity and need within city limits consistent with state statutes and administrative rules[2] to produce an HCA. The Housing Production Strategy is a "next step" and should be based on the analysis provided by the HCA. However, in Happy Valley's case, city limits have changed numerous times between the 2022 HCA and the time of this memorandum (Figure 1. City of Happy Valley Annexations by Year), adding hundreds of acres. In addition, Happy Valley has a growth area to its east, the Pleasant Valley/North Carver area. This area covers 2,700 acres and is both partly inside and partly outside the city limits. Pleasant Valley/North Carver has its own comprehensive plan, its own HCA, and is not explicitly included as an area for analysis in the scope of this Housing Production Strategy.

[2] *ORS 197.290(2); ORS 197.297(1); 660-008-0050*

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Figure 1. City of Happy Valley Annexations by Year



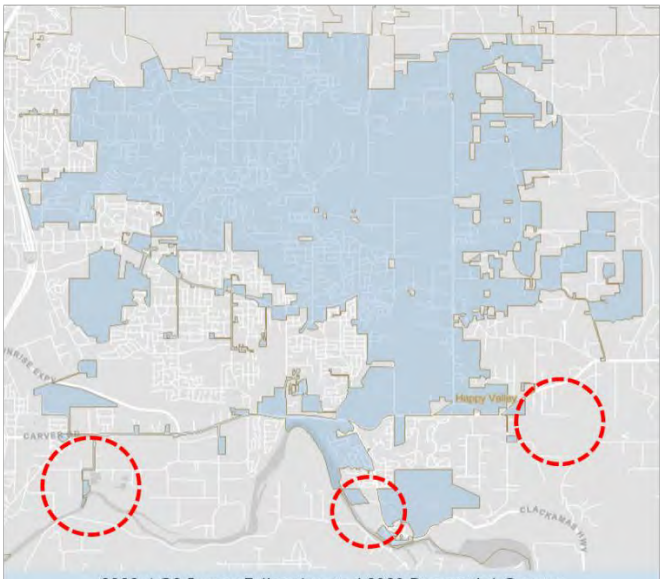
Shifting city limits and an adjacent area that is outside the scope of the study but partially within those limits creates a limitation to evaluating the same category of information longitudinally. That is because the units of analysis—area, population, housing units—are not the same over time. For example, the 2022 ACS and 2020 Decennial Census Place boundaries do not include land that has since been annexed into the city, so this CHNA does not factor in those areas' socio-economic or housing characteristics. See Figure 2 below, which spatially identifies those new areas.

To reach conclusions about recent historical trends, patterns in demographic and market analysis, and initiatives that will support desired outcomes, it is not necessary to resolve every fine distinction between the city's status in 2022 and its status today. This CHNA will present available data, identify places where data are limited or comparisons are inexact, and proceed with the analysis acknowledging potential effects on the recommendations.

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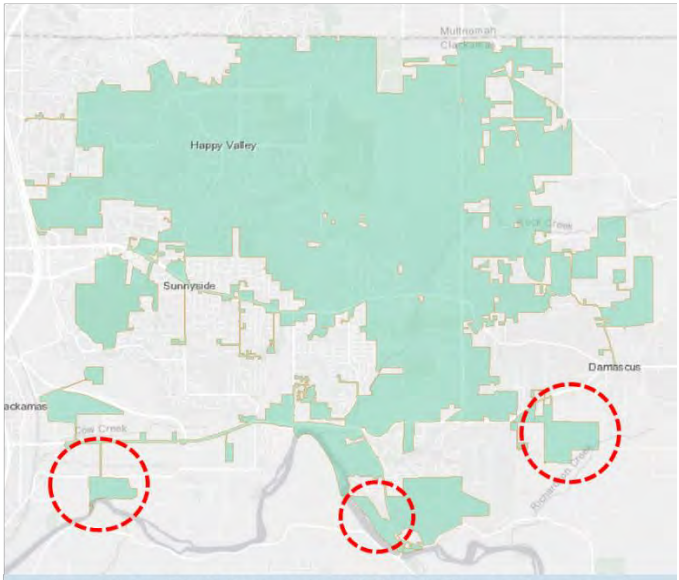
Figure 2. City Limits Spatial Data Limitations

City of Happy Valley (Census Designated Place, January 2022)



2022 ACS 5-year Estimates and 2020 Decennial Census
Being used by Winterbrook for the 2024 CHNA

City of Happy Valley (City Limits, March 2024)



Happy Valley City Limits as of March 2024 (City Planning Department)

The City of Happy Valley provided local data and was a key source of information for this analysis. This has included details of recent planning initiatives and background information about the city's rapid growth, as well as building permit data and acreage of annexed land.

Additional Government agency sources include the Housing and Urban Development (HUD) agency, which provides Continuum of Care (CoC) programs addressing homelessness at the local or regional level. These coalitions will often conduct the annual Point in Time (PIT) homelessness counts for their area. The State of Cities Data Systems (SOCDS) Building Permits Database is also useful for its downloadable spreadsheets with totals and types of approved building permits dating back to 2001. The McKinney- Vento Act's Education of Houseless Children and Youth Program annually publishes spreadsheet data with counts of houseless students per school district. OHCS Oregon Housing and Community Services publishes an annual list of Severe Rent-Burdened Cities.

Qualitative data from public engagement with housing producers and consumers in/around Happy Valley also informs the study. The engagement activities included three primary outreach modes to stakeholders in August 2024. These were conversations ("tabling") at existing community events to reach housing consumers, an online community survey, and a roundtable discussion and interview with housing producers. Engagement with consumers and producers of housing in Happy Valley generated valuable insights about the challenges and gaps in accessing needed housing. They also helped develop strategies to fulfill Happy Valley's housing needs. A full summary of engagement initiatives and results will be included in the final HPS Report.

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3 Key 2020-40 Housing Capacity Analysis Results

The 2022 Happy Valley Housing Capacity Analysis (HCA) includes a Current Housing Needs assessment, a Future Housing Needs projection from 2020 to 2040, and a comparison of the housing needs with the results of a Buildable Lands Inventory (BLI). The analysis in this CHNA is built on the foundation of the HCA and provides further context and direction for housing production strategies.

3.1 Existing Households and Housing Stock

The HCA Current Housing Needs assessment examined the existing housing and demographic conditions in Happy Valley in 2020. As concluded in the assessment:

- The city's population quadrupled between 2000 and 2020[3], from 4,500 to 23,000, a much higher growth rate than experienced by Clackamas County or the state. In that same timeframe, the city added 6,150 housing units to keep up with projected need.
- Almost three quarters (72 percent) of the housing in the city has been built since 2000.
- Most of the existing housing in Happy Valley is single-family homes that are owner-occupied (83 percent). Meanwhile, renters mostly occupy multi-family housing that contain five or more units per structure.
- The average household income also increased significantly (29 percent) in the decade between 2010 and 2019. The city's average household income was 35 percent higher than the county average and more than double the state average.
- Most employed people that live in Happy Valley do not work in the city (97 percent), whereas most people who work in Happy Valley do not live there (93 percent) and tend to live in nearby Portland or Gresham.

3.2 Affordability and Market Conditions

- Annual multi-family development has become more prevalent in Happy Valley (averaging 24 percent of permits approved annually) since 2011- before which it was inconsistent or nonexistent.
- The vacancy rate for all housing types is low, approximately 6 percent.
- More than 23 percent of Happy Valley households are "cost-burdened," meaning they pay more than 30 percent of their household income on housing costs. The burdens are obviously higher on lower income households. For instance, 78 percent of renters in the lowest income bracket are cost-burdened, while the highest income bracket has 0 percent renters that are cost-burdened.
- Most low -income households in Happy Valley (earning $46,000 to $73,500 annually) could afford the market-rate rental housing available in the city (at rent ranges of $1,100 to $1,600 a month). Those earning a very low to an extremely-low income ($46,000 or less), however,

3 In 2023, the estimated populations of Happy Valley was 26,799 people (2023 Certified Population Estimates, Portland State University)

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could only afford rent-subsidized units[4] (their affordable price range being $1,100 or less per month).
- Almost a quarter of the City's renter-occupied households were estimated to be spending an unaffordable and unsustainable amount of their income on rent.

3.3 Projected Housing and Land Needs

The Future Housing Needs section of the HCA examined the projected housing conditions and needs in Happy Valley .As concluded in the assessment:

- Happy Valley is projected to grow 1.7 percent in population each year through 2040. The 2040 population is estimated to be over 32,000 people. which will result in approximately 3,000 new households.
- Single-family detached houses make up the large majority of projected household need – consistent with the makeup of existing housing stock.
- Demand for rental units is expected to increase over time. Satisfying the demand would increase the share of rental housing and bring the proportion of ownership versus rental housing closer to the County and State averages.
- There is both need and market support for new ownership housing that is affordable by middle-income and low-income households.
- One of the greatest unmet needs is low-income housing. This is housing that costs less than 30 percent of household income for those at the "extremely-low" end of the spectrum.

At the time of the Buildable Lands Inventory (BLI), there was insufficient land within Happy Valley to accommodate the projected need for low-density housing and sufficient supply to accommodate the need for medium-density and high-density housing. Because the City has annexed approximately 200 acres of land since the HCA, the BLI results are outdated. However, high demand for housing in the city means it is likely that land availability will be a continued concern throughout the planning period.

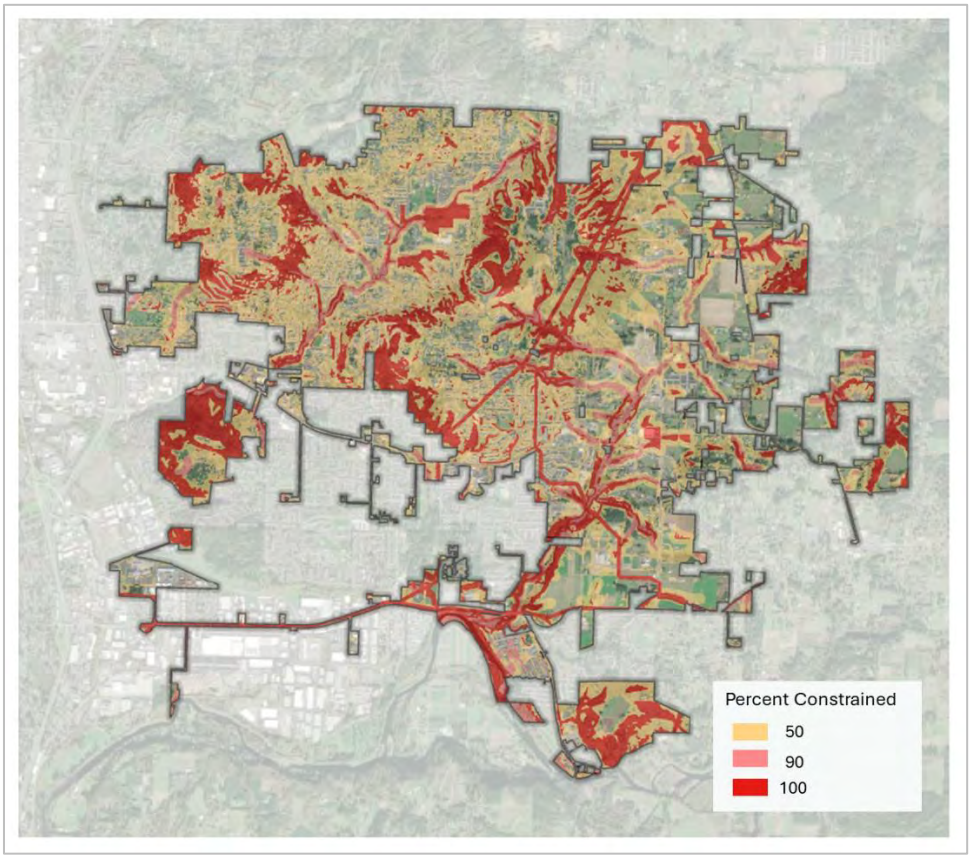
The inability for city land to accommodate the low-density projections was partially attributed to the density standards for low-density zones which use land less efficiently than higher-density zones. It was also attributed to natural features and utility constraints. These constraints on land availability are listed below.

- Natural hazards (topography, slopes)
- Natural resources (water quality features; vegetated corridors; conservation areas)
- Constraints for the provision of utilities (easements for water, powerlines, natural gas)

[4] In the 2022 HCA and in this assessment, the income categories (including low, lower, and extremely low-income) are calculated by the HUD standard guidelines and are based on the Clackamas County Median Household Income (MHI).

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Figure 3. Happy Valley Combined Constraints (BLI, 2020)



These projections, like the assessment of existing conditions, are based on the land within City of Happy Valley limits at the time of the HCA (2020). A limitation of this methodology is that land annexed or planned to be annexed into the city was not included in the analysis. Fast-growing Metro cities such as Happy Valley have city limits that change quickly. Also written in 2020, the City adopted a separate HCA for Pleasant Valley/North Carver (PVNC), a planned expansion area, as part of the PVNC comprehensive plan. That plan was adopted in March 2023.

The adopted Housing Capacity Analysis for Pleasant Valley/North Carver identified a need for 4,361 dwelling units between 2015 and 2040. The planned capacity in PVNC is for 7,527 dwelling units including single-family detached units on a variety of lot sizes, attached units such as townhomes and duplexes, small scale multifamily units such as cottage clusters and courtyard apartments, and larger multifamily developments. The citywide HCA, in contrast, showed a planned capacity was below the level of need by 850 residential units.

Combining the City and PVNC HCAs, the larger area has planned capacity for over 11,000 units over the next 20 years, which exceeds the baseline need by about 3,805 units. However, planned capacity for housing is not the same as the production of actual dwellings, nor does it address the contextualized needs of various sub-groups in Happy Valley, particularly disadvantaged people and households. The main task of this CHNA is to using the capacity shown by these studies to satisfy the demonstrated needs of people living in Happy Valley.

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Due to scope limitations, the assessments and conclusions of this study are based on data from within the city limits. The PVNC has an entirely separate set of housing data, and its own comprehensive plan. Nevertheless, the strategies proposed in this Happy Valley HPS are broad, and encourage housing production in both existing and future city limits, including planned grown in the PVNC area.

4 Demographic Characteristics

As stated in the Housing Rule, this CHNA explains the current housing environment and future housing need within the context of demographic and market trends. This section includes discussion of demographic characteristics such as household income, disability, homelessness, race and ethnicity. These characteristics are identified in the rule. Finally, the demographics are discussed with regard to their implications for housing needs.

4.1 Household Size and Composition

Happy Valley households are larger on average than those in Clackamas County (Figure 4).

Figure 4. Household Size

Household Statistics		
	Happy Valley	**Clackamas County**
Average household size	2.98	2.59
Total households	8,148	160,984
2022 ACS 5-year Estimates (Table DP02)		

The Housing Capacity Analysis (HCA) found a higher share of households with children in Happy Valley compared to averages for the county and state. New data released since the HCA was published shows small changes to the percentages of households with and without children in Happy Valley.

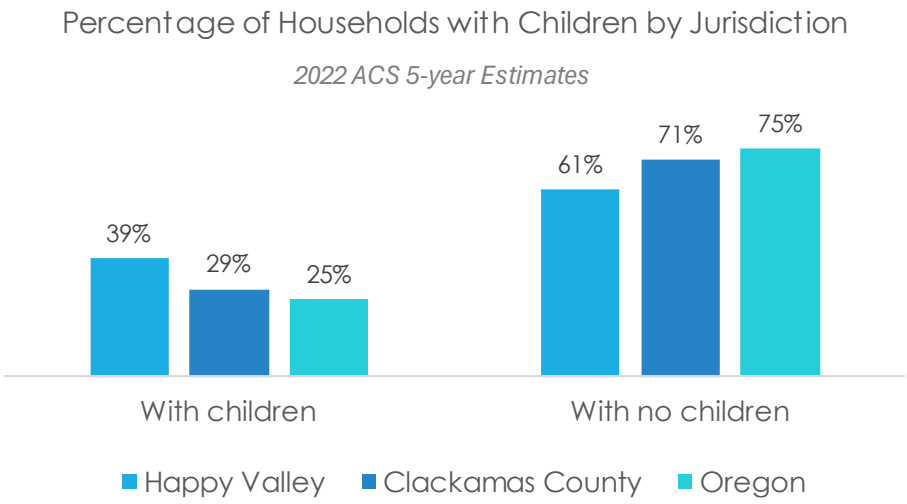
- Figure 5 shows that the percentage of households with children has decreased since the HCA. However, this was also the case statewide.
- Despite this change in percentages, Figure 6 shows that Happy Valley still has a larger share of households with children than the county and state.

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Figure 5. Households with Children in Happy Valley 2018 vs. 2022

Percentage of Households with Children in Happy Valley by Year		
	2018	2022
With children of the householder under 18 years	43%	39%
With no children of the householder under 18 years	57%	61%
2018 (used in the HCA) and 2022 ACS 5-year Estimates (Table B11012)		

Figure 6. Households with Children by Jurisdiction



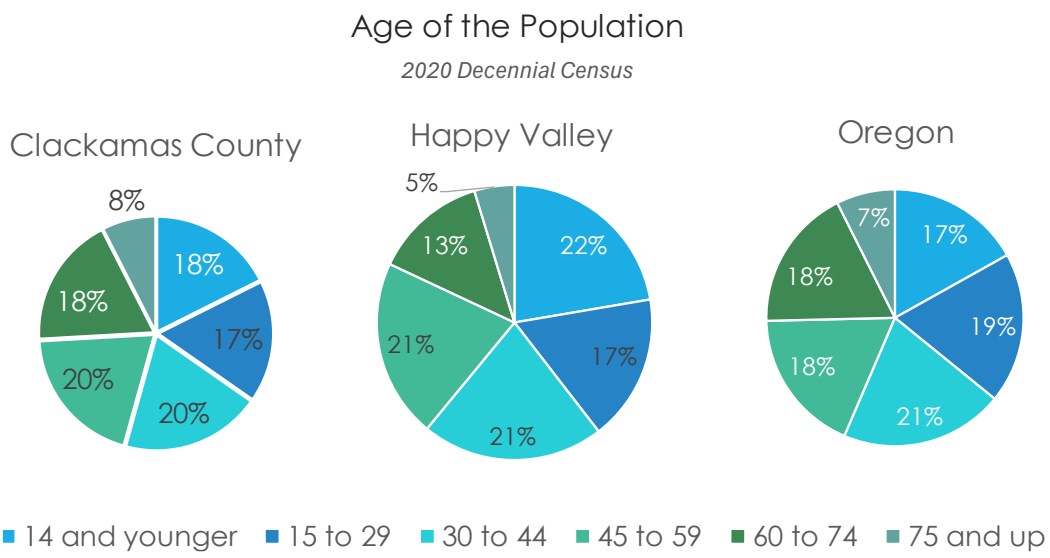
Conclusion: Compared with the county and state, Happy Valley has larger average household size and a larger share of households with children. This has implications for housing needs, suggesting demand for larger households that accommodate more people.

4.2 Age

The age of Happy Valley residents is relatively evenly distributed. However, as shown in Figure 7, the cohort of residents that are 14 and younger is a larger percentage of the Happy Valley population than it is in the county or state. Conversely, the cohorts of 60- to 74-year-olds and those 75 or over are significantly smaller percentages of Happy Valley's population than in the county and state.

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Figure 7. Age



Naturally, therefore, the average age in Happy Valley (38 years) is younger than that of the county and state (Figure 8).

Figure 8. Median Age

Median Age by Jurisdiction			
	Happy Valley	Clackamas County	Oregon
Median Age	38	42	40
2020 Decennial Census (Table DP1)			

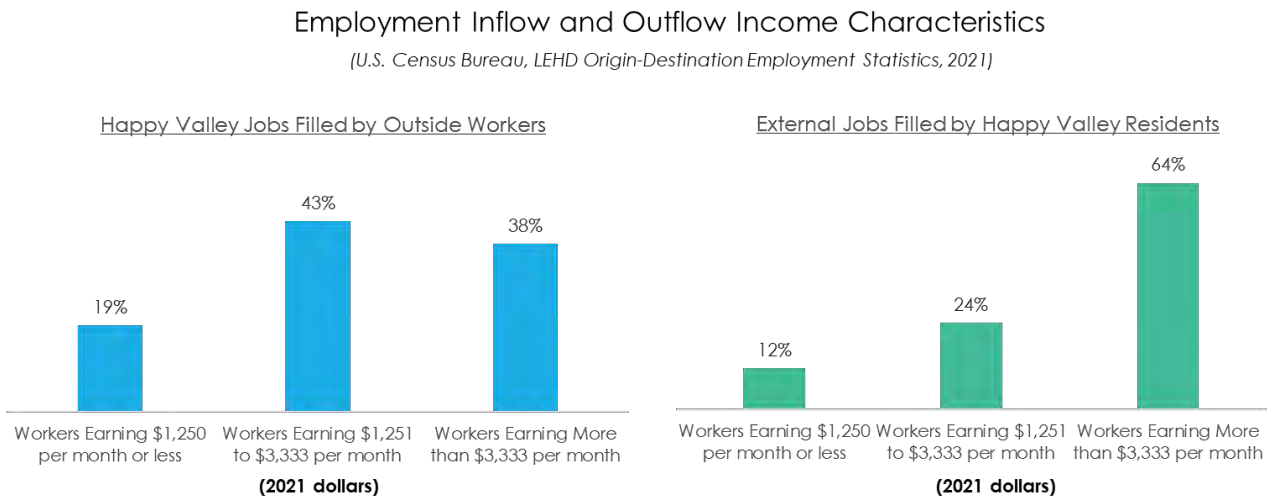
Conclusions: The age of a typical Happy Valley resident skews slightly younger than in other Oregon or Clackamas County geographies. Another way of saying this is that Happy Valley has more children and fewer elderly people than would be average for these other places. A two-year-younger average is significant but not dramatic and does not immediately point to a different direction for housing, except for the previously identified need for housing types that accommodate families with children.

4.3 Resident Employment Location

Most people employed in Happy Valley (93 percent) live outside of city limits. Conversely, most residents work outside the city. As shown in Figure 9, workers tend to earn lower monthly incomes than Happy Valley residents. This dynamic surfaced during the public engagement process, where an Affordable housing producer with previous experience in Happy Valley cited a need for housing opportunities within the city that could be attainable to that company's workforce.

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Figure 9. Employment Location and Income



Conclusions: The need for low-cost housing options in Happy Valley is substantiated by the income characteristics of the city's outside workers.

4.4 Income Distribution

On average, households[5] of Happy Valley are much higher-earning than those in Clackamas County overall. The median household earns 33 percent higher income than its county peers. Within this general fact, there is considerable nuance.

Figure 10. shows the estimated Median Household Income (MHI) of Happy Valley compared with the MHI of Clackamas County. Adding context, Figure 11. depicts HUD Household Income Categories for Happy Valley based on the average income of the county. As shown in these figures:

- The MHI in Happy Valley is significantly higher (35 percent) than the average of the county.
- Of households across Clackamas County, most Happy Valley households tend to earn an income regarded as "upper" based on county averages .

Figure 10. Median Household Income

Median Household Income (MHI)	
Happy Valley	**Clackamas County**
$126,108	$95,740
2022 ACS 5-year Estimates (Table CP03)	

5 The 2022 American Community Survey defines a 'household' as all the occupants of a housing unit whether they are "…a single family, one person living alone, two or more families living together, or any other group of related or unrelated people who share living arrangements."

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Figure 11. Income Categories

Household Income Categories, Based on Clackamas County Average				
Extremely Low Less than 30%	**Very Low** 30% – 50%	**Low** 50% – 80%	**Middle** 80% – 120%	**Upper** 120% or more
$29,000 or less	$29,000 - $48,000	$48,000 - $77,000	$77,000 - $115,000	$115,000 and more

Income Qualifications are calculated based on HUD standard guidelines. Calculated based on the Clackamas County MHI (2022 ACS 5-year Estimates). Rounded to the nearest thousand dollars.

Figure 12. depicts the distribution of Happy Valley household incomes by their respective HUD Income Category[6]. As shown in Figure 12.:

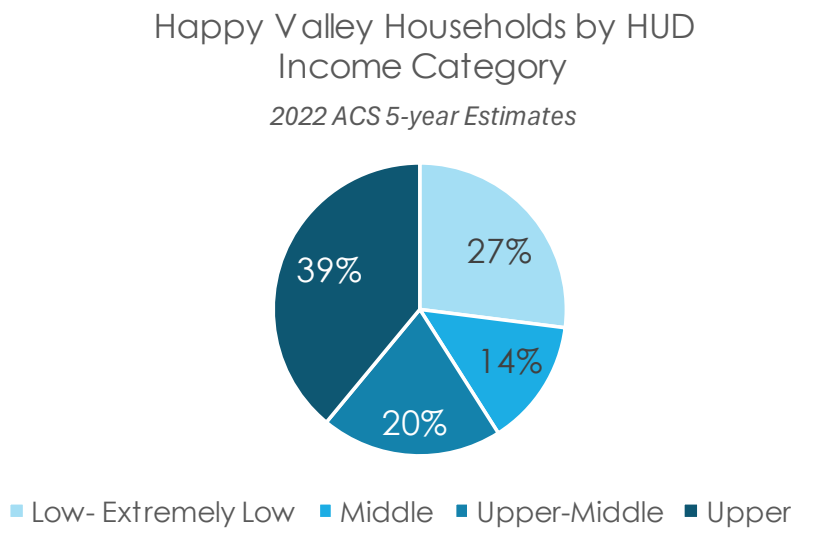
- Over a third of households are estimated to earn an upper-income MHI of $115,000 or greater. Of this group, 26 percent earn an MHI of $200,000 or more[7].
- More than 25 percent of households in Happy Valley are classified as lower-income, meaning they earn a low to extremely- low income.

[6] This chart depicts a simplified categorization of the 2022 ACS 5-year Estimates data from Detailed Table S1901: Income in the Past 12 Months (in 2022 Inflation-Adjusted Dollars). The income range categories in this ACS table do not perfectly align with the HUD income categories detailed in Figure 11 of this report. Therefore, for the purpose of comparing the percentages of households by income category, Figure 12 qualifies some households as "Upper-Middle" income if the ACS data range did not fall directly within the Middle-income or Upper-income ranges. Similarly, the figure shows a combined percentage for Low-income, Very Low-income, and Extremely-Low income households because the ACS categories are incompatible.

[7] 2022 ACS 5-year Estimates, detailed table S1901.

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Figure 12. City Households by Income Category



Conclusion: Happy Valley households earn higher incomes on average than other parts of Clackamas County. The income difference is significant, and the "upper" income quintile is the largest percentage of households. At the same time, those earning incomes that are low to extremely low make up 27 percent of Happy Valley households. This points to an uneven income distribution largely stationed at different ends of the scale. As this relates to housing needs, there is existing demand for housing at both ends of the price spectrum.

4.5 Low-income Households

As identified in the 2020 Housing Capacity Analysis, the greatest unmet housing needs in Happy Valley are rental options for people at the lowest end of the income scale. This section details characteristics of households that tend to earn a low to extremely-low income in Happy Valley and compares these with the context of the county and state.

As in the county and state, income inequalities in Happy Valley correlate to the tenure of the housing and the gender of the head of household[8]. Figure 13 through Figure 15 show:

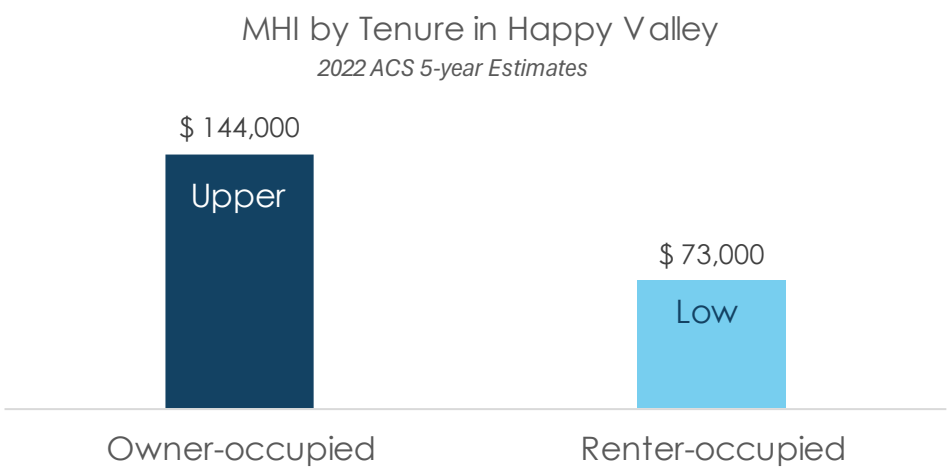
- Although they earn a low income, households headed by renters and single women[9] still earn a higher average income in Happy Valley than their county and state counterparts
- However, renters and single women make up a significantly smaller percentage of Happy Valley households, signifying that they are under-represented in Happy Valley

8 The 2022 American Community Survey classifies the head of household or 'Householder' as one person whose name the unit is owned or renter under. In the case of more than one person fitting that description, the householder is whoever listed first in the survey response. In the case where no such person exists, any one member of the household over the age of 15 is classified as the householder.

9 In this analysis, "single women" refers to female householders in a household type that the 2022 American Community Survey categorizes as "Non-family". A "non-family" household includes "a householder living alone or with non-relatives only." A "family" household includes "a householder living with one or more individuals related to him or her by birth, marriage, or adoption."

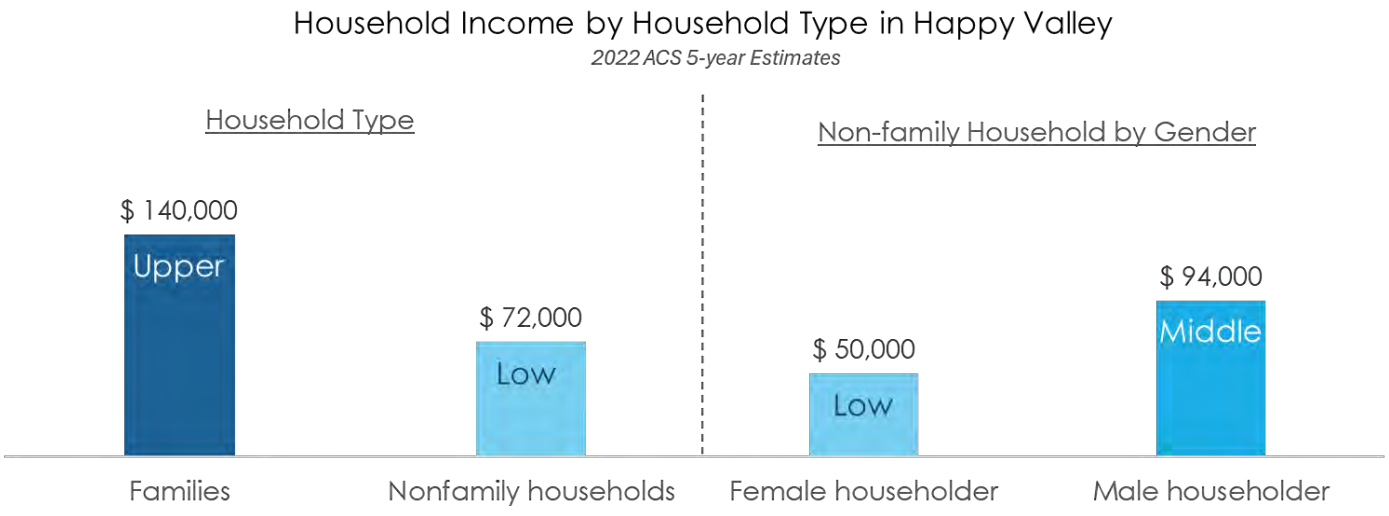
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Figure 13. Household Income by Tenure



Median Household Income (MHI) by Tenure and Jurisdiction						
	Oregon		Clackamas County		Happy Valley	
Tenure	MHI	% of Households	MHI	% of Households	MHI	% of Households
Owner-occupied	$ 96,000	63%	$ 117,000	71%	$ 144,000	83%
Renter-occupied	$ 51,000	37%	$ 59,000	29%	$ 73,000	17%
2022 ACS 5-year Estimates (Table S2503)						

Figure 14. Household Income by Type and Gender



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Figure 15. Income by Gender

Median Household Income (MHI) of Nonfamily Households by Gender						
	Oregon		Clackamas County		Happy Valley	
Nonfamily Households	MHI	% of Households	MHI	% of Households	MHI	% of Households
Female householder	$ 42,553	20%	$ 50,081	16%	$ 50,136	9%
Living alone	$ 35,407	15%	$ 43,037	13%	$ 48,398	8%
Not living alone	$ 76,722	5%	$ 85,368	3%	$ 87,333	1%
Male householder	$ 53,643	18%	$ 65,414	14%	$ 93,950	11%
Living alone	$ 43,587	13%	$ 51,303	10%	$ 71,932	7%
Not living alone	$ 84,390	5%	$ 99,296	4%	$ 185,341	4%
2022 ACS 5-year Estimates (Table S1903)						

Whether the householder is female or male, one-person households (fitting the Census definition of "Non-family"[10] tend to earn a low average income. This is also the case in the county and state.

Conclusion: Much like in the county and state, there are income inequalities in Happy Valley based on the tenure and the gender of the head of household. While Happy Valley renters and single women tend to earn a higher average income than their peers across the county and state, they make up a significantly smaller percentage of households. This indicates that those groups may be under-represented in Happy Valley because they have fewer housing options there. This validates the HCA-projected need for housing affordable to people at lower income levels.

4.6 Race and Ethnicity

Racial and ethnic categories provide important perspective and context for housing. Gaps in housing needs may be revealed by analyzing housing and income data in combination with race and ethnicity information.

The terms used to classify different races and ethnicities are based on self-identification, and classifications used by the U.S. Census Bureau. Respondents may answer with one or more of the response options. The Census Bureau's explainer on the topic says that racial categories "reflect a social definition of race and [are] not an attempt to define race biologically, anthropologically, or genetically." With ethnicity, the terms used to classify are either 'Hispanic or Latino' or "Non-Hispanic or Latino' as shown Census Bureau data. Ethnicity is intended to reflect heritage, nationality group, lineage, or country of birth or ancestry. The 2020 Decennial Census and 2021

10 The 2022 American Community Survey categorizes a "non-family" household as "a householder living alone or with non-relatives only." A "family" household includes "a householder living with one or more individuals related to him or her by birth, marriage, or adoption."

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American Community Survey classify both race and ethnicity according to standards issued by the U.S. Office of Management and Budget in 1997.

4.6.1 Race

Figure 16. shows the distribution of racial categories within the population of Happy Valley[11]. As shown in these figures:

- The population of Happy Valley is predominantly one race and White, but at a lower percentage than the county and state.
- Happy Valley has a much larger share of Asian people—almost four times as many—than the regional and state average.
- In Happy Valley, the county, and the state, Black or African American, American Indian and Alaskan Native, and Native Hawaiian and Other Pacific Islander are each two percent or less of the population.

Figure 16. Racial Categories

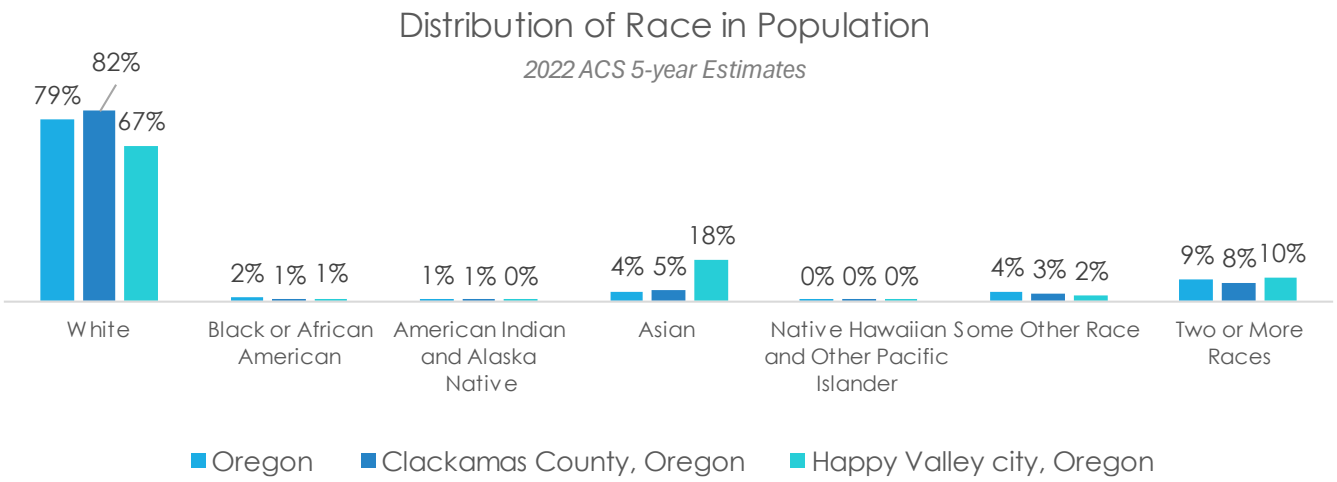


Figure 17. is household income data broken down by race in Happy Valley. As shown in Figure 17.:

- The non-White populations that are large enough to be represented in the data set are all estimated to earn a middle – upper income.
- The number of non-White households is small. Therefore, the averages can be skewed by very low numbers.
- There is insufficient data to estimate MHI for people that are American Indian and Alaska Native and Native Hawaiian or Pacific Islander.

11 In this memorandum, the terms used to classify different races are in reference to the data from the U.S, Census Bureau, which are intended to reflect a social definition of race, rather than by genetics or biology. Respondents self-identify and may respond with one or more of the response options. The 2020 Decennial Census and 2022 American Community Survey both classify race according to the standards issued by the U.S. Office of Management and Budget in 1997.

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Figure 17. Household Income by Race

Median Household Income (MHI) by Race of Householder						
	Oregon		Clackamas County		Happy Valley	
	MHI	% of Households	MHI	% of Households	MHI	% of Households
White	$ 77,627	83%	$ 96,209	87%	$ 124,360	74%
Black or African American	$ 56,124	2%	$ 75,407	1%	$ 195,306	2%
American Indian and Alaska Native	$ 60,194	1%	$ 86,719	1%	X	0%
Asian	$ 100,547	4%	$ 113,243	4%	$ 158,506	16%
Native Hawaiian and Other Pacific Islander	$ 86,480	0%	$ 108,278	0%	X	1%
Some other race	$ 65,830	3%	$ 69,410	2%	$ 94,531	1%
Two or more races	$ 69,351	7%	$ 95,184	6%	$ 115,536	6%
2022 ACS 5-year Estimates (Table S1903)						

Conclusion: The population of Happy Valley is largely white but has a much larger Asian share of the population—almost four times as large--than the average for the county and state. People of other races make up small percentages of the population- consistent with the county and state statistics. With regard to income, non-white households in Happy Valley earn much higher incomes than their counterparts in other places. These figures may be the result of very small sample sizes.

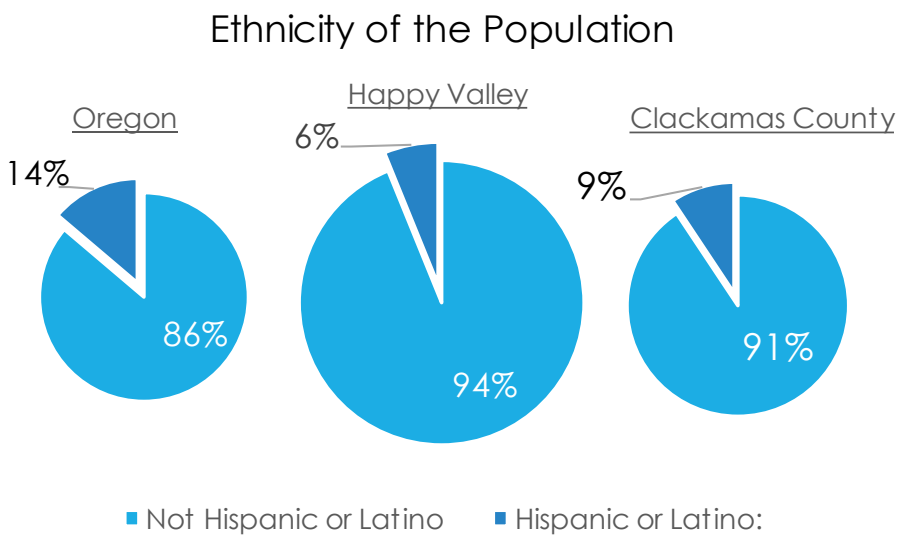
4.6.2 Ethnicity

As noted above, ethnicity reflects heritage, nationality group, lineage, or country of birth or ancestry. The Census Bureau classifies ethnicity as either 'Hispanic or Latino' or 'Non-Hispanic or Latino.'

Figure 18. shows the percentage of the Happy Valley population that are Hispanic or Latino and compares this to Clackamas County and the state of Oregon. As shown in these figures, people of Hispanic or Latino ethnicity are a smaller proportion of Happy Valley resident than their share in Clackamas County and Oregon.

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Figure 18. Ethnicity



(2022 ACS 5-year Estimates)

Figure 19. shows the income comparisons by ethnicity in Happy Valley.

- Happy Valley households earn higher incomes regardless of their ethnicity.
- Latino or Hispanic households are estimated to earn a higher average income than non-Latino or Hispanic households. This is the opposite case across the county and the State of Oregon.

Figure 19. Income by Ethnicity

Median Household Income (MHI) by Ethnicity of Householder			
	Oregon	**Clackamas County**	**Happy Valley**
Hispanic or Latino origin (of any race)	$ 66,000	$ 82,000	$ 143,000
White alone, not Hispanic or Latino	$ 78,000	$ 97,000	$ 124,000
2022 ACS 5-year Estimates (Table S1903)			

Conclusion: Happy Valley has fewer Latino households than the county or state average. Contrary to the state and county comparisons, its Latino households earn more, on average, than non-Hispanic or Latino households. Because of these higher-than-average incomes, Hispanic or Latino households are more likely to afford a variety of housing types.

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4.7 Population with Disabilities

The results of the public survey of residents, employees, and visitors of Happy Valley included testimonies of difficulty findings housing options that are accessible and affordable for people with disabilities and seniors looking to age in place (see the Engagement Summary report from Cascadia Partners).

Figure 20. and Figure 21. are estimates for the percentage of the population in Happy Valley that have at least one disability, and the types of disabilities.[12]. As shown in these figures:

- The percentage of people in Happy Valley with at least one disability is smaller than the estimates for the County and State.
- Difficulty with independent living, hearing, cognition, and ambulatory difficulty are the most prevalent types of disabilities in Happy Valley. It appears that the distribution of disability types is consistent with the County and State.

Figure 20. Disability

Percentage of Population with a Disability, Comparison	
	Total civilian noninstitutionalized population
Oregon	15%
Clackamas County	13%
Happy Valley	9%
2022 ACS 5-year Estimates (Table S1810)	

[12] *The data identify people with one or more disability types, recognizing that any individual may have many types of disabilities. The data do not account for the severity of disability.*

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Figure 21. Disability Type

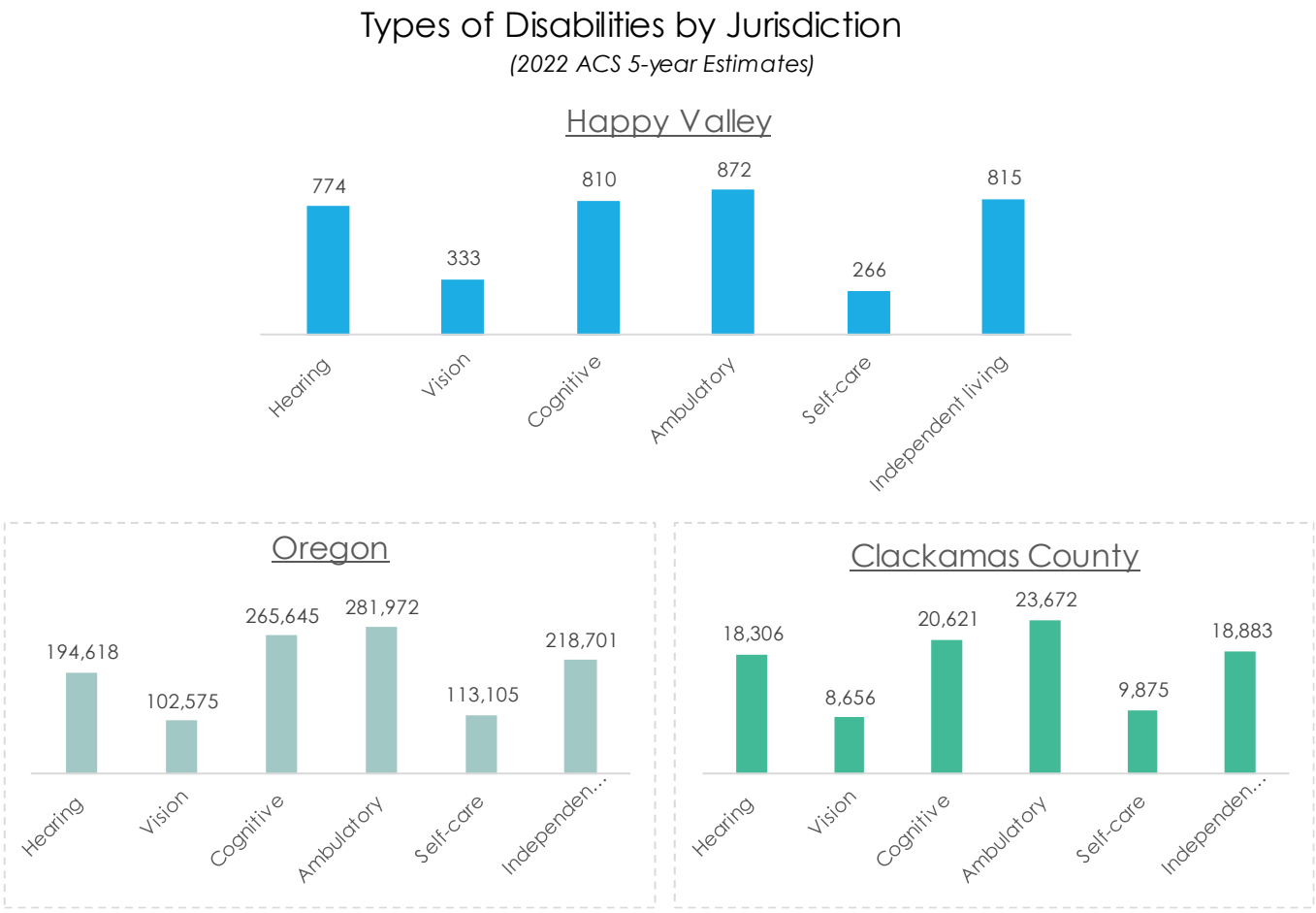


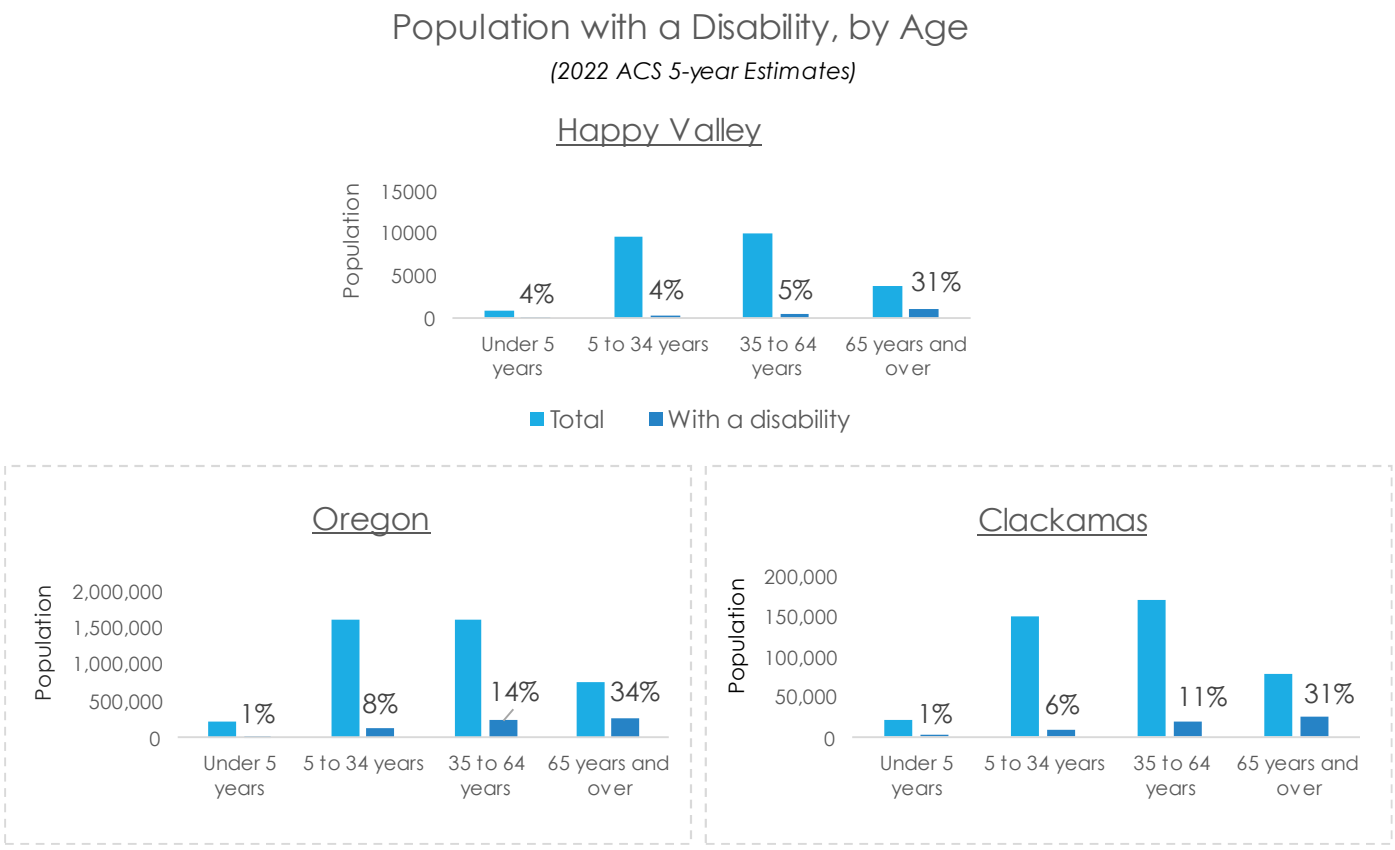
Figure 22 shows the comparison of the total Happy Valley population and the number of people with a disability, separated by age groups.

- The population that is over 65 years of age have the highest percentages of people with at least one disability across jurisdictions.
- Happy Valley has a significantly smaller percentage of people with disabilities in the 35 – 64 year cohort compared to the county and state. This is also the case- but to a lesser degree- for the 5 to 35 year cohort.

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- At four percent, there appears to be a higher prevalence of children under five years of age having disabilities in Happy Valley than in the county and state.

Figure 22. Disability by Age



Conclusions: The housing needs for people with disabilities, their caregivers, and households varies depending on the type of disability and the age of the person. Overall, residents of Happy Valley are less likely to have a disability than the populations of the county and the state.

Broad accessibility features or opportunities to retrofit existing housing would benefit many people. Housing developments meant to assist people with specific types of disabilities could attract people with disabilities or aging populations interested in living in Happy Valley.

4.8 Homelessness

The issue of homelessness is at the core of planning for housing production because:

1. Homelessness can occur due to a lack of affordable and accessible housing options (housing insecurity); and
2. Homelessness has negative impacts on the health, safety, and general welfare of individuals as well as the broader community

Homelessness data comes with limitations which prevent each source from being able to paint a clear picture of the issue's widespread impact. This section includes data from several sources to get a breadth of information. Information about people that are homeless in and around Happy

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Valley provides insight into who may benefit most from Housing Production Strategies that address current and future housing insecurity.

Figure 23. shows results of the 2022 Point in Time (PIT)[13] counts for Clackamas County in 2022. As shown in Figure 23.:

- The number of people counted in 2022 was almost half of the number counted in 2019.
- Chronic homelessness is an issue that may be declining for the population that is homeless in Clackamas County. However, it still affects over half of those counted in 2022.
- Most of the homeless population were single adults.
- There were disproportionate numbers of homeless people that were Native American/Alaska /Native or Black or African American given how small those populations are in Clackamas County.

Figure 23. County PTI Homeless Counts

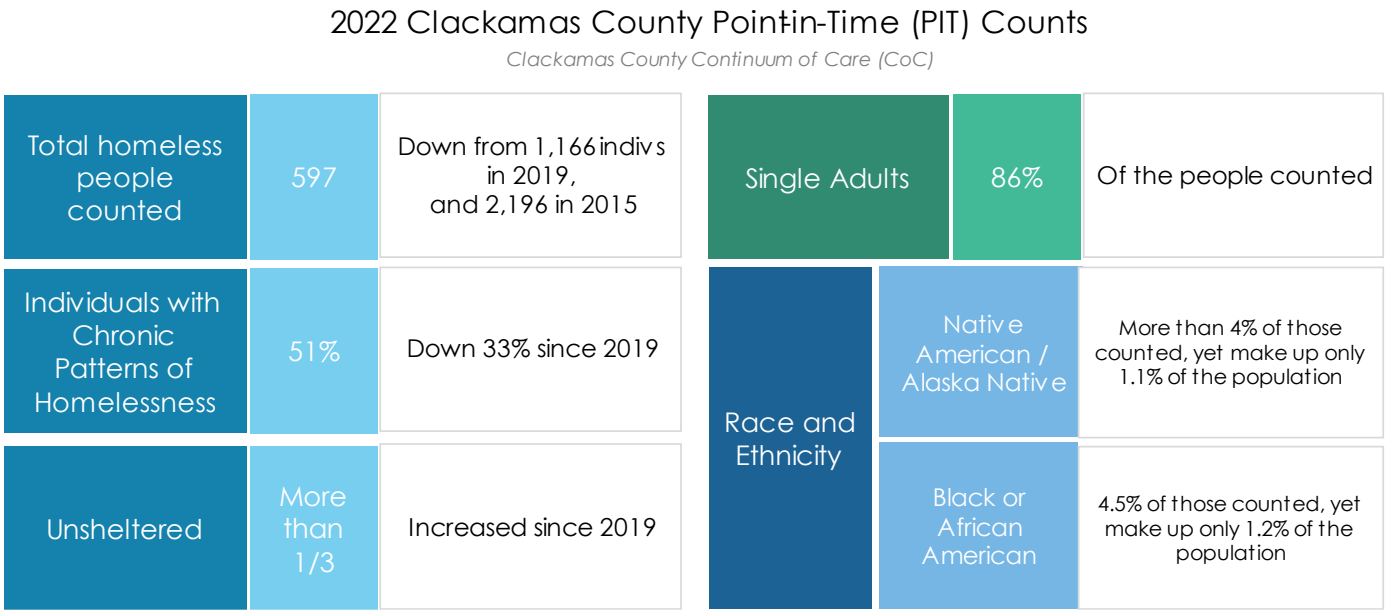


Figure 24. and Figure 25. depict the types of homelessness faced by students attending a school district serving Happy Valley. As shown in these figures:

- Most homeless students are sharing the housing of other people (Doubled-up).
- The percentage of homeless students that are not in the custody of their parent or guardian (unaccompanied) varies by school district and ranges from approximately 9 percent to 24 percent of homeless students.

13 Point in Time (PIT) counts provide a valuable large-scale snapshot of the state of homelessness in an area and are the result of coordination between organizations and volunteers at a larger scale than would be possible individually. One of the limitations of PIT counts is that they only capture the state of homelessness on one day of the year, which does not account for the unpredictable and ever-changing reality of housing insecurity.

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Figure 24. Homeless Students

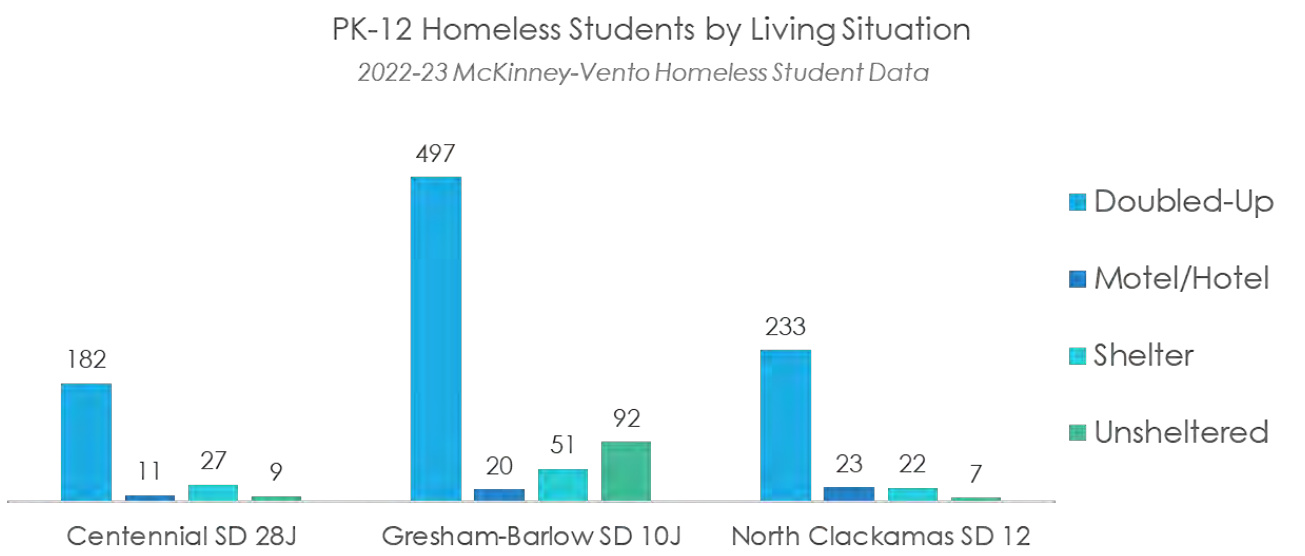


Figure 25. Homeless Students by Living Situation

PK-12 Homeless Students by Living Situation						
District Serving Happy Valley	Doubled-Up	Motel/Hotel	Shelter	Unsheltered	TOTAL	Unaccompanied
Centennial SD 28J	182	11	27	9	**229**	20
Gresham-Barlow SD 10J	497	20	51	92	**660**	159
North Clackamas SD 12	233	23	22	7	**285**	56
2022-23 McKinney-Vento Homeless Student Data						

Conclusion: Local data about homelessness in Happy Valley is lacking. Most of the available data about homelessness is at the county level. Improved data collection and reporting methods are necessary. People who may be at risk of homelessness in Happy Valley are likely the same as in the county as a whole: people earning a low income, renters, single adults, and Native American/Alaska Native or Black or African American people.

5 Housing Characteristics

Aside from the demographic characteristics of the people who live in Happy Valley, considerable information exists about the housing within the city and the buildings in which people live. This section reviews the characteristics of those buildings, their type, age, cost, and market factors.

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5.1 Inventory of Housing

As discussed in Section 3, the Happy Valley HCA results included an inventory of the existing housing stock in the city. The inventory was drawn from 2020 Census data. In the intervening years there has been substantial development of housing in the city.

Figure 26. Housing Units by Type

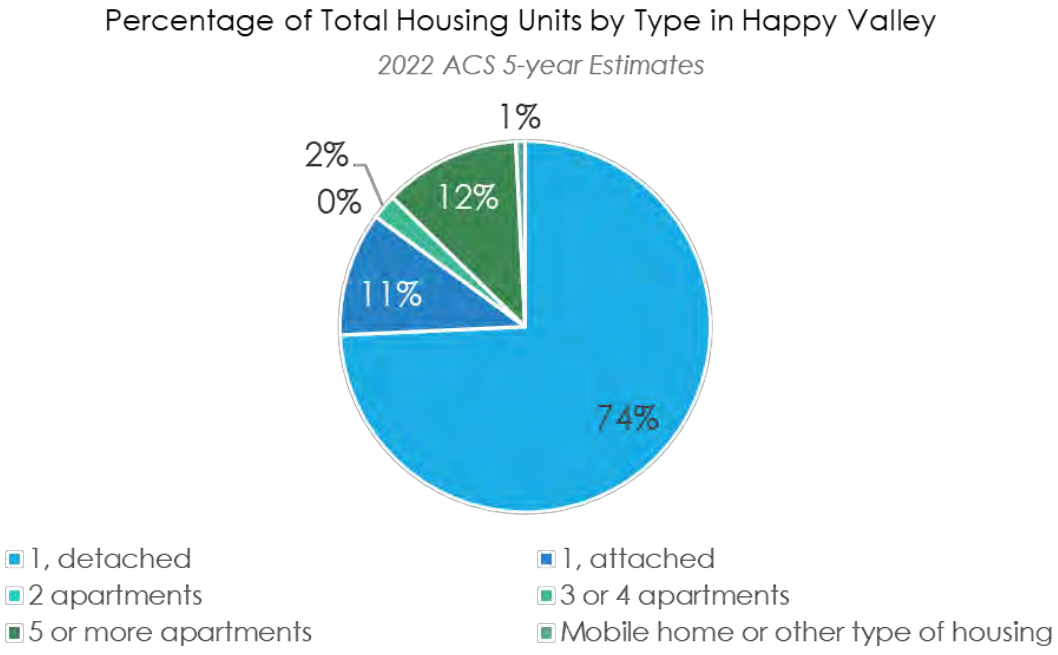


Figure 27. Housing Units by Type

Percentage of Total Housing Units by Type in Happy Valley		
Type	2020 Percent of occupied housing units	2022 Percent of occupied housing units
1, detached	80%	74%
1, attached	7%	11%
2 apartments	0%	0%
3 or 4 apartments	1%	2%
5 or more apartments	11%	12%
Mobile home or other type of housing	0%	1%
	2020 Happy Valley HCA	*2022 ACS 5-year Estimates (Table S2504)*

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5.1.1 Subsidized Housing

At the time the city's Housing Capacity Analysis was published (2020), Good Shepherd Village, the first subsidized apartment project, was being planned. The 142-unit development was: funded in part by a Metro bond measure for affordable housing, developed by a faith-based non-profit, built on donated land, and opened in 2023[14]. Approximately 50 percent of units are reserved for people earning less than 30 percent of the area's median income (AMI)/no income, and 50 percent are reserved for those earning less than 60 percent AMI. About 11 percent of units (15) are set aside specifically for veterans who have experienced homelessness.

Figure 28. Exterior of Good Shepherd Village from the Apartment Website



A housing producer involved in this project was interviewed as part of the engagement process. They reported a positive interaction with the City staff overall, combined with some project-specific challenges. Infrastructure expenses related to streets and sidewalks were a barrier to delivery of this project, and the developer also found a lack of clarity and predictability with some parts of the building process. This extended the timeline and made finishing work within budget difficult. Finally, they reported challenges related to neighbor-opposition and elected/appointed officials having misunderstandings of new affordable housing or outright opposition to it.

Conclusion: Happy Valley, like many similarly situated cities, is dominated by single-family detached and market-rate housing. In recent years, that share appears to have edged downward as more attached units and apartment buildings come online. The city's first subsidized multi-family housing development was completed in 2023. Recent trends in the mix of housing proposed and built may indicate a market demand for more diverse housing types.

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14 November 2023, Metro News online article titled 'Good Shepherd Village in Happy Valley marks the 1,000th completed Metro bond home'. Available at https://www.oregonmetro.gov/news/good-shepherd-village-happy-valley-marks-1000th-completed-metro-bond-home. Information updated by City of Happy Valley Planning Division, August 2024.

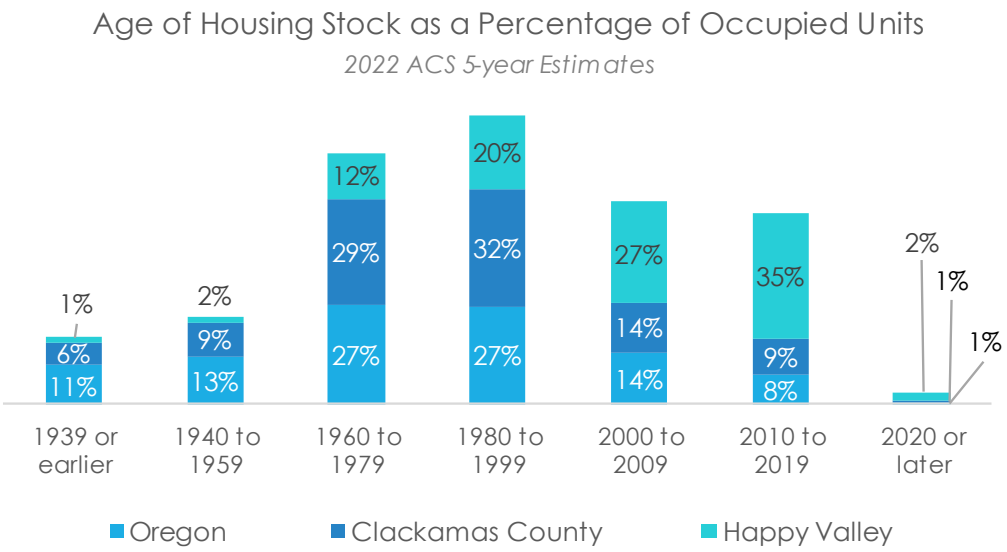
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5.2 Age of Housing Stock

Figure 29. depicts the age of the housing in Happy Valley, as compared to the county and state. As shown in this figure:

- The majority (64 percent) of housing in Happy Valley is estimated to have been built after 1999, a much greater share than in the rest of the region and statewide. Across the county and state, only approximately a quarter of the housing has been built after 1999.

Figure 29. Age of Housing Stock



Conclusion: One of the most dramatic findings in this analysis is the degree to which Happy Valley's housing is new, compared with the rest of the county and state. The share of housing built in Happy Valley since the turn of the century is approximately 2.5 times higher than elsewhere in the county and state. With so much recent development, almost two-thirds of all housing units in Happy Valley have been built in the last 25 years. Dealing with an aging housing stock is a much smaller problem in Happy Valley than in other places.

5.3 Affordability

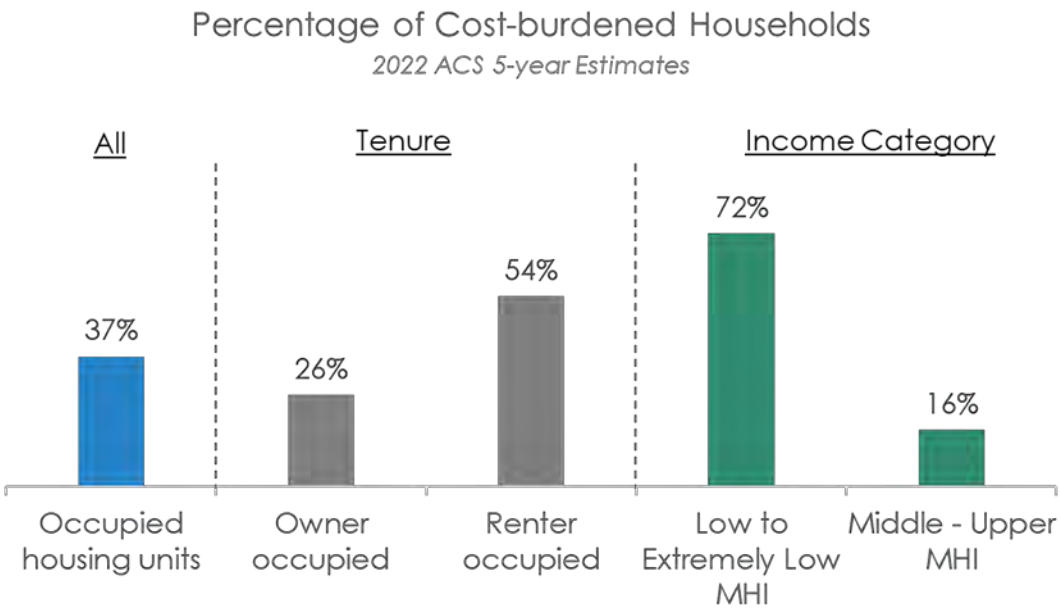
The U.S. Department of Housing and Urban Development defines "cost-burdened" as a household that spends more than 30 percent of its income on housing. The finding here about the affordability of the housing within Happy Valley is parallel to the findings in Section 3.2 that address the household income. Both sections deal with the intersection of the cost of housing and the ability of people to pay for it. This section largely focuses on results from the HCA. Figure 30 presents

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an updated breakdown of households that are cost-burdened by tenure and income category[15]. As shown in Figure 30[16],

- Over a third of households in Happy Valley are housing cost-burdened.
- Over a quarter of owner-occupied households and over half of renter households are cost-burdened.
- The majority of households that earn a low to extremely low income are cost-burdened.

Figure 30. Cost-burdened Households



Conclusions: More than a third of all households in Happy Valley are cost-burdened. This fact indicates a need for more affordable housing at all income levels and ownership types. As would be expected, being housing cost-burdened is more prevalent among renters and lower income households.

The HCA projected a significant need for two kinds of housing: ownership housing at middle-low price points, and rentals affordable for households at the lowest ends of the income categories. These needs center around affordability because of the negative effects of high housing costs – including an inability to build savings and wealth; prioritizing housing costs against other essentials such as healthcare, education, or food; and increased risk of homelessness.

Section 4 of this memorandum identifies who in Happy Valley are cost-burdened and may stand to benefit most from improved affordability. These populations include under-represented populations (single women, non-family households, renters) that tend to earn low to extremely low-income. Furthermore, while People of Color and Hispanic or Latino householders currently living in

15 The 2022 HCA examined housing affordability in detail and used data from 2018 and 2020.

16 Total Housing Units does not include households that do not pay cash rent (179) and with zero or negative income (114). Income categories go up to "$75,000 or more". Low to Extremely Low MHI counted as earning $74,999 or less, Middle to Upper MHI counted as $75,000 or more.

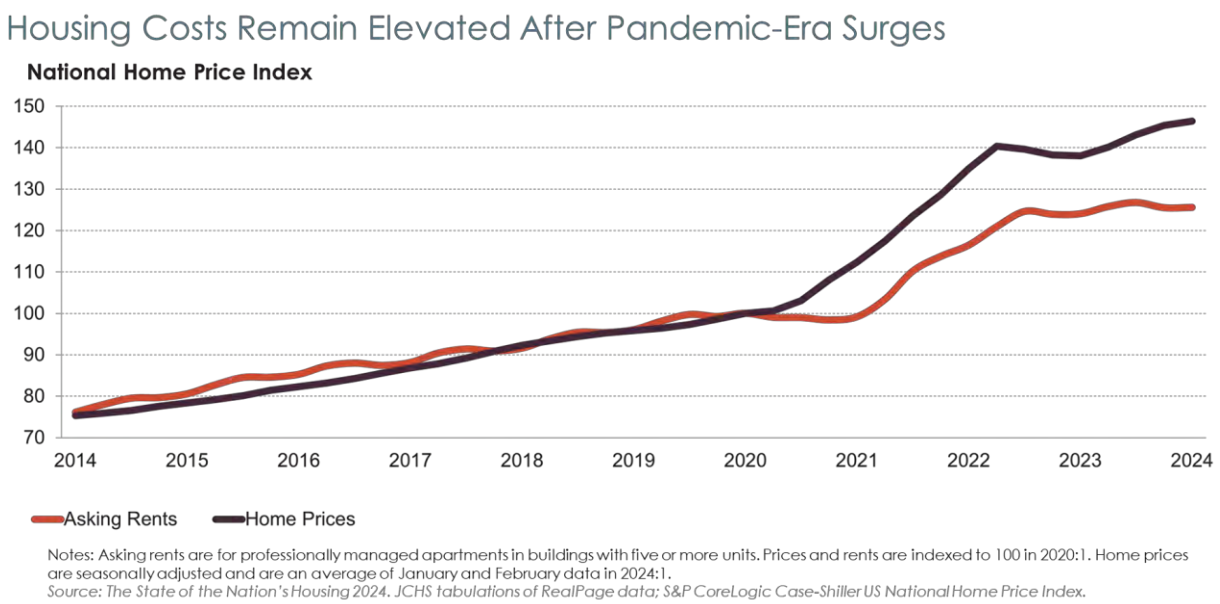
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Happy Valley tend to earn higher household incomes, they account for small percentages of the city population. Meanwhile, those living in the county tend to earn lower incomes. For many of these people, access to Happy Valley housing is infeasible.

5.4 Market Conditions and Recent Development

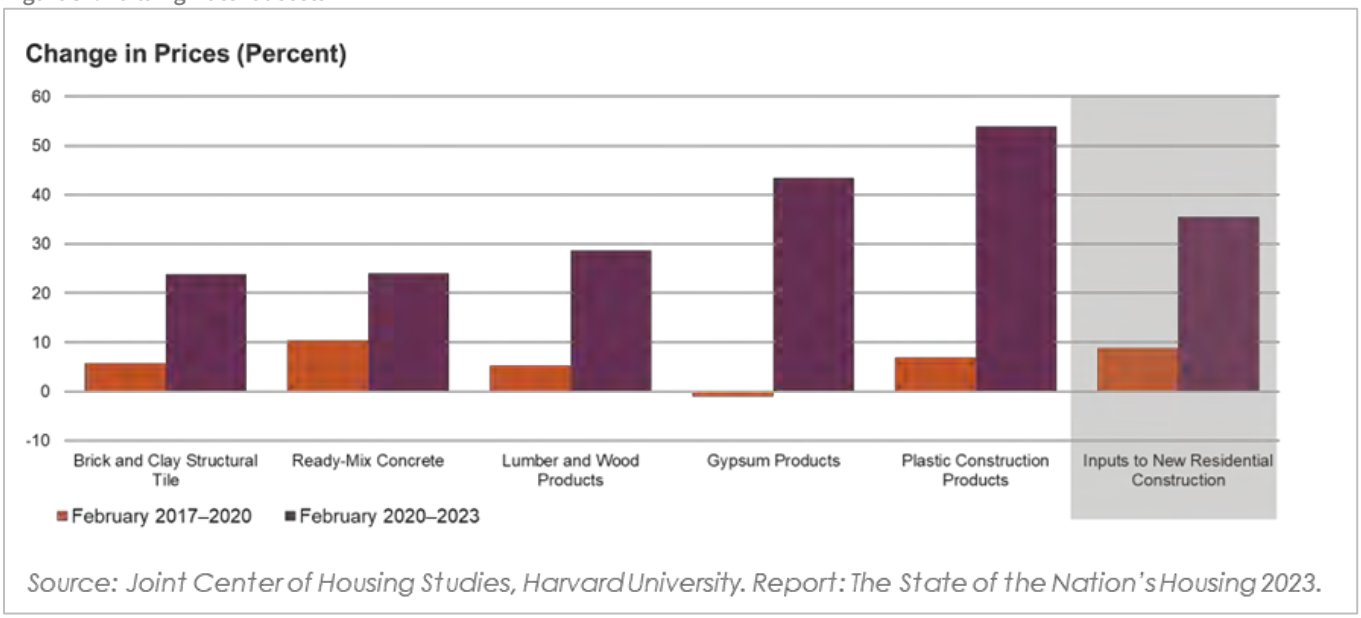
5.4.1 National Market

Figure 31. Housing Costs 2014 - 2024



Notes: Asking rents are for professionally managed apartments in buildings with five or more units. Prices and rents are indexed to 100 in 2020:1. Home prices are seasonally adjusted and are an average of January and February data in 2024:1.
Source: The State of the Nation's Housing 2024. JCHS tabulations of RealPage data; S&P CoreLogic Case-Shiller US National Home Price Index.

Figure 32. Building Material Costs



Source: Joint Center of Housing Studies, Harvard University. Report: The State of the Nation's Housing 2023.

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Figure 33Housing production became increasingly costly after the start of the COVID-19 pandemic and the high costs remain. Figure 32 through Figure 34 below depict nationwide factors that have increased housing costs. As shown in these figures:

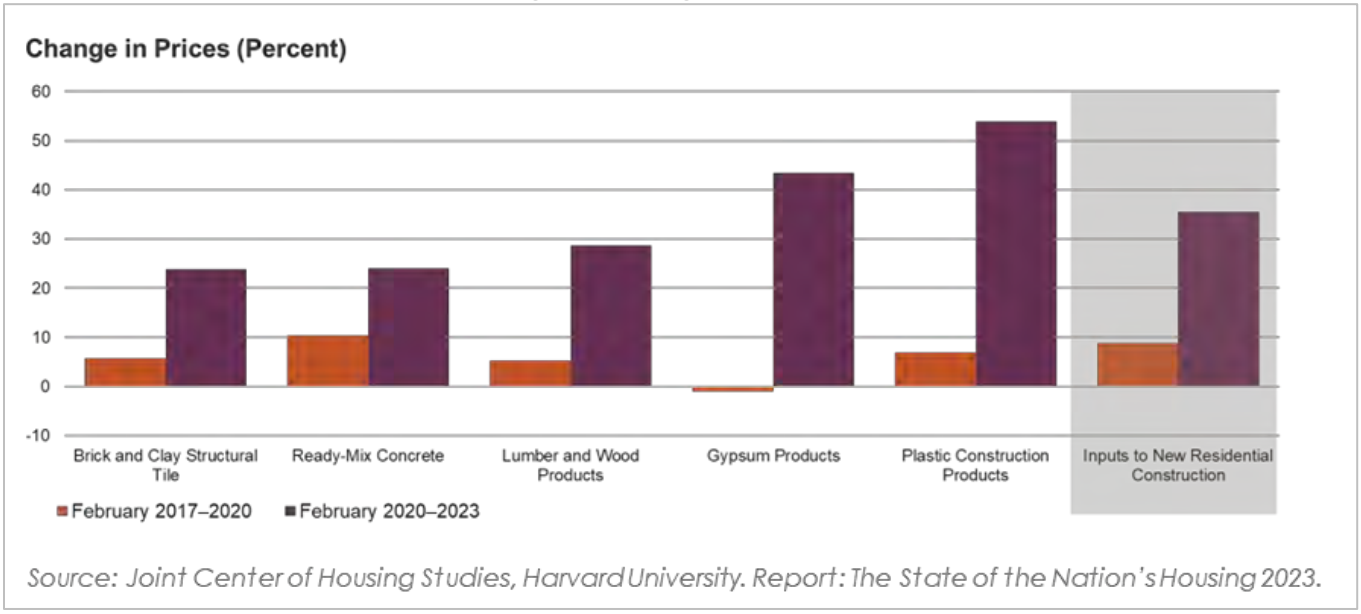
- Building material costs increased by 20 to 50 percent between 2020 and 2023 (Figure 32)

Interest rates increased to a level that has made payments higher for the same amount of mortgage borrowing. The monthly costs of homeownership of a median-priced home require homeowner incomes to rise accordingly if affordability is to be maintained (

- Figure 33).
- As producers chase development that can be profitable in this market, the share of low-rent units has declined (Figure 34).

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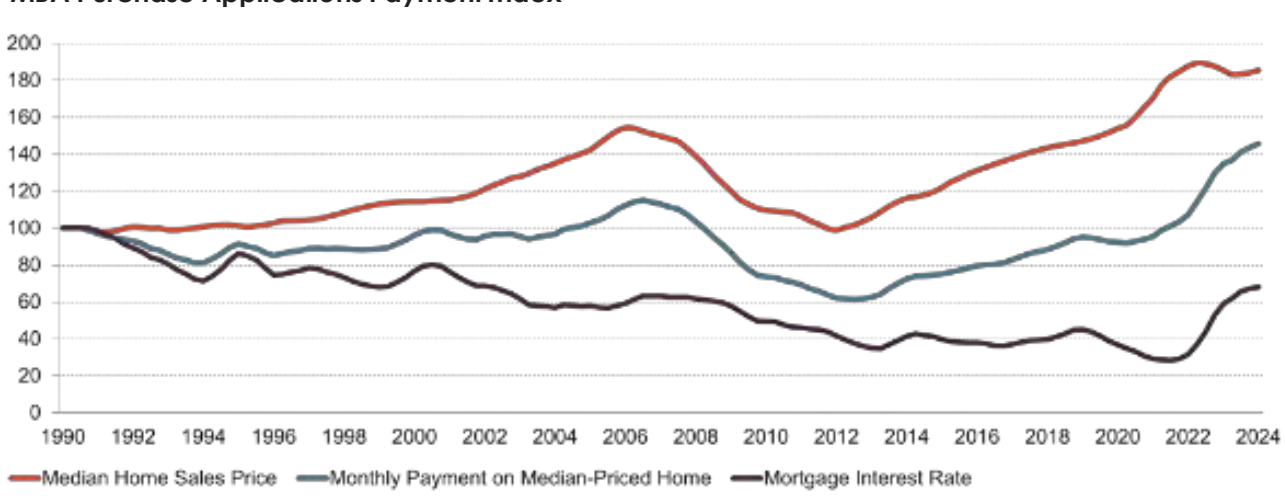
Figure 32. Building Material Costs



Source: Joint Center of Housing Studies, Harvard University. Report: The State of the Nation's Housing 2023.

Figure 33. Home Ownership Cost Increase

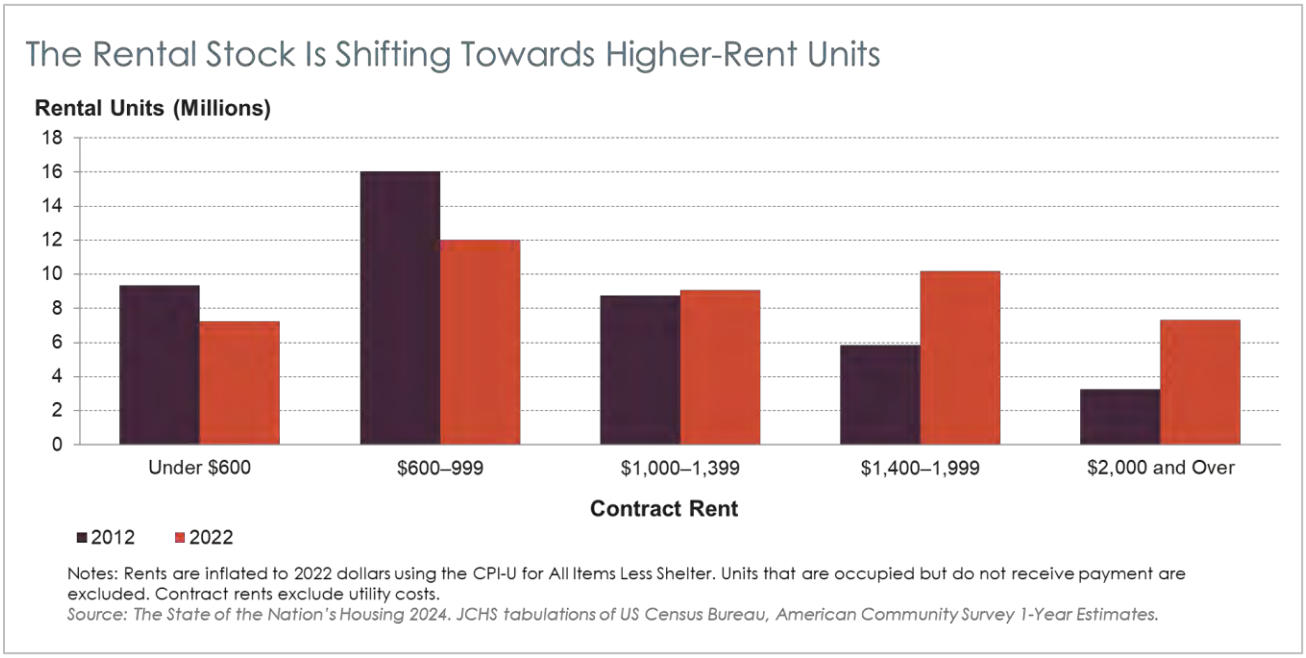
Rising Prices and Interest Rates Have Fueled Record-High Homeownership Costs



Notes: Payments and prices are inflation-adjusted using the CPI-U for All Items Less Shelter and a four-quarter rolling average. Monthly payments assume a mortgage with a 3.5% downpayment on a 30-year fixed-rate loan with zero points and 0.55% mortgage insurance, 0.35% property insurance, and 1.15% property tax rates.
Source: The State of the Nation's Housing 2024. JCHS tabulations of Freddie Mac, Primary Mortgage Market Surveys; National Association of Realtors, Existing Home Sales.

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Figure 34. Cost of Rental Units



Conclusions: Since the HCA was written in early 2020, costs have increased for housing producers, owners, and renters nationwide. As the HCA concluded, market-rate housing is unattainable for households at the lowest ends of the income scale. The City's analysis of its housing needs and adoption of locally tailored production strategies can help curtail some of the impacts of national trends.

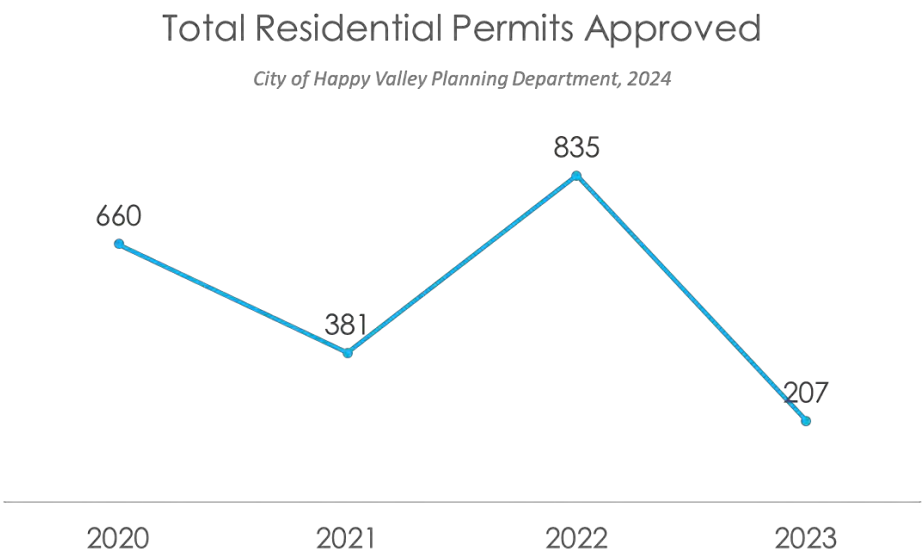
5.4.2 Recent Production

Happy Valley has generated a very large number of housing units in the previous 25 years. The city added 6,100 housing units between 2000 and 2020, an increase of more than 400 percent.

The housing market in Happy Valley appears to have followed many of the national trends in the years between the Happy Valley HCA (2020) and the writing of this Housing Production Strategy report (2024). As shown in Figure 35: The 2022 housing boom is reflected in building permit approvals, which increased from 381 units permitted in 2021 to 835 in 2022, then decreased significantly to 207 approved in 2023.

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Figure 35. City Permits Approved



The HCA projected the 20-year housing need within the city limits. It found a *need* for 3,087 housing units and *land capacity* for 3,726 units through 2040. Over 2,000 units were permitted between 2020 and 2023. It could therefore be inferred that there has been significantly more market demand for, and production of, housing than was projected. However, there are methodological challenges in this case.

As discussed previously, the Happy Valley city limits have consistently expanded – increasing approximately 200 acres since 2020 (see Figure 1. City of Happy Valley Annexations by Year). Because the units of analysis—area, population, housing units—are not the same over time, it is unclear how much recent development has fulfilled the projected 20-year need. This information could be useful in monitoring the production of housing over time and could be achieved through more detailed spatial analysis involving the assessment of population projections, existing housing, and buildable land as it is annexed.

Figure 36 illustrates the types of housing units permitted between 2020 and 2023 in Happy Valley. The years where more units were permitted (2020 and 2022) reflect new multi-family housing developments. Although more detailed data is needed for what types of multi-family apartment units are being permitted, this graphic shows the inconsistent nature of recent development. Middle housing type approvals (e.g., plexes and cottage clusters) and ADUs have occurred minimally and sporadically.

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Figure 36. Residential Permits by Type

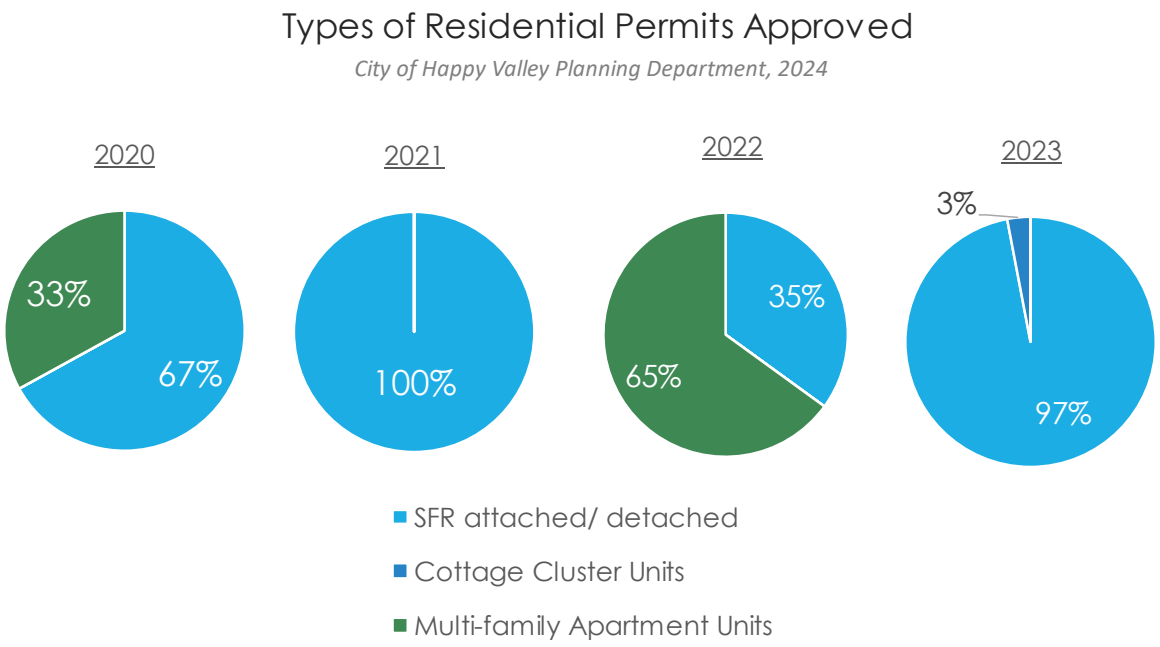


Figure 37 and Figure 38 show how housing types were classified and monitored in city permit data until mid-2023. In 2023, the City's planning division assessed and implemented changes to diversify the housing types being monitored by separating single-family attached and detached, adding duplexes and quadplexes under a middle housing category, and including senior housing under the multi-family category. The current tracking categories are:

- Single-family
  - Detached
  - Fee simply townhomes (each on its own lot)
  - Townhomes on single parcel (multiple on a single lot/parcel)
- Multi-family
  - Multi-family units (five or more)
  - Senior housing, independent living with kitchen
  - Senior housing, assisted living/memory care
- Manufactured homes
- Accessory dwelling unit (ADU)
- Middle housing products
  - Duplex
  - Triplex
  - Quadplex
  - Cottage cluster units

Although the new methodology can't be applied to the permit approval data prior to 2023, the change will positively impact the City's ability to monitor housing development in the future. Figure

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37 shows the housing categories used by the US Census and, consequently, in the HCA projections- all of which are now included in the city's development tracking.

Figure 37. 2020 – 2040 Projected Housing Need

Projected Future Need for New Housing Units (2040)

TOTAL HOUSING UNITS									
			Multi-Family						
Unit Type:	Single Family Detached	Single Family Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	1,927	294	49	69	723	24	0	3,087	100%
Percentage:	62.4%	9.5%	1.6%	2.2%	23.4%	0.8%	0.0%	100%	

Happy Valley Housing Capacity Analysis 2020

Figure 38. 2020 – 2023 City Permits Approved

Total Residential Permits Approved in Happy Valley, 2020 to 2023

Calendar Year	SFR attached/ detached	Duplex (# of units)	Tri/Quadplex (# of units)	Cottage Cluster (# of units)	Multi-family (# of units)	ADUs	Manufactured Homes	Grand Total
2020	442	0	0	0	216	2	0	**660**
2021	381	0	0	0	0	0	0	**381**
2022	292	0	0	0	542	1	0	**835**
2023	198	0	3	6	0	0	0	**207**
Grand Total	**1313**	**0**	**3**	**6**	**758**	**3**	**0**	**2083**

Mid-2023 the City of Happy Valley began collecting housing data using additional categories not shown above. These include separating single family attached from single family detached and adding all the new middle housing categories.

City of Happy Valley Planning Department, 2024

Conclusions: Happy Valley has been subject to the same national market forces in the last two years that apply downward pressure to housing production. However, overall production over time is still strong and has likely exceeded the projections in the HCA. The HCA projected the 20-year housing need within the city limits, finding a need for 3,087 housing units and land capacity for 3,726 units through 2040. Because Happy Valley city limits have changed and continue to expand, the exact percentage of need that has been met is not certain. Without detailed spatial analysis, it is unclear how much recent development has fulfilled the projected 20-year need. This indicates an underestimation of need in the HCA, and that there is greater market support for all housing and particularly multi-family housing than initially projected.

The City made improvements to its methodology for tracking housing development in 2023, which will help address some of these limitations. To disentangle the challenges related to the city's changing boundaries, the City and State may explore basing Metro cities' housing need projections off an urban reserve or UGMA area (rather than city limits).

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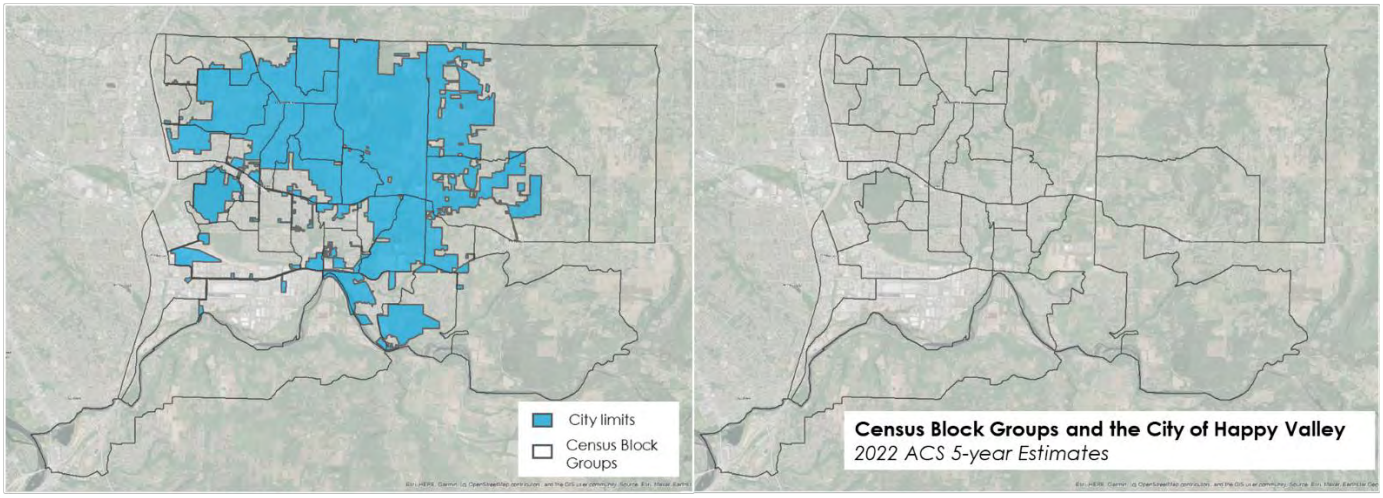
6 Spatial Data Characteristics

In this section we consider geographic relationships related to household income, housing tenure, race, and ethnicity.

Limitations of Census Block Data

As shown on Figure 39, the City of Happy Valley[17] includes all or part of 30 census block groups[18]. The boundaries of most of these census block groups extend beyond the city limits and include data for unincorporated areas in the Metro UGB, outside the UGB, and even part of Oregon City. Census block group boundaries often divide recognizable neighborhoods, and thus are an imperfect measure of how geography interacts with household income, tenure, race, and ethnicity. Nevertheless, useful patterns emerge from the review of the maps. This is discussed below.

Figure 39. City of Happy Valley and Census Block Groups



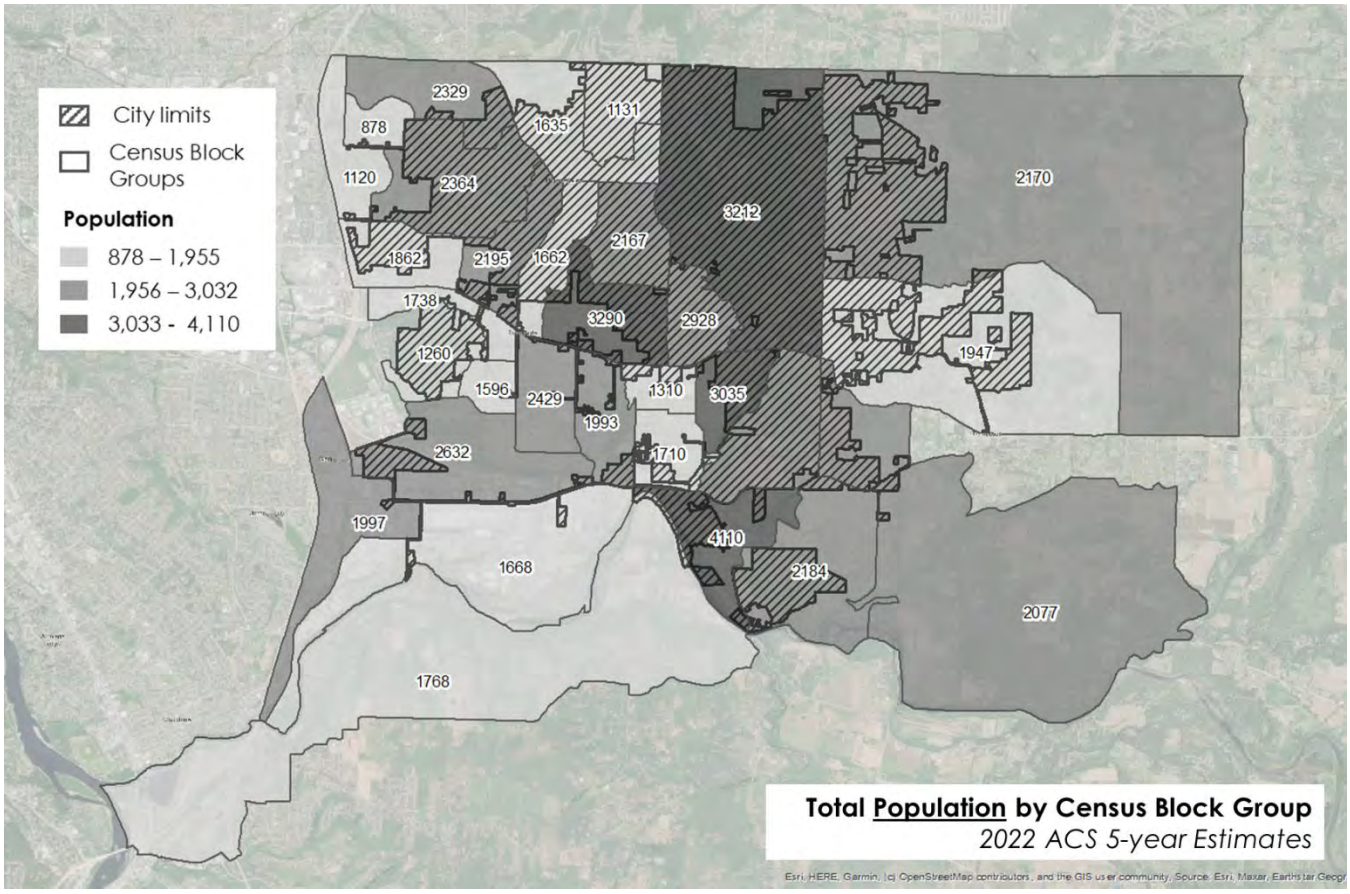
Population, Buildable Land, and City History

The population size of each block group is an important consideration for the following discussions. For example, Figure 40 shows that some of the central areas within the city may be more populated than others which provides context for how for how large the sample size is when looking at the following sections. Meanwhile, Figure 1. City of Happy Valley Annexations by Year and Figure 3. Happy Valley Combined Constraints (BLI, 2020)provide additional important information regarding the impacts of geography and urban zoning designations.

17 As discussed in greater detail in the Methodology section, the American Community Survey data used for this assessment are the most recent results from the 2022 5-year estimates. Therefore, in the review of spatial data the geographies for census block groups and the City of Happy Valley designated place are also from 2022. A limitation of these results is that because the city limits have expanded since 2022, households in recently-annexed lands are not represented.

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Figure 40. Population by Census Block Group



Median Household Income (MHI)

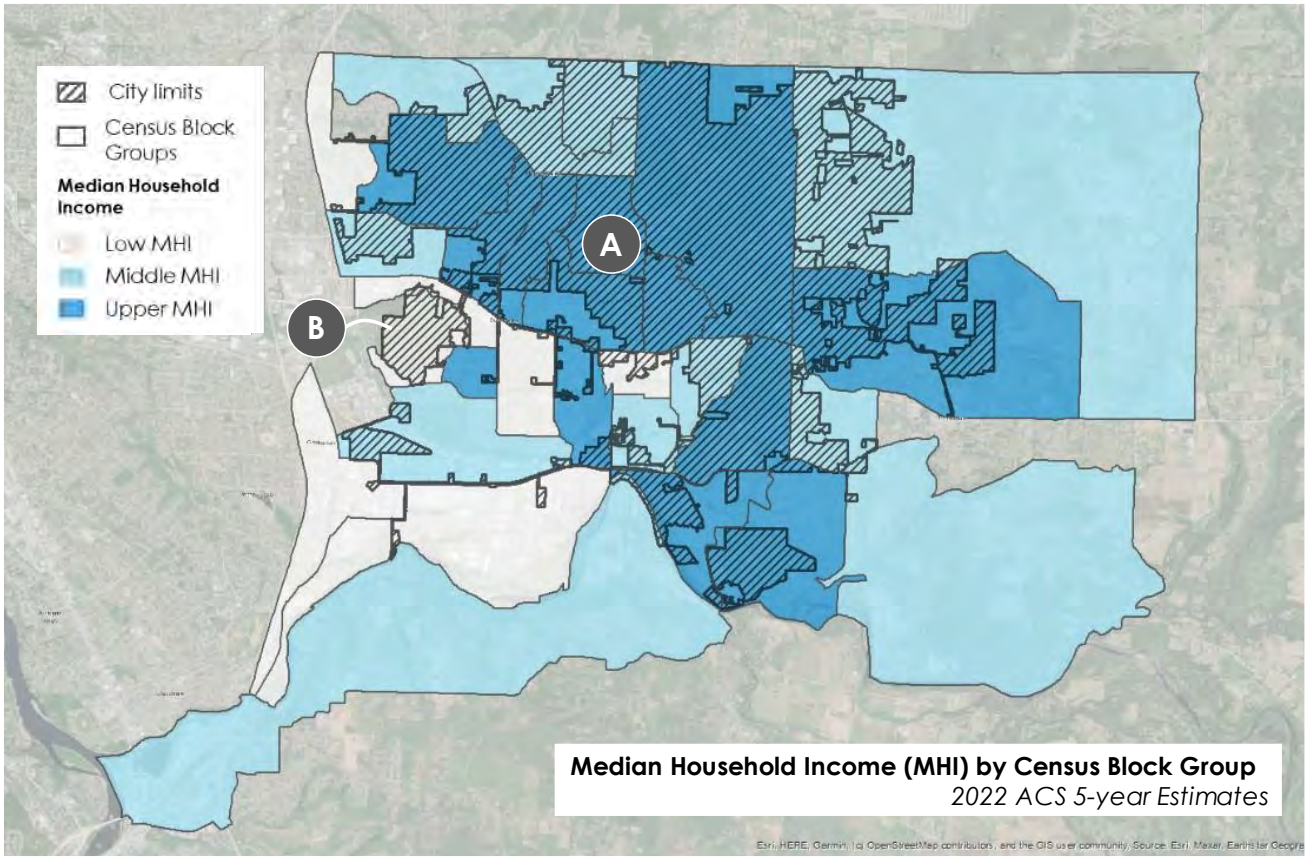
Figure 41 shows the MHI by block group and is displayed in shades of blue according to income category[19] (revisit for income amounts by category).

- In 12 block groups, households on average earn an upper-income.
    - The block group with the highest MHI (over $200,000) is marked with Point "A". As shown previously in Figure 1, this block group contains some of the older city lands.
- A third of the block groups (10) have households earning a middle-income. None of these block groups are located entirely within city limits, containing areas on the edges of the city.
- There are seven block groups that have low incomes, ranging from $73,000 to $50,000. Most of these block groups are lands located outside of city limits.
    - Point B indicates the only block group with a low average income that is mostly within city limits (with a $72,000 MHI). As it happens, the land that is within city limits is almost entirely Mount Talbert Nature Park which contains no residences and scarce buildable land (Figure 3). The remaining residential land surrounding the park is outside of city limits and accounts for the average income for the block group.

[19] Also shown in Section 4.4, Figure 11, the household income categories are: "extremely low" at $29,000 or less; "very low" between $29,000 and $48,000; "low" between $48,000 and $77,000; "middle" between $77,000 and $115,000; and "upper" at $115,000 or greater.

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Figure 41. MHI by Census Block Group



Tenure

As discussed in Section 4.5, households that rent have a low MHI, while households that own their home have an upper MHI.

Figure 42 shows the percentage of renter households by census block group in shades of orange.

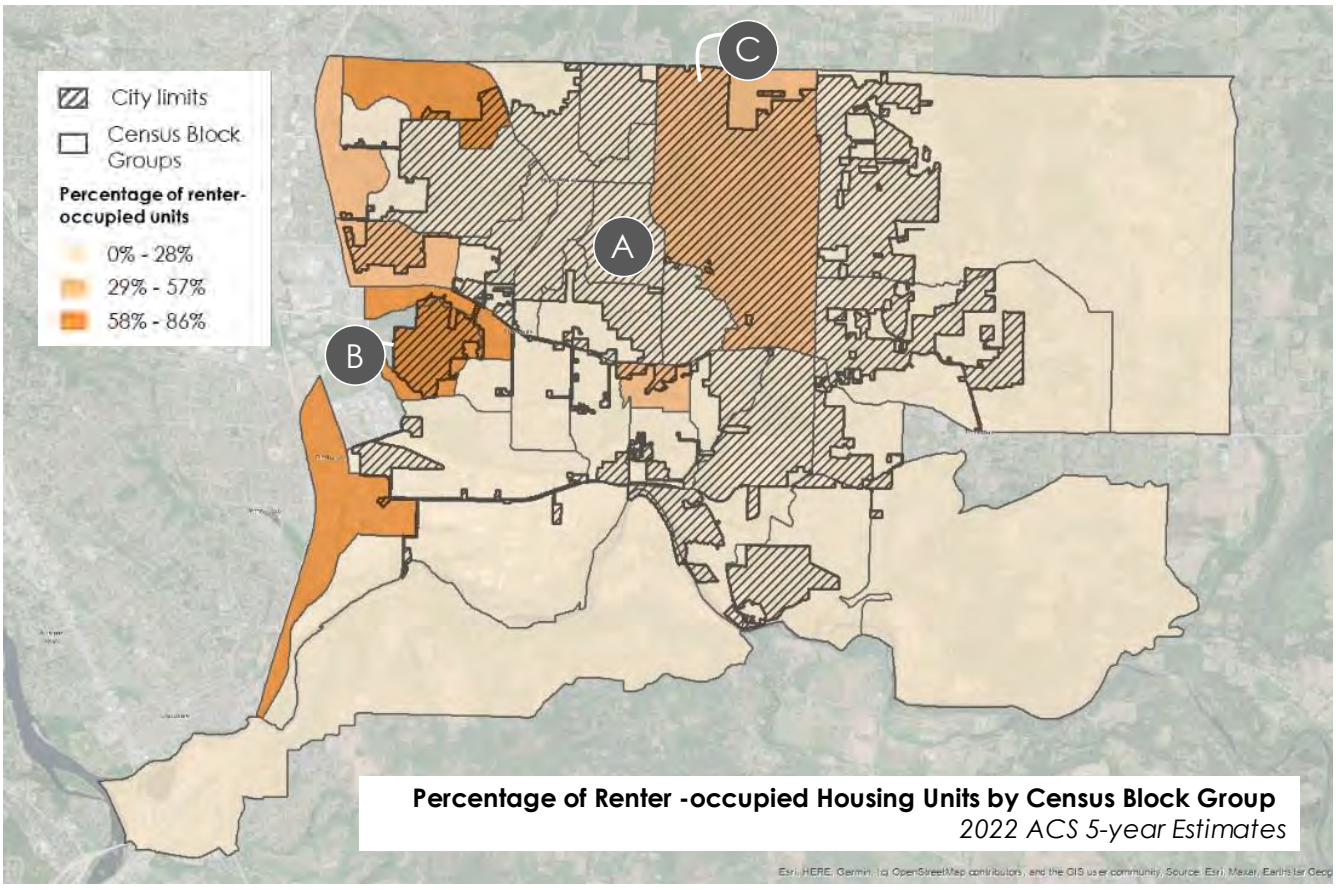
- In most block groups (87 percent), renters make up less than 45 percent of occupied households.
    - Point A indicates one block group located entirely within city limits that is estimated to have zero renter-occupied housing units. As mentioned previously, this area is some of the "oldest" city land- having been annexed between 1984 and 1995 (Figure 1).
- Renter households are most common in three block groups all of which are located around the Happy Valley outer-city limits. In these block groups, the percentage of renter households range from 58 percent -86 percent of households.
    - Notably, point B indicates a block group that has majority (86 percent) renter-occupied households and much of the land is located within city limits. However, as mentioned above, the city lands in this block group are entirely the Mount Talbert Nature Park and which contains no residences. Rather, it is the lands outside of the

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city limits which account for high rentership- containing many multi-family or rental developments and several assisted-living or elder-care communities.

- Renters make up approximately a third to half of the households in another three block groups.
    - Point C indicates a block group that is almost entirely in city limits and, despite having the constraints of Scouters Mountain and surrounding hills, contains one of the largest block group populations. Here, around 29 percent of households are occupied by renters. Much of this land was annexed in the early 2000s, at which time approximately 27 percent of the city's housing was built (Figure 29. Age of Housing Stock).

Figure 42. Tenure by Census Block Group



Householders of Color

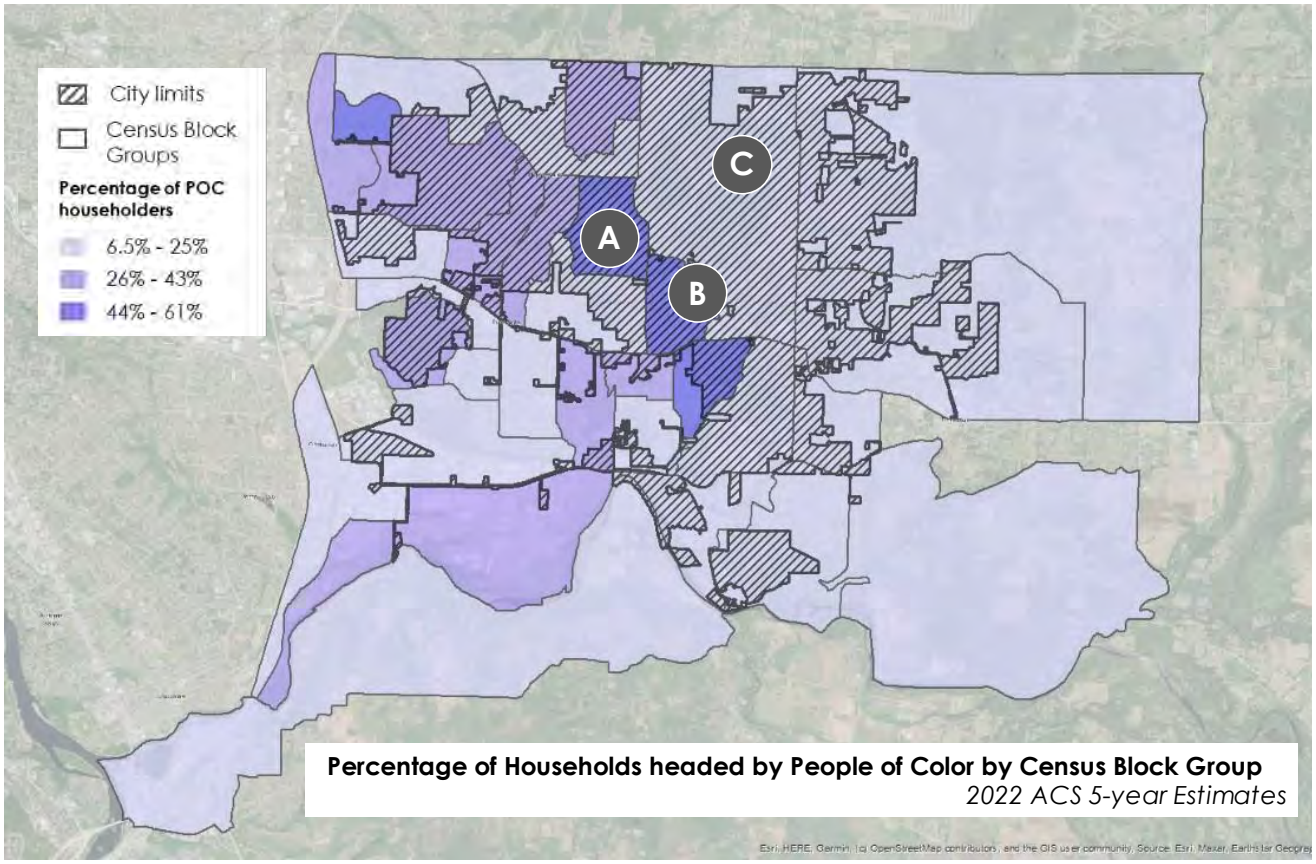
As discussed in Section 4.6.1, the racial distribution of the Happy Valley population is largely one race and White, but with relatively more diversity than the Clackamas County or Oregon. In contrast to county and state, households headed by People of Color in Happy Valley generally have middle and upper incomes.

Figure 43 shows the percentage of householders that are People of Color by census block group in shades of purple.

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- Householders of Color are concentrated in four block groups, where they range from being 43 percent to 61 percent of householders. Three of these block groups are mostly located in city limits.
    - Point A shows the only block group where more than half (61 percent) of householders are People of Color. Point B shows the block group with the second highest percentage (48 percent). Both block groups are entirely within city limits.
- In seventeen block groups, 25 percent or less of householders are People of Color. There is not a clear pattern between the location of these block groups in relation to city limits.
    - Point C shows the largest block group that is located mostly within the city and which has one of the highest populations despite buildable lands constraints (due to Scouters Mountain), in which 22 percent of householders are People of Color.

Figure 43. Householders of Color by Census Block Group



Hispanic or Latino Householders

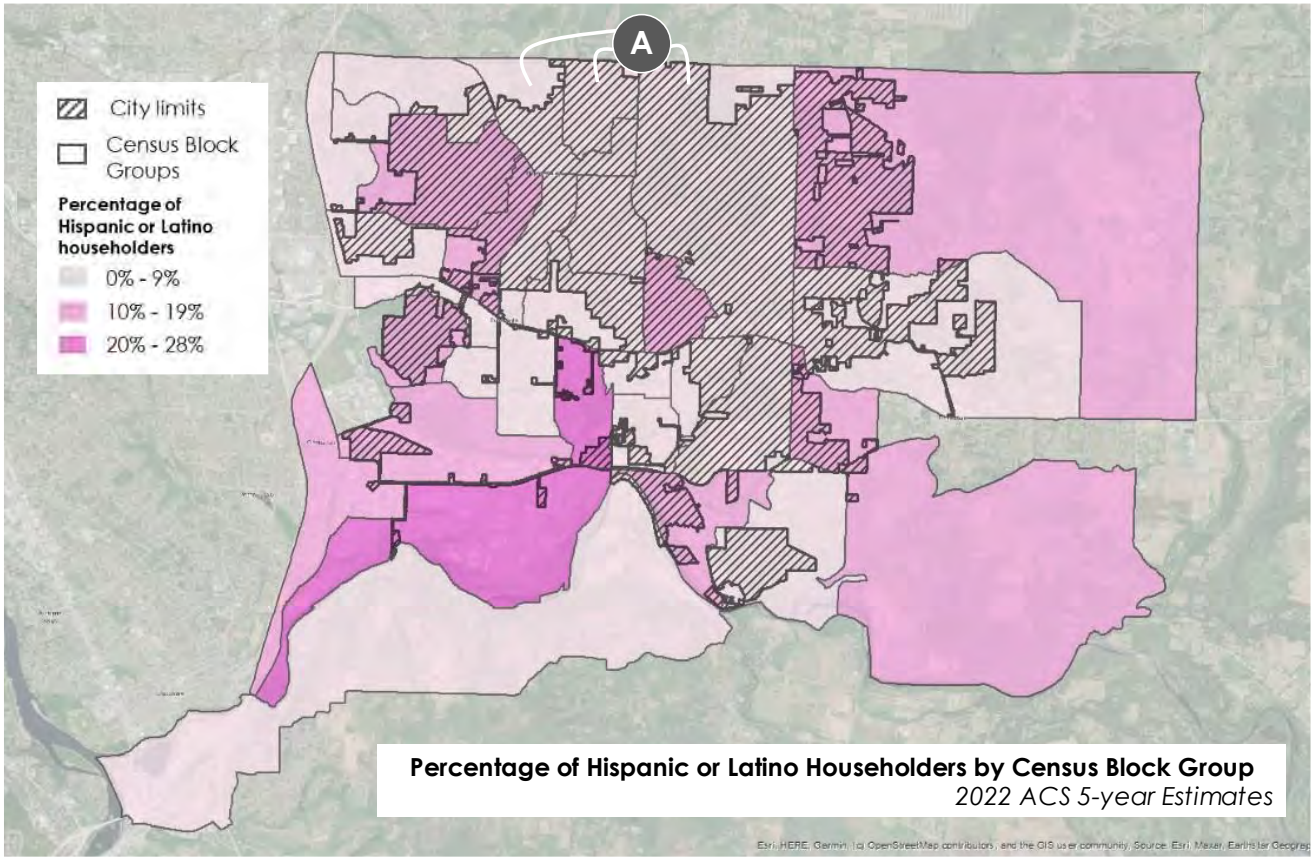
As discussed in Section 4.6.2, Hispanic or Latino people in Happy Valley are a small fraction of the population. The percentage of Hispanic or Latino households in Happy Valley is smaller than in the county and state.

Figure 44 shows the percentage of householders that are Hispanic or Latino by census block group- indicated in shades of pink.

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

- The two block groups with the highest percentages of Hispanic or Latino householders (between 20 percent and 28 percent) contain very small amounts of land inside city limits and are located its edges.
- There are 19 block groups where there are less than 10 percent Hispanic or Latino householders. These block groups vary in size and location within the city.
    - Point A indicates three block groups where the percentage of Hispanic or Latino householders is under 1 percent. All three are mostly within city limits.

Figure 44. Hispanic or Latino Householders



Conclusions- The incompatibility of census block groups and the consistently changing Happy Valley city limits make spatial patterns in household characteristics like income, tenure, race, and ethnicity difficult to discern. However, broad conclusions may be drawn from the spatial data, such as:

- Renter-occupied housing units are uncommon across the block groups, with a handful of areas that have an especially low prevalence (5 percent or less) of renters. The block groups with high shares of renters (60 percent+) contain housing that is almost entirely located outside of city limits. This indicates the presence of a significant number of multi-family housing units in the Happy Valley area, but they are located outside city limits. Within city limits, rental opportunities are more limited because most housing in Happy Valley is owner-occupied and single-family. Considering the large amount of multi-family units

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permitted in 2022 (which would not have appeared in this data), these results should be revisited.

- The Median Household Income in most block groups is upper income. In contrast, the lowest income block groups contain only minimal city land or highly constrained land (e.g. the slopes of Mount Talbert Nature Park). There is a correlation between block groups with more land area outside city limits and lower incomes.
- Most block groups have few Householders of Color, below 25 percent. Where People of Color are concentrated (constituting 44-61 percent of households), these block groups are mostly or entirely within city limits.
- Across all the block groups, most households are not headed by Hispanic or Latino people. Where there do appear to be higher (albeit only between 20 to 28 percent) concentrations of Hispanic or Latino householders, the block groups include very little land inside city limits.

A pattern that emerges from the spatial data is that households within city limits are different from immediately neighboring households outside the city. City households are more likely to be owner-occupied, earning a middle to upper income, White, and not Hispanic or Latino. Lands just outside the city limits appear to have a different profile than those within it.

The income differences between households on either side of the city line indicates a potential need for more affordable housing inside the city. It appears that housing just outside the city has more rentals, higher percentages of Hispanic and Latino households, and lower incomes. Encouraging and producing more moderate to low-priced rentals, and small-scale low-priced ownership units could allow more racially and ethnically diverse households with lower incomes to live in Happy Valley.

As part of the engagement process, a survey tried to identify planning priorities for various neighborhoods. Participants were asked to identify specific areas of Happy Valley where new housing development would be suitable. While relatively few responded with specifics, east of 172nd Avenue was mentioned multiple times as an appropriate location for new housing. A large number of respondents expressed uncertainty about where new development should occur or stated opposition to new housing altogether.

It is important to emphasize that the spatial data above have limitations and that these observations are not definitive. Nevertheless, the information and graphics offer an opportunity to examine potential patterns in more detail through discussions with people with lived experience.

7 Existing Planning Initiatives

Happy Valley's existing planning and zoning initiatives to provide for and promote housing opportunities create a solid base for housing policy. To begin with, the city has generated more housing units per capita than almost any other jurisdiction in the state, vastly increasing its housing stock over the last 25 years. DLCD has offered cities a "tool kit" of strategies that local governments may adopt to increase housing production to meet local needs. Happy Valley has adopted policies and codes that align with many of these recommended tools.

The table below references the DLCD tool kit number, strategy, and description. The last column is a description of how Happy Valley specifically has addressed this strategy.

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#	Strategy	Description	Happy Valley Planning Initiatives
A01	Ensure Land Zoned for Higher Density is not Developed at Lower Densities	Establish minimum density standards, prohibit new single family detached housing in high density residential zones. Allow single-family in medium density zones only if they meet minimum density or lot size requirements.	Higher density zones prohibit low density uses.
A02	Zoning Changes to Facilitate the Use of Lower-Cost Housing Types	Facilitate development of lower-cost housing types, such as ADUs, manufactured homes, multifamily housing, micro-units, or single-room occupancy buildings. Make low cost housing types allowable by-right, or easily approved through discretionary review.	Middle housing types allowed in many residential zones; quick review process.
A03	FAR, Density, or Height Bonuses for Affordable Housing	FAR, density, and height bonuses for affordable housing developments.	LDC 16.44.060 : bonuses and incentives for affordable housing. Qualifying projects allowed 25 percent density increase, or 50 percent if near a commercial or transit center.
A05	Code Provisions for ADUs	Smaller, ancillary dwelling units located on the same lot as a primary residence. Ease occupancy requirements, allow more ADUs per lot, and expand size limits. Look for flexibility in siting, design, lower fees.	LDC 16.44.050, ADUs. No occupancy requirements, generous 1,000 s.f. size limit. Some design requirements.
A08	Promote Cottage Cluster Housing	Groups of small homes oriented around shared grounds. Specific development standards, allow for a wide range of sizes and options; no specific ownership structure; modify design requirements, minimum site size, setbacks and building coverage.	Council passed cottage cluster overlay, intended to increase potential for more units overall, prohibits them in older part of town. Also LDC 16.44.130, Design standards for cottage cluster housing.
A12	Align Lot Division Density with Zoning Density	Coordinate densities with land division and zoning – to make equal footing for condominium versus fee-simple developments.	Zoning code allows middle housing and land divisions consistent with state law
A13	FAR & Density Transfer Provisions	Encourage Transfer of Development Rights (TDR) for public benefit.	LDC 16.63.020.F. Density transfers allowed in a PUD from environmentally sensitive areas
A15	Encourage Diverse Housing Types in High-Opportunity Neighborhoods	Support multiple unit sizes and types to promote diverse housing options in high-opportunity neighborhoods. Promote access to households with a range of backgrounds and incomes. Pair with localized incentives.	A variety of zoning designations allow a variety of mixed housing types
A17	Small Dwelling Unit Developments	Allow for smaller lots where dwelling unit size is limited. Allow for different density calculations.	Higher densities allowed for townhomes

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

#	Strategy	Description	Happy Valley Planning Initiatives
A18	Increase Density near Transit Stations and Regional Multi-Use Trails	Higher density allowed near transit stations.	Higher density zoning designations near transit facilities
A22	Mixed Housing Types in Planned Unit Developments	Require or incentive a mix of housing types within Residential Planned Unit Developments (PUD).	Variety of housing types allowed in planned unit developments including multi-family which is not otherwise allowed in some zones.
B01	Remove or Reduce Minimum Parking Requirements	Removing parking requirements for residential uses; including removing parking requirements near transit or for affordable housing.	LDC 16.43.030, Reduced parking consistent with state-mandated CFEC rules
B02	Remove Development Code Impediments for Conversions	Streamlining the conversion of larger single-family homes into multi-unit dwellings (e.g. duplex or triplex).	Clear standards and easy process for conversion
B03	Expedite Permitting for Needed Housing Types	Expedited permitting to reduce costs of housing development. Prioritize projects with government funding, and consider designating staff to shepherd housing projects through process.	LDC 16.44.060.G, Priority Processing of Affordable Housing Projects
B04	Expedite Lot Division for Affordable Housing	Expedite lot divisions and subdivisions for affordable housing projects	LDC 16.44.060.G, Priority Processing of Affordable Housing Projects
B06	Streamline Permitting Process	Review development approval process to identify factors that suppress new residential construction. Assess whether obstacles can be reduced or eliminated to stimulate development. Evaluate actual, rather than planned, timeline performance.	Online submittal, fast processing times
B07	Flexible Regulatory Concessions for Affordable Housing	Allow options for affordable projects to have modified setbacks, height bonuses, or allowing for flexibility in how units are delivered.	LDC 16.44.060.C.2.a, reduction in development standards (coverage, setback, lot size, design or parking requirements) allowed for affordable projects
B08	Waive Off-Site Infrastructure Requirements for Needed or Affordable Housing	Waive infrastructure build-out requirements for infill affordable or needed housing projects if network does not already have those amenities.	LDC 16.44.060.C.2.a and e. Reduced public works improvements and waiver of SDCs possible.

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#	Strategy	Description	Happy Valley Planning Initiatives
B10	Public Facility Planning	PFPs and capital project reduce costs for needed housing. PFPs allow for more capacity, especially in high-density zoned areas.	CIP projects to support growth on edge of city
B11	Pro-Housing Agenda	Promote a pro-housing agenda within the culture of the Planning Department for both rental and ownership types. Offer education on fair housing and housing economics.	
B13	Align Bike Parking Requirements with Actual Use	Bike parking requirements more in line with actual use.	Table 16.43.030-1. For multi-family, scales between 1.25 – 1.75 bike spaces, depending on unit size.
B14	Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan	Explicitly make AFFH a housing policy in comprehensive plan. Potentially create Analysis of Impediments to Fair Housing, or conduct training for Council, Planning Commission, staff.	Comp. Plan policy H-1.6, "Employ strategies that support the Fair Housing Act and affirmatively further fair housing goals."
C01	Reduce or Exempt SDCs for Needed Housing	Reduce, defer, or finance SDCs at lower rates for needed housing than for market-rate housing.	Reduced SDCs for Middle Housing
E03	Vertical Housing Development Zone Tax Abatement	Partial property tax exemption for new mixed use development. Projects must have improved, leasable, non-residential development on the ground floor and residential development on upper floors.	City Council applied VHDZ to Eagle Landing Master Plan in June 2024
F15	Ordinances that Address Zombie Housing	Tax foreclosures to enable zombie housing to be rehabilitated and occupied.	LDC 15.11, Registration of abandoned residential property and vacant foreclosed residential property
Z01	Custom - Other	→	Adoption of planning for urban growth boundary areas. Includes East Happy Valley and Pleasant Valley North Carver annexation areas.
Z02	Custom - Other	→	Planning for future downtown and city acquisition of associated land

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8 Key Conclusions

8.1 Key Conclusions and Recommendations

The following bullet points summarize key conclusions and recommendations found in the body of this Assessment. These conclusions, in addition to the results of public engagement, will form the basis for addressing the remaining barriers Happy Valley faces in producing needed housing.

Happy Valley has produced a great deal of housing in the last few decades relative to its metro-area neighbors, quadrupling its population over the last 25 years and generating thousands of housing units. This has been due to policy direction, land availability, and planning initiatives.

- The rapid growth rate in people, housing units, and land area indicates both a strong market demand for people to live in Happy Valley, and policy decisions that have made it relatively easy to increase supply. These trends are expected to continue. The city has added more than 2,100 acres of land and 3,600 housing units since 2010.
- Abundant and high-quality housing is, to a degree, Happy Valley's reason for being, since 97 percent of its residents work outside the city. Conversely, very few of Happy Valley's workers live in the city. Future growth will likely be in residential buildings, although some commercial development is also anticipated.

Happy Valley is a relatively wealthy community – as reflected in high household incomes and correspondingly high housing costs.

- Household incomes (MHI) are substantially higher in Happy Valley than in Clackamas County and Oregon. Happy Valley has a disproportionate number of "upper income" households as compared with other cities in the region. At the same time, the population is not uniformly upper income, and a significant share of households (27 percent) are in "low" or "extremely low" income categories. These groups are likely to struggle with affordability, given the higher than average housing prices and rental costs.
- Residents from all racial and ethnic groups have higher incomes when compared with the same group outside the city.
- Most people (93 percent) working in Happy Valley live outside city limits ("outside workers") and more of these people are earning low monthly incomes compared to Happy Valley residents employed outside the city.
- To address the strong demand for new housing among both higher and lower income groups in Happy Valley, the city will need to continue to produce more housing. This housing can be at different income levels, including plexes, attached single-family, ADUs, cottage clusters, SROs, and apartments.

Happy Valley households are larger and have more children, on average, than households statewide. Happy Valley has a greater share of Asian families than neighboring areas or the state. Other demographic categories are very close to regional and state averages.

- Happy Valley has more households with children and larger households overall than the state or region. This has implications for the size of housing units to accommodate the people within these larger households.

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- The city is largely white, but has four times the number of Asian families as the area average. For households headed by People of Color, Hispanic or Latino ethnicities, and people with disabilities, Happy Valley is right near average for the area and state.
- The age distribution of residents is somewhat younger than state and regional averages. A Happy Valley is different from state and regional averages either end of the age spectrum, more children (14 and younger) and fewer older people (60+).

Happy Valley residents have higher incomes compared with neighboring areas. But residents also pay more for their housing and many are cost-burdened, even at higher income levels. Lower-income residents pay a much higher share of their income for housing, and this group has the greatest unmet need.

- Income inequalities in Happy Valley correspond to housing tenure and the gender of the head of household. People who own their homes, and male-headed households have higher incomes. Because women, renters, and single people in Happy Valley are likely to have lower incomes, they are more likely to find it difficult to secure needed housing.
- More than a third of all households in Happy Valley are considered cost-burdened. This status is much more prevalent among low-income households, but even affects middle to upper income households.
- The prevalence of cost-burdened households, even at the high end of the income scale, indicates a need for more affordable housing, both ownership and rental units. More availability of affordable housing will accommodate lower income people, who are those most in need and currently least likely to be Happy Valley residents.

Happy Valley's housing stock is very new. Almost two-thirds of all housing units in the city were built in the last 25 years, much more than elsewhere in the county and state. National forces related to housing construction also affect the city.

- Newer housing corresponds to higher ownership costs and lower maintenance costs for residents. With so much recent development, the average housing unit in the city is relatively new.
- The city is subject to the same national forces affecting housing production as anywhere else -- high interest rates, construction cost inflation, price fluctuations. These cause swings in housing production from year to year.

More affordable housing types, including multi-family, plexes, rowhomes, and ADUs are needed to accommodate existing and future Happy Valley residents.

- The current housing stock is dominated by larger, detached, single dwelling houses. This housing type accommodates the larger-than-average households that live in the city, but its correspondingly higher cost makes it difficult to afford for people with different needs.
- Although multi-family units in the city have increased as a share of overall city housing inventory, this trend should be further expanded to accommodate anticipated need. Barriers to producing such housing should be identified and removed where possible.

Spatial differences within Happy Valley show potential patterns, with regard to household income, tenure, race, and ethnicity, though the block group data has serious limitations.

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- An emerging pattern from the spatial data is that households within city limits, as compared to immediately neighboring households outside the city, are more likely to be: owner-occupied, earning a middle to upper income, White, and not Hispanic or Latino. Lands around and just outside the city limits appear to have a markedly different profile than land within the city.
- Block groups with higher shares of renters—which are few, overall--are mostly outside city limits. This indicates the presence of apartment buildings in the area that are just outside the city.
- The Median Household Income in most block groups is upper income. In contrast, the lowest income block groups either contain minimal city land or contain highly constrained land (e.g. Mount Talbert Nature Park).
- In most block groups there are few people of Color or Hispanic or Latino People. For those block groups that have higher numbers of these demographic groups, People of Color are concentrated inside the city and Hispanic and Latino outside city limits.

Happy Valley has a strong record of encouraging housing production. The city has taken steps to promote housing, and in trying to expand affordability. Some of those existing initiatives include:

- Allowing a mix of housing types, adopting regional and state standards for middle housing, ADUs, reduced parking.
- Benefits for affordable housing projects: priority processing of permits, density and height bonuses, reduction in development standards, waivers of SDCs and public works requirements.
- Comprehensive Plan Policy statement to support FHA and affirmatively furthering fair housing.
- Planning for UGB expansion and annexation areas (East Happy Valley, Pleasant Valley/North Carver); Planning for future downtown area.
- Public facility planning to support new residential growth.

Looking Forward: Happy Valley can take additional steps to address remaining barriers and build on existing actions. The Housing Production Strategy Report will provide detailed recommendations for encouraging production of the number and types of housing needed, based on the information in this Assessment.

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APPENDIX 2:

Community Engagement Materials

February 2025

Winter Brook

OREGON
Department of Land Conservation & Development

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Happy Valley Housing Production Strategy: Equitable Engagement

Engagement Summary and Recommendations for Future Engagement

Prepared for Oregon Department of Land Conservation and Development and the City of Happy Valley

CASCADIA PARTNERS

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01 Project Background & Engagement Strategy

02 Successes and Challenges of the Engagement Process

03 Key Takeaways: Tabling at Happy Valley Events

04 Key Takeaways: Roundtable and Interview with Housing Producers

05 Key Takeaways: Community Survey

06 Recommendations for Future Engagement

07 Appendix A: Survey Results - Respondents living in Happy Valley

08 Appendix B: Survey Results - Respondents not living in Happy Valley

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

01

Project Background & Engagement Strategy

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Background and purpose

HB 2003 (2019) requires cities in the Portland Metro with populations over 10,000 to complete a Housing Production Strategy one year following the adoption of a Housing Contextualized Analysis (HCA). The HPS outlines specific actions and timelines a city will undertake to address their housing needs as identified through both the HCA and the contextualized housing needs analysis of the HPS. An HPS must include equitable engagement with residents and producers of Needed Housing, especially with regard to state and federal protected classes.

The purpose of this document is to summarize the feedback from the engagement program conducted as part of the development of the city of Happy Valley's HPS. It includes a summary of successes, challenges, and recommendations for future engagement the city should consider in future HPS work. This document supports the Contextualized Housing Need and offers feedback relevant for the selection of actions in the HPS.



The Springs Senior Living in Happy Valley under construction in 2022 (Image Credit: R&H Construction)

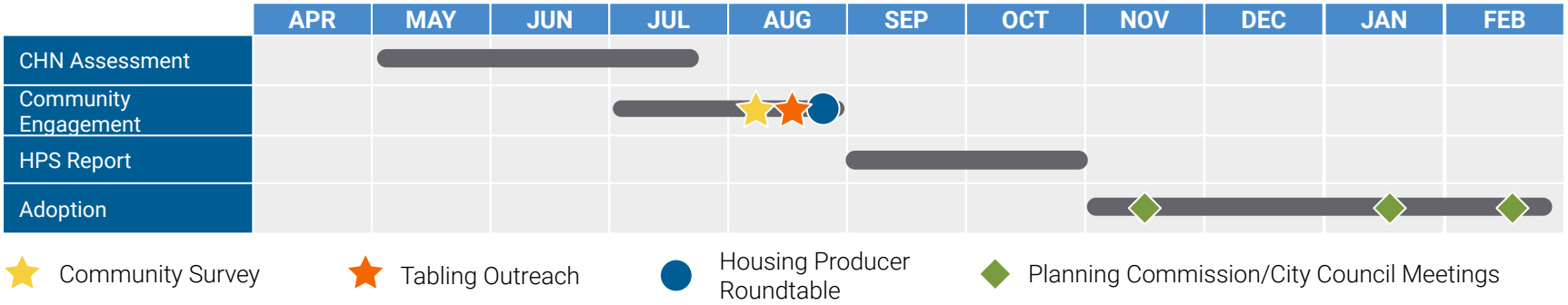
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Equitable engagement strategy

The primary focus of the engagement effort was to gather feedback from housing producers, such as private, public, and non-profit developers, and housing consumers, such as renters and owners in Happy Valley particularly populations most burdened by housing instability and affordability. The purpose of community engagement is to understand the challenges and gaps in building and accessing Needed Housing, and gather input about the opportunities and strategies in fulfilling Happy Valley's housing needs.

The engagement outcomes supports the CHN analysis for the city of Happy Valley and offers feedback relevant to the selection of actions in the Housing Production Strategy. The engagement process included three main activities to solicit feedback:

1. Tabling outreach at existing community events to reach housing consumers
2. Community survey
3. Roundtable discussion with housing producers and city groups



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01 | Project Background & Engagement Strategy

The consultant team implemented the following strategies to reach a representative group within the project timeline and allow accessible ways for housing consumers and producers to participate.

- In lieu of a virtual roundtable with housing consumers, the consultant team attended existing community events to conduct tabling outreach and meet with residents where they are. This allowed residents to share anecdotes about their lived experiences related to housing access and affordability and potentially reach residents with diverse socioeconomic backgrounds.
- Facilitating a virtual roundtable with housing producers including private developers and city groups. One interview was conducted with a former affordable housing producer of Good Shepherd Village who was unable to attend a virtual roundtable event.
- Promoting the online survey through tabling outreach and the City of Happy Valley's social media which resulted in 337 survey responses. The survey was also available in Spanish.



Tabling outreach at Happy Valley Park (Image credit: Cascadia Partners)

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02

Successes and Challenges of the Engagement Process

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Successes and challenges of the engagement process

Successes

- Engagement consultants were able to shift their approach from a housing consumer roundtable to tabling outreach at two well-attended, City-sponsored summer concert events at popular parks in Happy Valley. This allowed consultants to meet and engage with more residents in a more casual and convenient environment. City staff coordinated with consultants to quickly and easily provide tabling space at the event.
- Developing simple and engaging materials, such as poster boards, postcards, and a housing preference activity attracted visitors to the table.
- Postcard handouts with a survey link were distributed to approximately 125 residents at the concert events and social media postings about the project and survey notably increased the number of survey responses.
- Incorporating opportunities for open-ended comments in the survey gathered more nuanced responses about housing issues in Happy Valley.



Housing preference activity during tabling outreach (Image credit: Cascadia Partners)

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Challenges

- The consultant team had limited established connections and the short timeframe to identify and develop relationships with local community organizations and institutions. This made it difficult to seek support in promoting the survey to more priority populations.
- The consultants found limited presence of community-based organizations and social service providers in Happy Valley who could potentially help the consultant team reach out to and engage a diverse group of housing consumers for a roundtable discussion. To address this, consultants chose to conduct outreach at existing community events, which provided a more effective way to connect with a broader range of housing consumers.
- Tabling allowed outreach to more residents and the ability to hear brief anecdotes about housing challenges, concerns, and potential strategies, but it was challenging to have more in-depth conversations with residents.
- The Mayor, Planning Staff, and members of the City Council, Youth Council and Planning Commission were present at the housing producer roundtable discussion. This may have limited candid and unbiased feedback from housing developers about the barriers and challenges they experience in building housing and the potential strategies that could support more diverse and affordable housing types in Happy Valley.

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03

Key Takeaways:
Tabling at Happy Valley Events

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Tabling at Happy Valley Events

August 8th - Happy Valley Park

- Feedback from ~10 Happy Valley residents
- Shared survey with estimated 100 event attendees

August 9th - Village Green Park

- Feedback from 5 Happy Valley residents
- Shared survey with nearly 25 event attendees

Key takeaways based on anecdotal feedback from residents:

- **Most residents the consultant team spoke with noted that housing in Happy Valley is becoming increasingly expensive.** Homeowners often mentioned feeling fortunate to have purchased their homes when they did, acknowledging that they could not afford their homes at today's prices.
- **Some long-time Happy Valley residents the consultant team spoke with mentioned the rapid increase in homes built over the last decade.** Some of those residents felt unhappy with the rapid growth, but understood the need for housing and that Happy Valley is a desirable place to live.
- **Rent increases have created financial strain for cost burdened residents.** Several have had to move out of Happy Valley due to affordability issues.
- **While single-family homes were the most preferred housing type, most people were interested in or advocated for other housing types, such as attached housing, cottage clusters, and ADUs.** Nearly all participants who favored single-family homes were not opposed to other housing types being built.
- Several residents emphasized the need for more **affordable housing options for seniors and people with disabilities.**

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04

Key Takeaways: Roundtable with Housing Producers and City Groups

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Roundtable & Interview with Developers and City Groups

Roundtable Attendance:

- Two City Staff
- The Mayor, a City Councilor, and one member of the Youth Council
- A Planning Commissioner
- Three for-profit developers

Interviewee:

- Former Project Manager with affordable housing developer

Key Takeaways

Affordable Housing Challenges

- Developers raised concerns about defining "affordability" and emphasized the need for clear targets.
- Developers mentioned challenges and concerns related to generational affordability, especially for young individuals and families, military families, and aging populations.
- Developers noted that entry-level housing is priced around $400,000. Construction costs increases each year, and this raises home prices by 25-30% before construction even begins*. Anecdotally, developers mentioned single family homes are the most favored type of housing in Happy Valley with townhomes as another favorable alternative.

** Rising costs of materials, labor, land, interest rates, and realtor fees drive up housing prices, making affordable housing more challenging to build. Additionally, housing projects face years of land acquisition, assembly, and permitting, with significant risks involved throughout the process.*

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Key Takeaways

Infrastructure Costs and Development Challenges

- Participants underscored the significant role that infrastructure costs play in shaping housing development. Developers face high expenses for necessary infrastructure improvements, such as stormwater management, sewer, water lines, and street improvements.

Regulatory and Planning Issues

- For profit developers indicated no particular barriers to building housing with the exception of building inspectors, particularly new inspectors, at times being more strict than others.
- The non-profit developer that consultants interviewed found city planning staff to very helpful in liaising between developers and City engineers. However, the review process in general was difficult to navigate and was seen as unpredictable and lacking clarity, but also noted that this may be due to it being Happy Valley's first subsidized housing development.
- All developers mentioned that unpredictability in development increases development costs and extends timelines.

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Key Takeaways

Community Engagement

- Community engagement is crucial for reducing opposition to housing projects. The approach taken by the Catholic Charities team illustrates that early and consistent engagement with the community can significantly ease concerns and build support. Strategies such as hosting neighborhood potlucks, maintaining open lines of communication, and being transparent about potential challenges can foster a more positive environment, particularly for affordable housing initiatives.

Unique Local Challenges

- Developers recognize that Happy Valley faces distinct geographic and demographic challenges. The city's complex topography increases development costs and general demographics trends—from an aging population to evolving family structures—demand a broader range of housing solutions.
- Developers pointed out the large expense and logistical challenges of building on the edge of the urban growth boundary where there can be a lack of infrastructure. This requires more funding and cause delay in development. Examples include waiting for Water Environment Services infrastructure and the elevation limitation for Sunrise Water services. During the roundtable, the Mayor and Council Member emphasized that the City is pro-development and is taking actions towards supporting growth.

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05

Key Takeaways: Community Survey

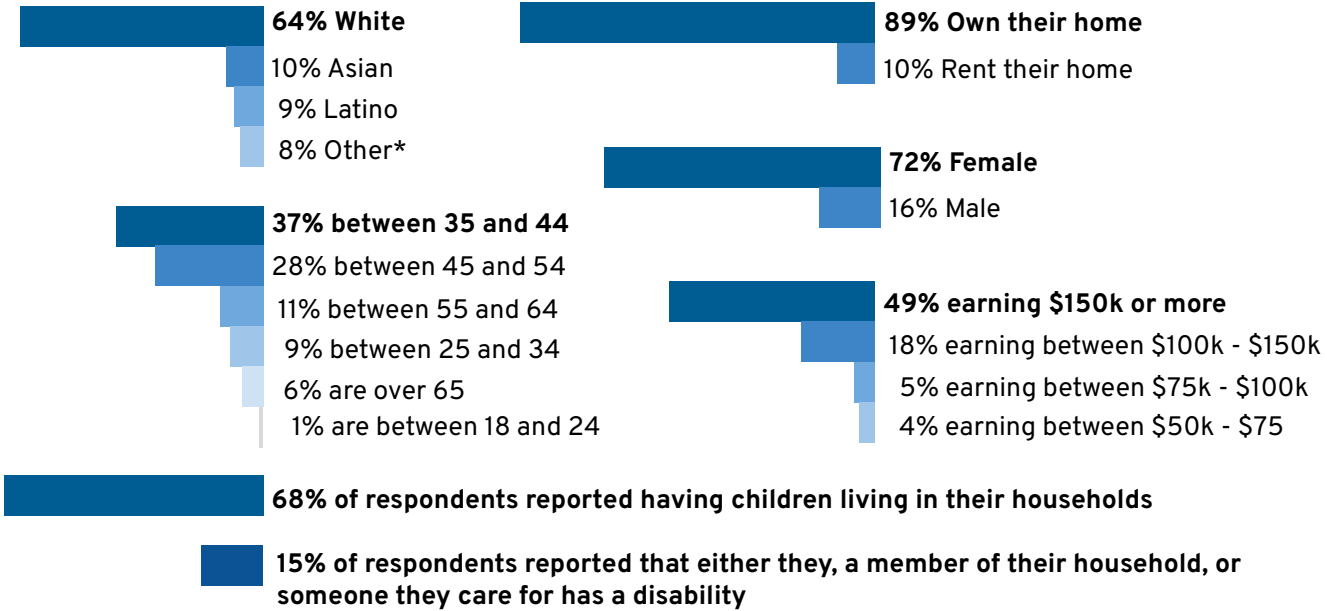
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Community Survey

- **Open from August 1–18**
- **339 responses**
- **69% completion rate**
- **82% respondents live or live and work in Happy Valley**
- **16% live in a different city, but study, work, own property or visit Happy Valley often**

Who participated?

Profile of respondents who live or live and work in Happy Valley



Middle Eastern or North African, Black or African American, Native Hawaiian or other Pacific Islander, American Indian or Alaska Native

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Did you face any difficulties finding a place to live in Happy Valley?*

- Approximately 35% of responses were some form of "No." However, many respondents mentioned that they bought their homes over 10 years ago and that their perspective might be different if they were searching for housing today.
- Out of the remaining portion of responses, the common themes are:
    - **Affordability Issues and Limited Inventory:** Limited availability of homes under certain price points. One response noted “there were only two homes available to even look at that were below $600K.”
    - **Permitting Challenges:** One response noted challenges in getting a building permit to build housing.
    - **Neighborhood Density:** There were concerns about high-density neighborhoods and the undesirability of living in dense areas.

**Question for respondents who stated they live or work, or only live, in Happy Valley*

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What barriers have you faced to find a place to live in Happy Valley?*

Select quotes from survey respondents who indicated difficulties and lived experiences:

"Yes. As a single mother, working for the state, I do not make enough to support my family and yet make too much to qualify for state programs like SNAP, TANF, HUD, etc. (...) Had I not been able to get into this apartment, my entire take home pay would be going to rent and now, if I had to requalify, I would not make the income requirements, which would force my child and I to be homeless"

"I live with my parents. I would not be able to afford a apartment in Happy Valley"

"Housing is so expensive! Even with a higher than median income, it's really a stretch"

"Living in fixed retirement income and not enough low income senior citizens housing in Happy Valley. We need it badly"

"Yes, it was hard to find a place in Happy Valley that fits within my budget. I work full-time and am paid decently, but the cost of living in my apartment is nearly 1/3 of my paycheck each month."

**Question for respondents who stated they live or work, or only live, in Happy Valley*

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Did you face any difficulties finding a place to live in Happy Valley?*

Select quotes from survey respondents who indicated difficulties and lived experiences:

> *"[I had difficulty finding] Single level, no stairs housing options for elderly relative. Looked for 2 years in HV and Clackamas - bought only place we could find that was suitable for less than $1M in Redland/Oregon City."*

> *"The homes are too close together. Too many developments. Pricing is outrageous for homes to buy or rent. Same with the apartments, the apartment rents are way too high."*

> *"Development projects take way too long and the city oversteps to make things more expensive and difficult to create new housing projects."*

**Question for respondents who stated they live in a different city, own property, or visit Happy Valley often*

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Why do you think it is challenging for some people to find housing that meets their needs?

Apart from high housing costs for both renters and owners and an increase in living costs, below are some other challenges from respondents that illustrate the increase and lack of housing affordability and housing options :

"Not enough "starter" houses. We need more smaller single family units for small, young families to get into and for seniors to move to. This would open up a bunch of middle housing!"

"There are very few single story homes for older people or those with disabilities."

"Families need enough bedrooms and many homes don't have enough bedrooms for generational living."

"Happy Valley has more of an upscale type of buyer. First time homebuyers wouldn't be able to afford it here unless there were more multi family options such as townhomes."

If we didn't buy in 2018, even as a family making far more than average we could not reasonably afford what our house would sell for now with current rates. The rental market is just as crazy. We looked for my mom to move up to be in the same area, she would have to make nearly 10,000/mo to afford any rentals in our area other than an apartment (which doesn't give her a back yard or space to garden). $3600-4000 for a home every month is crazy and more than our mortgage on a very large nice home.

"Nowadays some parents are living with their children and grandchildren and want to make sure there is a bedroom on the first floor for them."

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HOUSING TYPES

Housing Type Preferences in Happy Valley

- 85% respondents who live in Happy Valley live in single family homes; 10% live in multifamily housing, townhomes, or some type of duplex, triplex, or quadruplex
- Three-quarters of all respondents ranked single family homes as their first choice for the types of housing they would like to see more of in Happy Valley. However, nearly half of respondents ranked townhomes as their second choice and 38% of respondents ranked duplex, triplex, and quadplex as their third choice. Respondents were not given a choice to rank a no housing option.
- 89% of respondents who live in Happy Valley see themselves living in a single family home 10-20 years from now.

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LOCATION OF NEW HOUSING

- About 56%of respondents explicitly oppose further development. Among those who are open to new development, addressing traffic and road concerns is a common concern.
- **Specific Areas Mentioned:**
    - **General area east of 172nd Avenue:** This is one of the few specific areas that were mentioned multiple times as a potential location for development.
- **The highest-ranked preference for a new home location is near recreational amenities (such as parks or trails)**
    - Respondents equally prioritize being near commercial areas (like shops or restaurants), schools, and family or friends. Each of these categories is ranked similarly.
    - Proximity to work and public transit options is less of a priority for respondents.

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UNIT TYPES

Larger unit types are challenging to find in Happy Valley

- Most respondents (57%) chose "I don't know," reflecting significant uncertainty or limited awareness regarding the availability of various housing types in Happy Valley.
    - Among the respondents who provided specific answers, **units with four or more bedrooms were identified as the most challenging to find,** with 20% indicating difficulty in locating these larger units.
    - “Other” responses includes multigenerational living options and ADUs

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ACCESSIBILITY

- **About 15% of respondents reported that either they, a member of their household, or someone they care for has a disability**
    - Among those who reported difficulties, **the most common issue is ambulatory difficulty (34%)**, which refers to challenges with walking or moving around
    - **17% of respondents reported self-care difficulties** (challenges in daily activities like dressing or bathing), while 11% indicated hearing difficulties (complete or partial hearing loss)
- Of those, respondents indicated the following needs for accessible housing units:
    - Single-level units
    - ADA compliant with wheelchair access and handrails
    - ADU (Accessory Dwelling Unit) for family needs/aging parents
    - Housing located near frequent public transit service

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AMENITIES

- **Safe surroundings, private outdoor space, and car parking are the most important amenities for respondents**
    - Additional space and community features hold moderate appeal. Bike parking is the least prioritized feature.

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FEEDBACK ON POTENTIAL HOUSING PRODUCTION STRATEGIES

Zoning Changes

- Respondents are most supportive of changes that facilitate development and increase housing options through simplified processes, smaller pieces of land for housing, and more homes on the same lot, while there is less enthusiasm for reducing parking requirements and changing single-family lot regulations.
- A number of responses from the open ended question highlighted concerns about the capacity of current infrastructure to handle new development, emphasizing the need for adequate planning before further expansion.

Taxes and Fees Breaks for Housing Producers to Build more Affordable Housing

- 21% respondents are in favor of this policy

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POTENTIAL HOUSING PRODUCTION STRATEGIES

Planning & Partnerships to Support Housing Development

- **Strong Support for Public Infrastructure Projects.** The strategy to "Build public projects like sewer or water lines, and street improvements that can service new housing" received the highest weighted score of 4.4 out of 5, with 66% of respondents giving it a score of 1 (most preferred). This indicates strong support for public investment in infrastructure to facilitate housing development.
- **Moderate Support for Providing Information and Technical Assistance.** While there is interest in this strategy, opinions are mixed.
- Financial incentives to builders and prioritizing public land sales for affordable housing development are less popular among respondents.

Ideas for Other Potential Strategies

- The survey asked an open-ended question soliciting ideas for other potential strategies. Among the open-ended responses (122 responses), two-thirds were either opposed to any new development of housing or opposed to any other housing type apart from detached single family homes or single family homes on large lots.

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06

Recommendations for Future Engagement

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Resistance to new, diverse, and affordable housing types among survey respondents

Resistance to new, diverse and affordable housing types, such as townhomes and apartments through NIMBYism, which stands for “not-in-my-backyard”, are prevalent in respondents’ comments to open-ended questions in the survey. Although not a significant number, it is worth noting that some comments are overtly discriminatory or prejudiced towards low income populations and populations who live in non-single family dwellings, such as apartments.

The majority of survey respondents identify as white homeowners with incomes earning $100,000 or more per year (see page 18 for survey demographics). Among those who responded to open-ended questions asking for feedback about where new housing development is desired, housing challenges experienced by residents, and potential housing production strategies, 57% expressed opposition to new housing development or growth at all in Happy Valley. Common concerns expressed about new housing development include overcrowding of neighborhoods and schools, traffic congestion, lack of proper infrastructure, increased crime, and impacts to the city’s quality of life. Although not a majority, numerous respondents explicitly oppose low income housing and apartment buildings.

These remarks are consistent with how the US Department of Housing and Urban Development (HUD) defines NIMBYism, which is as follows:

A mentality adopted by those who reject certain changes to their communities. Although many types of development can provoke NIMBY attitudes, supportive housing for persons who are homeless frequently arouses such opposition. Often fears of increased crime, decreased property values, and other negative impacts on the community underlie objections to developing supportive housing.[1]

1. Nimby assessment. (n.d.-b). HUD Exchange. Retrieved September 27, 2024, from https://www.hudexchange.info/resources/nimbyassessment/?nimbyassessmentaction=main.dspnimbydefined

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The Fair Housing Council of Oregon (FHCO) says NIMBYism "can stand in the way of fair housing rights, which guarantee everyone an equal opportunity to live where they want."[2] Shelterforce says "NIMBYism is often driven, more or less openly, by racism and classism. But the concerns more commonly voiced are about increased crime, traffic congestion, strain on sewers, overcrowded schools, and lowered property values and 'quality of life.'"[3]

Studies have also shown that these perceived concerns and biases about affordable housing are not true.[4, 5, 6]

2. Brands, F. (2022, October 3). Creating Inclusive Communities - Fair Housing Council of Oregon. Fair Housing Council of Oregon. Retrieved September 27, 2024, from https://fhco.org/creating-inclusive-communities/
3. Axel-Lute, M. (2024, March 18). What is NIMBYism and how do affordable housing developers respond to it? Shelterforce. Retrieved September 27, 2024, from https://shelterforce.org/2021/11/17/what-is-nimbyism-and-how-do-affordable-housing-developers-respond-to-it/
4. https://www.urban.org/sites/default/files/2022-04/Alexandria%20Affordable%20Housing%20Brief.pdf?aid=c4e25d12-8017-4a53-96a1-45bbe6bece0b
5. https://web.stanford.edu/~diamondr/LIHTC_spillovers.pdf
6. https://furmancenter.org/files/publications/Does_Federally_Subsidiezed_Rental_Housing_1.pdf



Good Shepherd Village is a 143 unit apartment community completed in 2023 in partnership with Clackamas County, City of Happy Valley, Catholic Charities and Caritas Housing. It is the first subsidized housing development in Happy Valley. (Image credit: Oregon Metro)

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Recommendations for future engagement about housing issues in Happy Valley

Below are recommended strategies for the City of Happy Valley in future engagement with residents, developers, partners, and other stakeholders in implementing housing strategies.

Advance a pro-housing culture

NIMBYism is prevalent among many residents who responded to the survey and the residents we spoke with at tabling events. Many NIMBY comments gathered during the engagement process are based on misconceptions and stigmas about renters, rental housing, affordable housing, and protected classes. **We recommend the following engagement strategies to promote a pro-housing culture in Happy Valley and reduce the power of NIMBYism in housing production.**

- **Develop a pro-housing toolkit of best practices, resources, and studies** to support planners and developers in educating communities about poverty, exclusion, and racial dynamics in housing. For example, the City of Medford developed an Affordable Housing Acceptance Toolkit to assist affordable housing developers.

- **Encourage developers to engage nearby neighbors of affordable housing developments, particularly regulated housing, early and often to build trust and reduce the power of NIMBYism on housing projects.** We heard from a former developer of Good Shepherd Village, a recently-constructed affordable housing development, that door-to-door canvassing and offering engagement opportunities such as focus groups, one-on-one conversations, and open houses to speak with nearby neighbors about the new development was instrumental in assuaging concerns,

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reducing stigmas about regulated affordable housing, and educating neighbors about specific design and development plans. We also heard that providing a main point-of-contact with the developer for neighbors to voice questions or concerns as they arise throughout the development process helps build trust and resolves misinformation amongst neighbors. The City of Happy Valley is meeting with the Good Shepherd Village on a monthly basis to address resident and neighbor issues including hosting a block party with Good Shepherd Village residents and neighbors and we recommend continuing to nurture this relationship.

- **Develop a marketing plan to spread awareness about housing production incentives, initiatives, and tools.** A marketing plan can help target communications and messaging to different audiences involved in implementing housing strategies such as city staff, residents, developers, builders, and housing providers. For example, the City of Grants Pass produced a Housing Incentives & Initiatives Marketing Plan in 2023 to help spread awareness and quarterly newsletter updates to developers.

- **Convene a housing work group that can help continue developing a pro-housing culture to pursue funding opportunities and implement housing strategies.** This housing work group can be composed of staff, civic, institutional, faith-based, business, and construction (private, public, and nonprofit) stakeholders to meet regularly and lead the exploration of opportunities to facilitate both affordable and market-rate housing development. For example, the City of Milwaukie formed an advisory work group of subject matter experts in the housing, tenant, and economic development arena to identify strategies to improve housing affordability in Milwaukie. This group convened to brainstorm ideas, solutions, and issues, developed a strength, weakness, opportunities, and threats (SWOT) matrix, and shared programs, financing tools, and resources currently available to the community. Other cities have

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developed similar work groups with affordable and market rate development, fair housing, community-based organizations, lenders, etc. as part of the engagement work to develop an HPS. This could be a consideration for engagement in the next HPS.

Gain a more comprehensive understanding of housing issues and needs

There could be additional opportunities that may provide a more comprehensive and nuanced understanding of Happy Valley's housing issues and needs that consultants were not able to achieve in this HPS engagement effort.

- **Continue to engage affordable housing residents and resident service coordinators** to gather insights and lived experiences in accessing affordable housing in Happy Valley, relationships with neighbors, and benefits and challenges with the development. Build more awareness about the City's Homeless Liaison Office with service providers to connect residents to housing and social services.
- **Continue to engage neighbors near affordable housing developments** to gather insights on how perceptions may have changed or remained the same about affordable housing developments, and the successes and challenges during the development process.
- **Continue to engage large employers and workers in Happy Valley** to understand workforce housing needs and lived experiences of those commuting to Happy Valley for work and unable to afford housing in the area.
- **Continue working with TriMet** to address transportation accessibility issues by expanding service boundaries and improve routes/frequencies to better serve low-income households and residents of affordable housing units.
- **Continue building partnerships** with service providers and community-based organizations (CBOs), and foster strong connections with their leadership to ensure ongoing relationships and enable future collaboration on housing planning and engagement efforts.

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07

Appendix A

Survey Results: Respondents who live in Happy Valley

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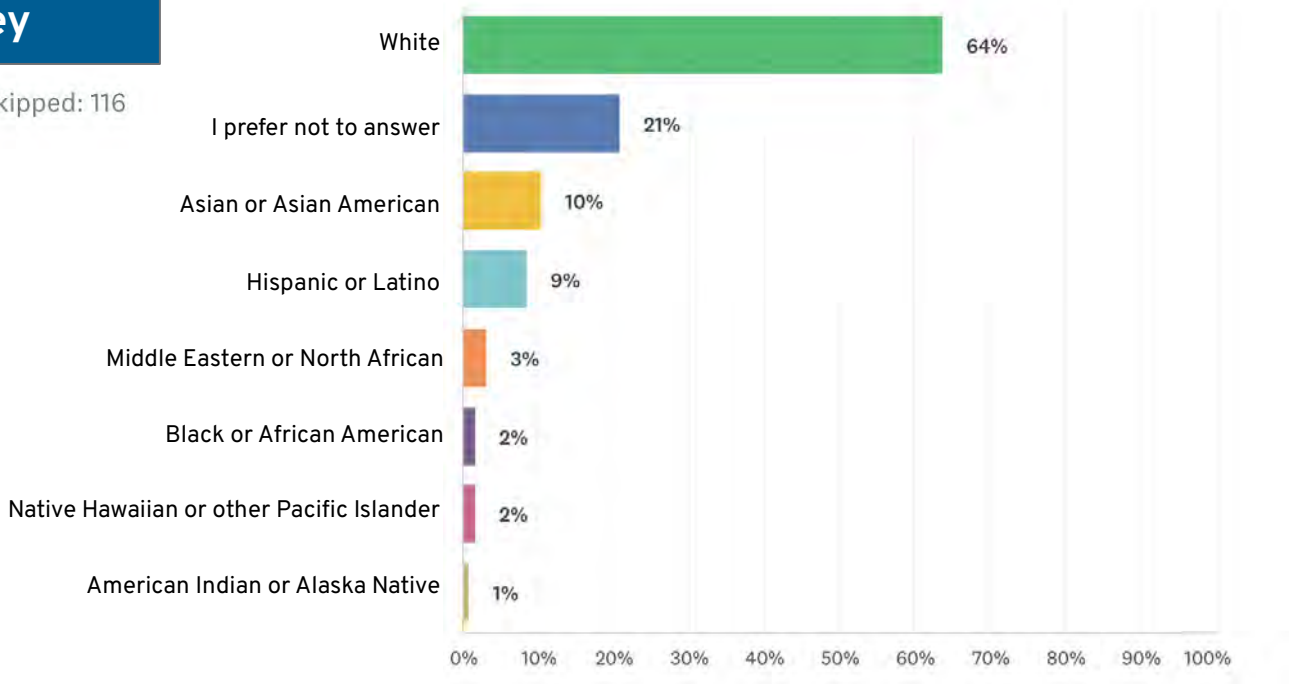
Demographics

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Responses from those who live in Happy Valley

Answered: 221 Skipped: 116

Which of the below best describe your race/ethnicity? Select all that apply.

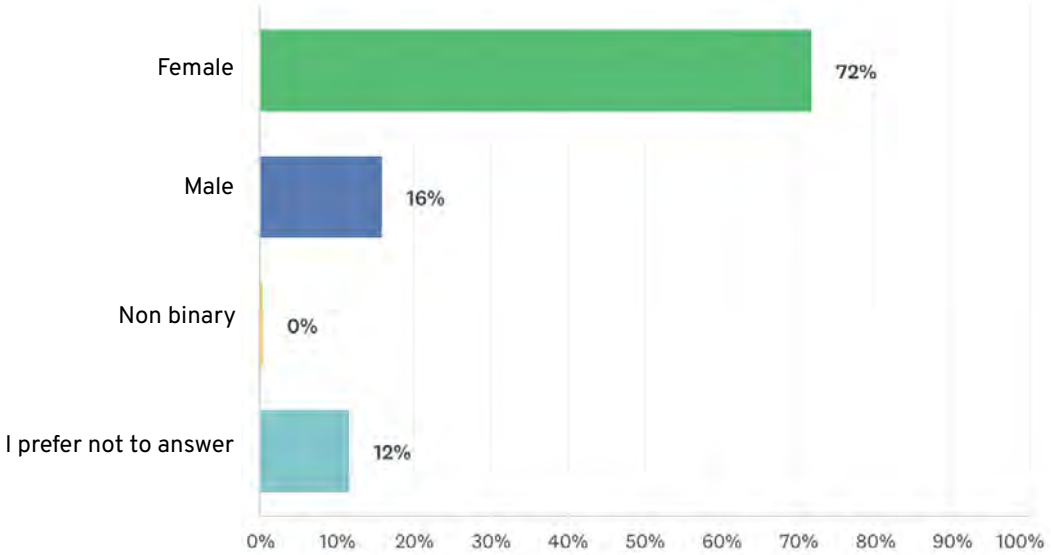


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Responses from those who live in Happy Valley

Answered: 220 Skipped: 117

How do you identify your gender?

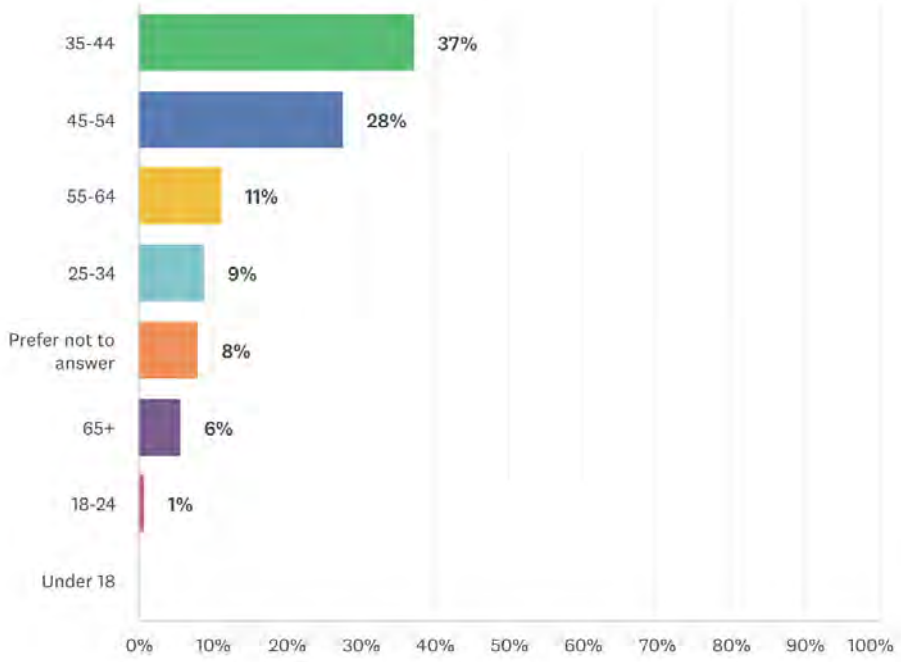


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Responses from those who live in Happy Valley

Answered: 223 Skipped: 114

What is your age?

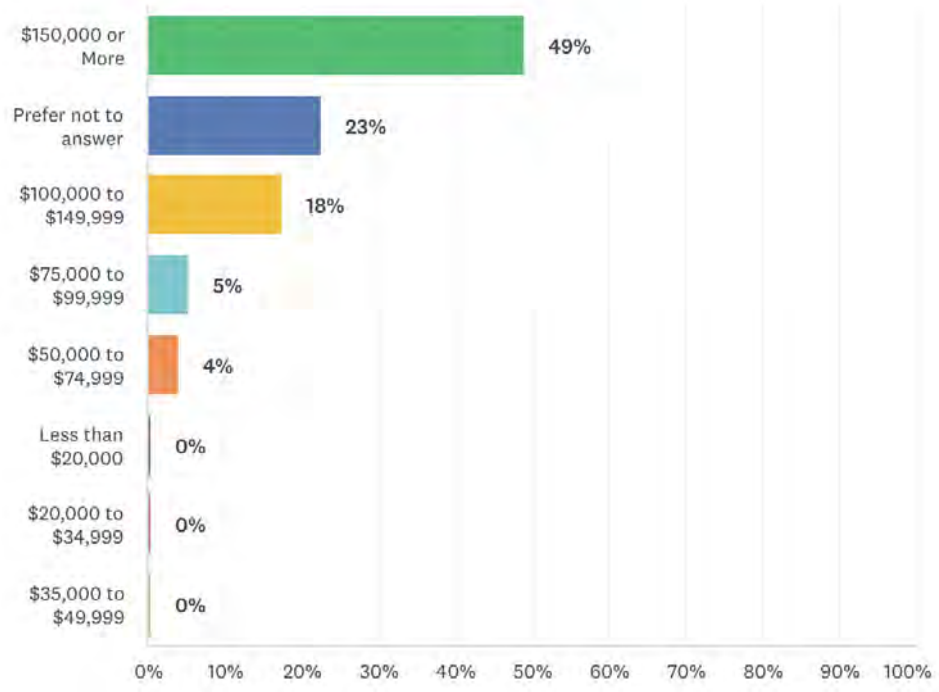


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Responses from those who live in Happy Valley

Answered: 222 Skipped: 115

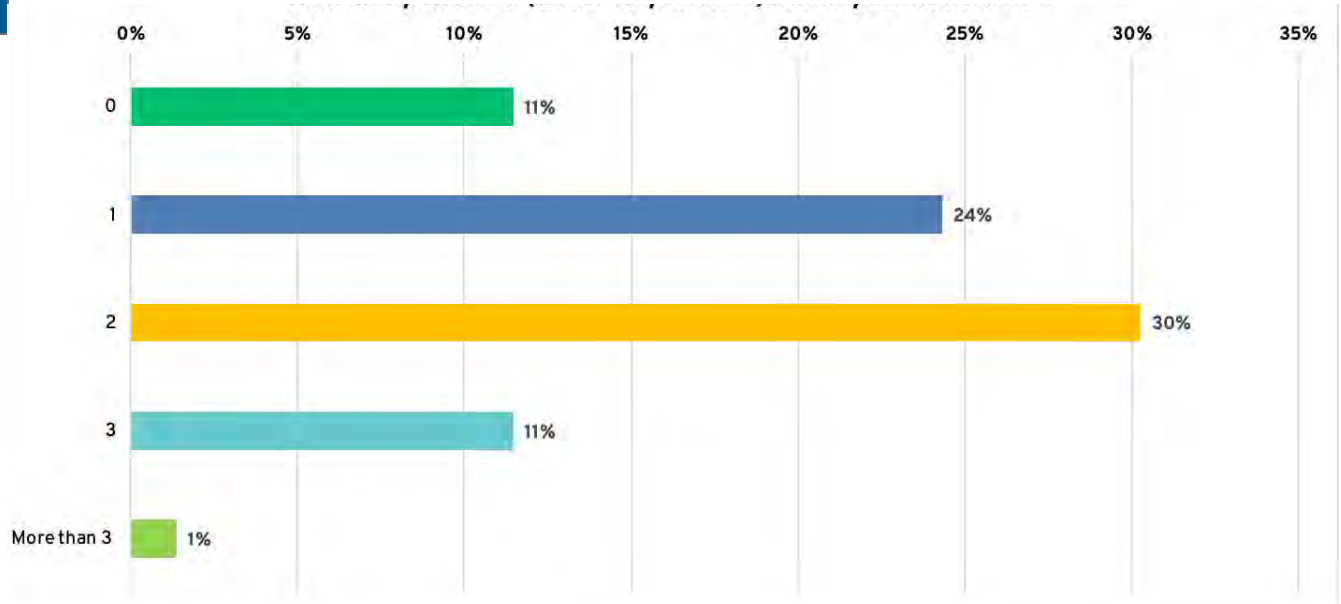
What is your household income?



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Responses from those who live in Happy Valley

How many children (under 18 years old) live in your household?



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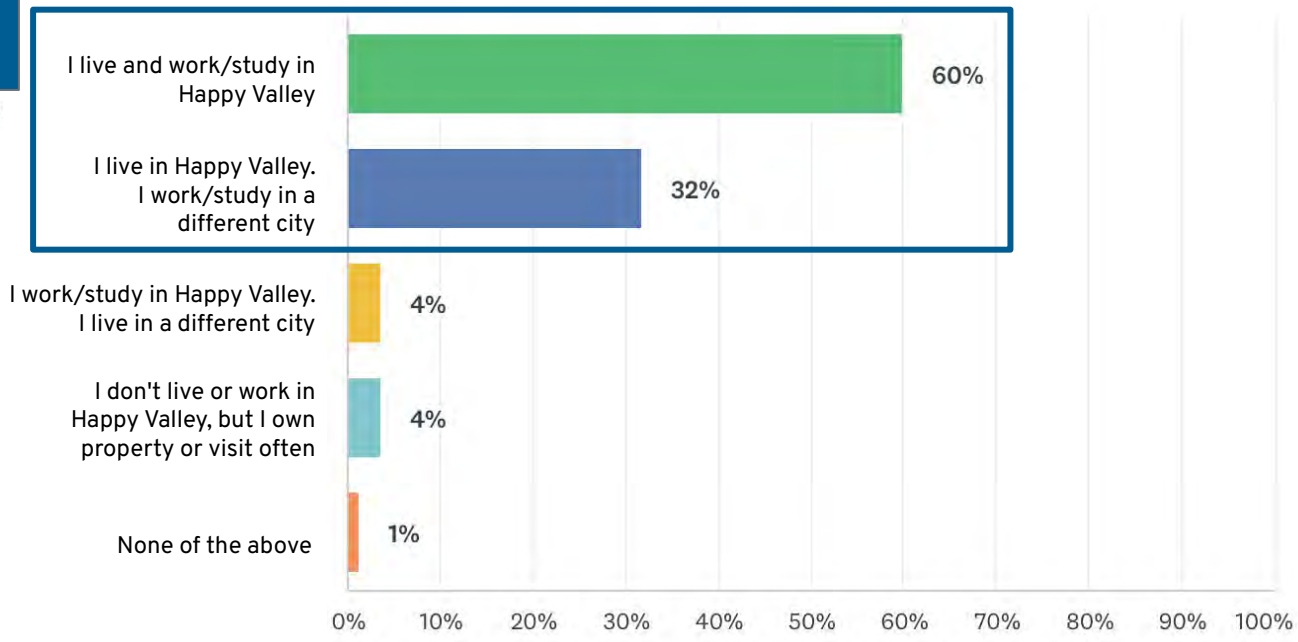
General Questions

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Responses from those who live in Happy Valley

Answered: 337 Skipped: 0

Which of the following best describes your relationship to Happy Valley?

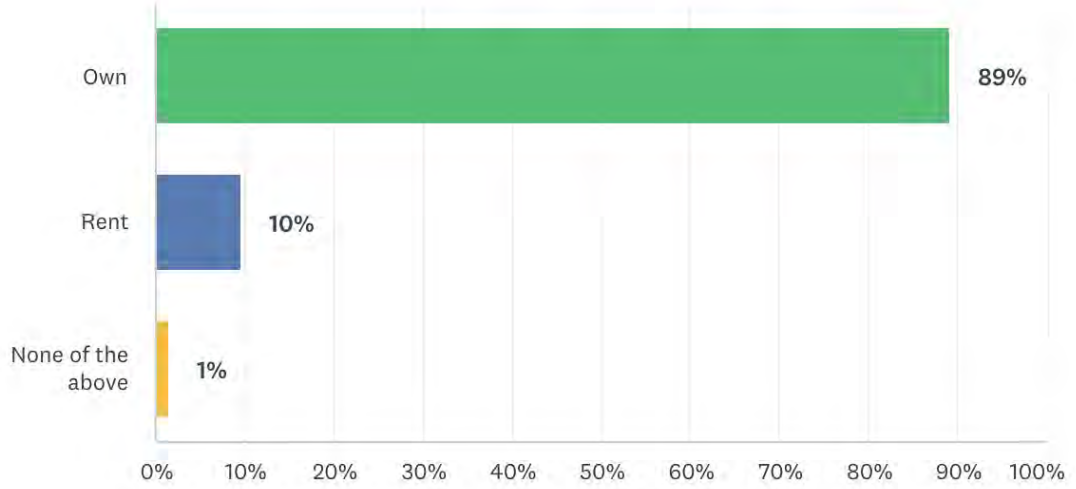


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Responses from those who live in Happy Valley

Answered: 283 Skipped: 54

Do you rent or own your home?



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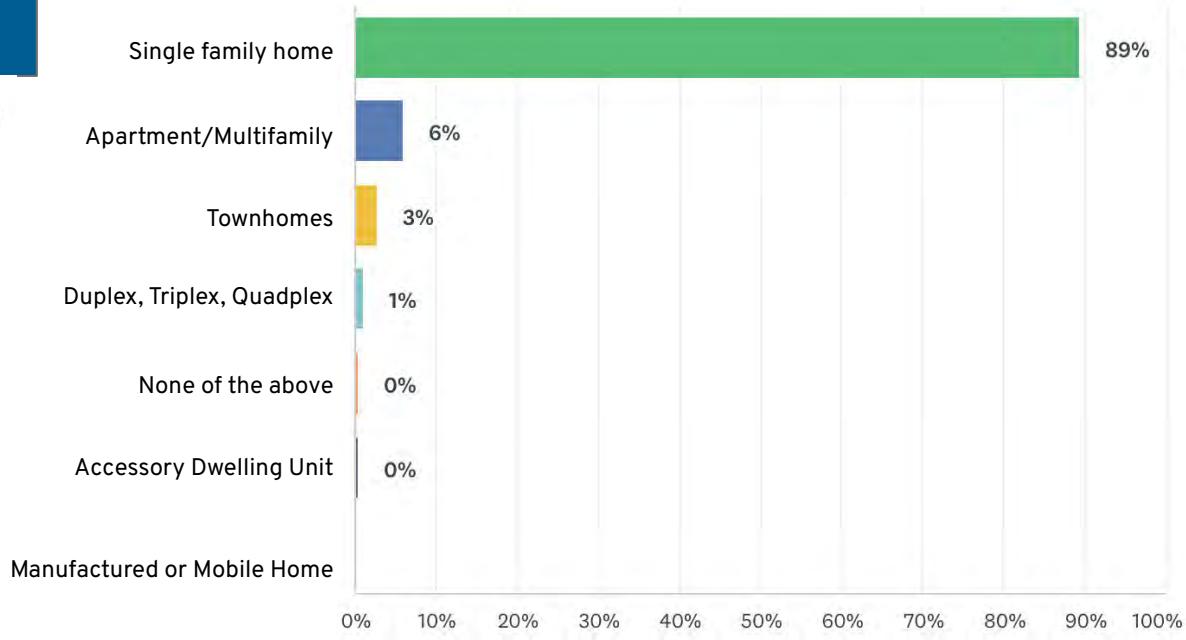
Housing Types

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Responses from those who live in Happy Valley

Answered: 282 Skipped: 55

What type of housing do you live in?

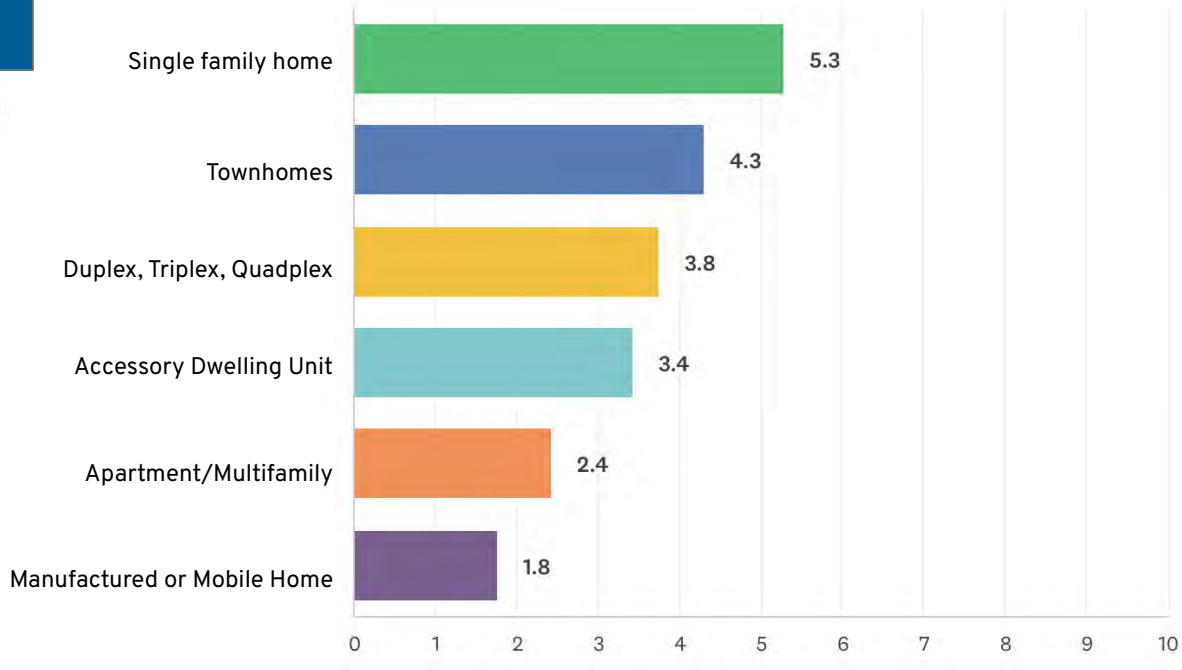


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Responses from those who live in Happy Valley

Answered: 278 Skipped: 59

Which of these housing types would you like to see more of in Happy Valley? Please rank from most to least favorable from top to bottom.

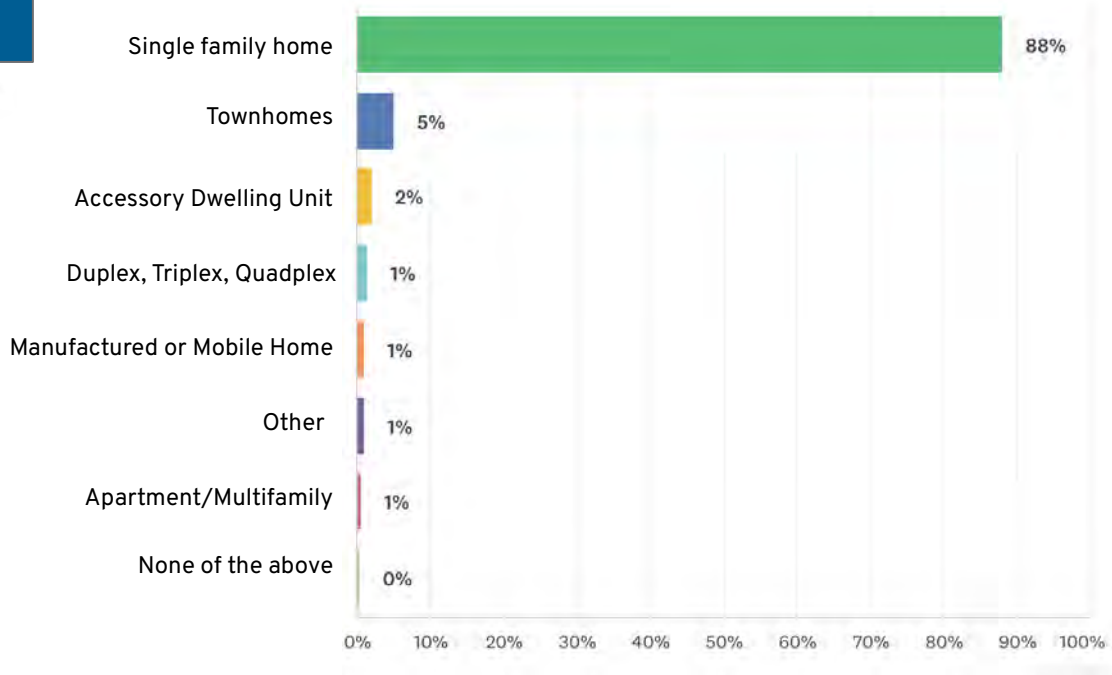


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Responses from those who live in Happy Valley

Answered: 277 Skipped: 60

What type of housing do you see yourself living in 10-20 years from now?



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Location of New Housing

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Responses from those who live in Happy Valley

Answered: 198 Skipped: 139

What areas within Happy Valley would you like to see new housing development happening?

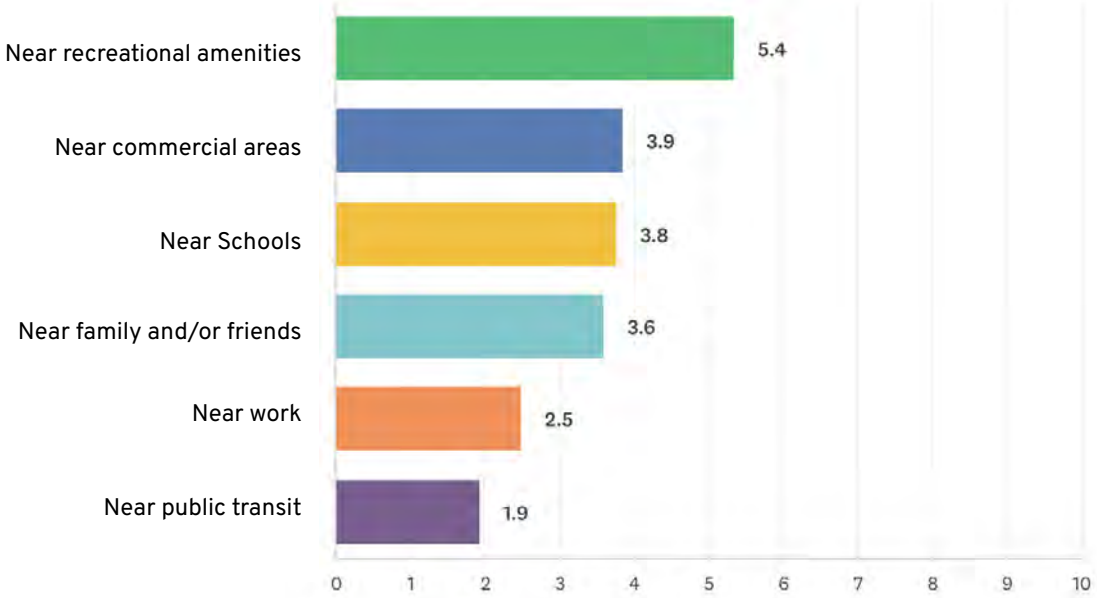
- **Out of 194 responses, 110 respondents explicitly oppose new housing development in Happy Valley.**
- Common reasons for opposition include concerns about overcrowding of neighborhoods and schools, traffic congestion, lack of proper infrastructure, increased crime, and impacts to the city's quality of life.
- **39 respondents mentioned specific areas within Happy Valley where they believe new housing development could occur.**
    - The east side of Happy Valley was frequently mentioned as a potential area for development, with references to "East HV," "to the East," and specific roads like 172nd and 145th.
    - Other areas like Carver, Damascus, and regions near Clackamas were also highlighted as possible sites for future development.

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Responses from those who live in Happy Valley

Answered: 257 Skipped: 80

Where would you prefer to be located near if you were looking for a new home? Please rank from most to least important from top to bottom.



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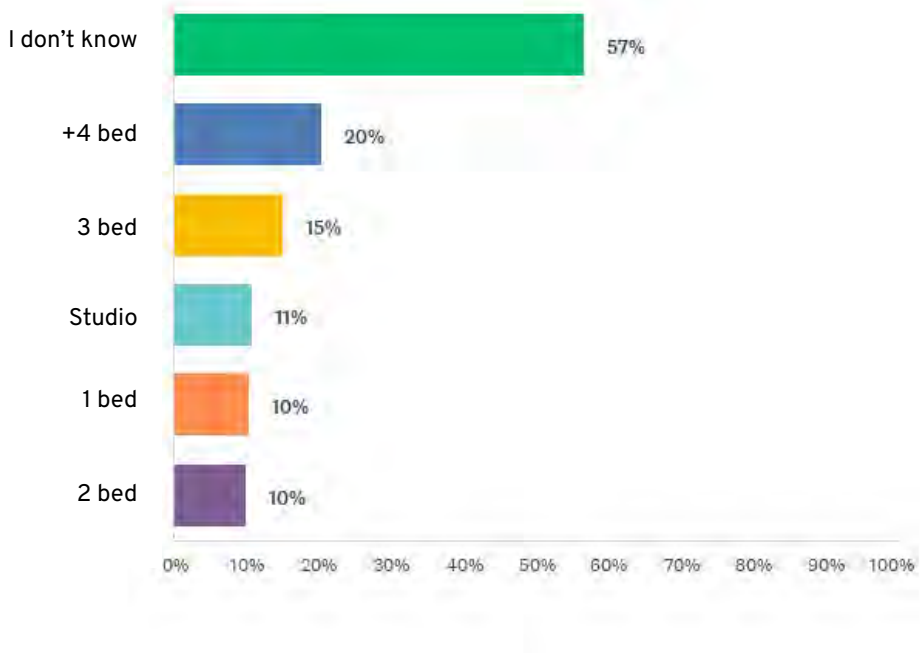
Design Features

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Responses from those who live in Happy Valley

Answered: 259 Skipped: 78

In the last 5, which types of units do you think are the most challenging to find in HV? Select all that apply.



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Responses from those who live in Happy Valley

Answered: 224 Skipped: 113

Why do you think it is challenging for some people to find housing that meets their needs?

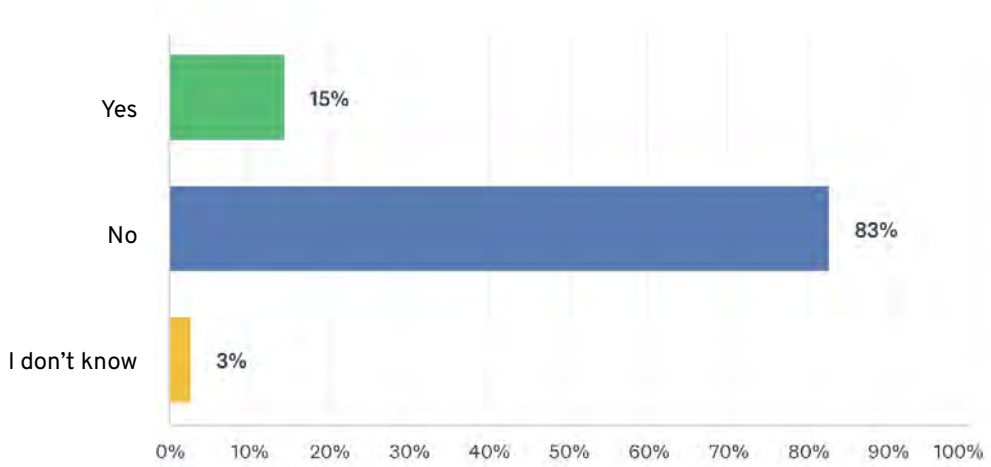
- Majority of responses indicate that the **cost of housing** is a significant barrier, and the main challenge to finding housing in Happy Valley.
- Other challenges noted include **transportation access** and **availability of suitable housing types.**

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Responses from those who live in Happy Valley

Answered: 261 Skipped: 76

Do you, a member of your household, or someone you care for/live with have a disability?

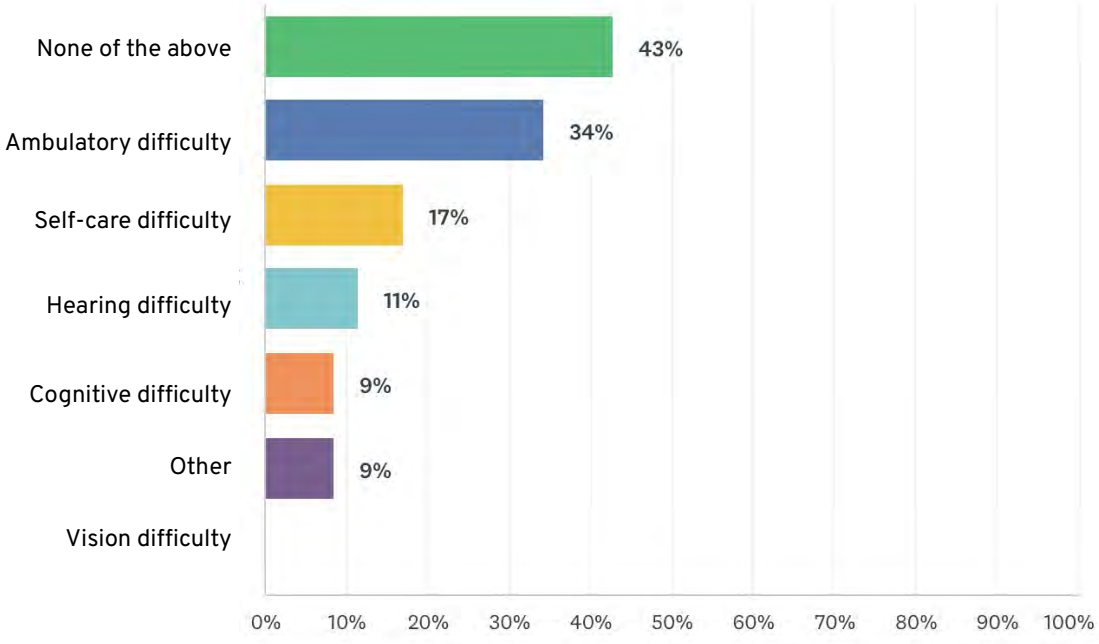


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Responses from those who live in Happy Valley

Answered: 35 Skipped: 302

Do you have any accessibility difficulties that you would like us to be aware of? Select all that apply.



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Responses from those who live in Happy Valley

Answered: 26 Skipped: 311

What would be an accessible housing unit to fit your needs?

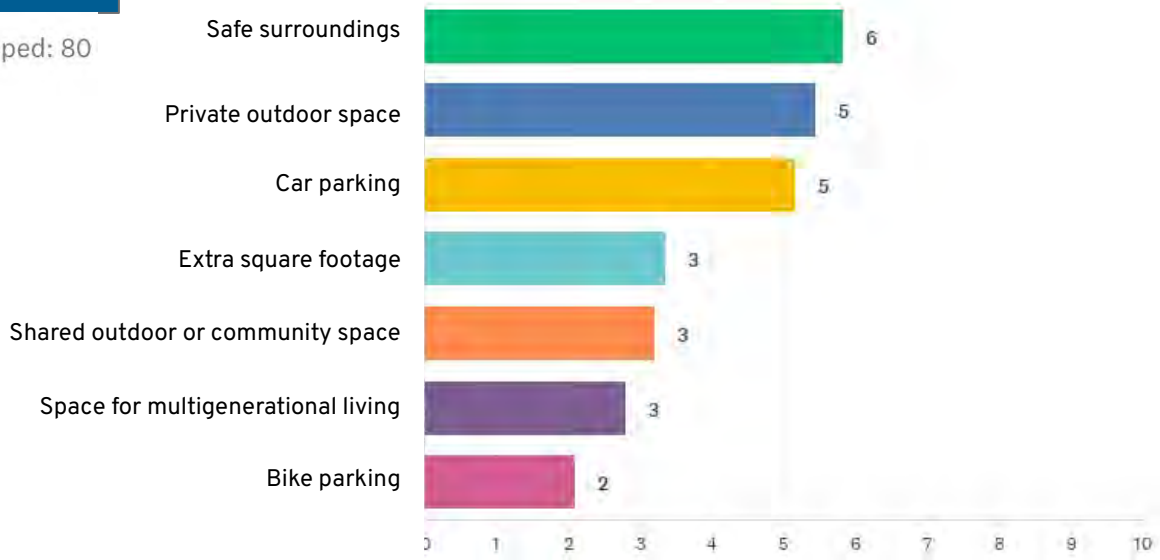
- Single-level housing for mobility issues
- Master on the main floor
- Affordable housing in a safe neighborhood
- Can currently live anywhere
- One level
- Ramps and visibility at intersections
- Wheelchair accessible with shower bars and bench
- ADU (Accessory Dwelling Unit) for family needs
- Home without excessive noise
- Staying in my current house
- Less stairs, more accessible entry
- ADU near family or housing with fewer stairs
- No stairs or ramps for entry
- Need for low-income housing due to domestic violence
- Housing for Neurodivergent individuals
- Affordable rent
- Main level living
- Lived elsewhere but had accessible housing
- 2500 sq ft single-level home on decent land
- ADA compliant with wheelchair access and handrails
- ADUs for aging parents
- Near frequent public transit service
- Fully accessible home for disabilities

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Responses from those who live in Happy Valley

Answered: 257 Skipped: 80

Which amenities would you most prefer at your home? Rank from most preferred at the top to least preferred at the bottom?



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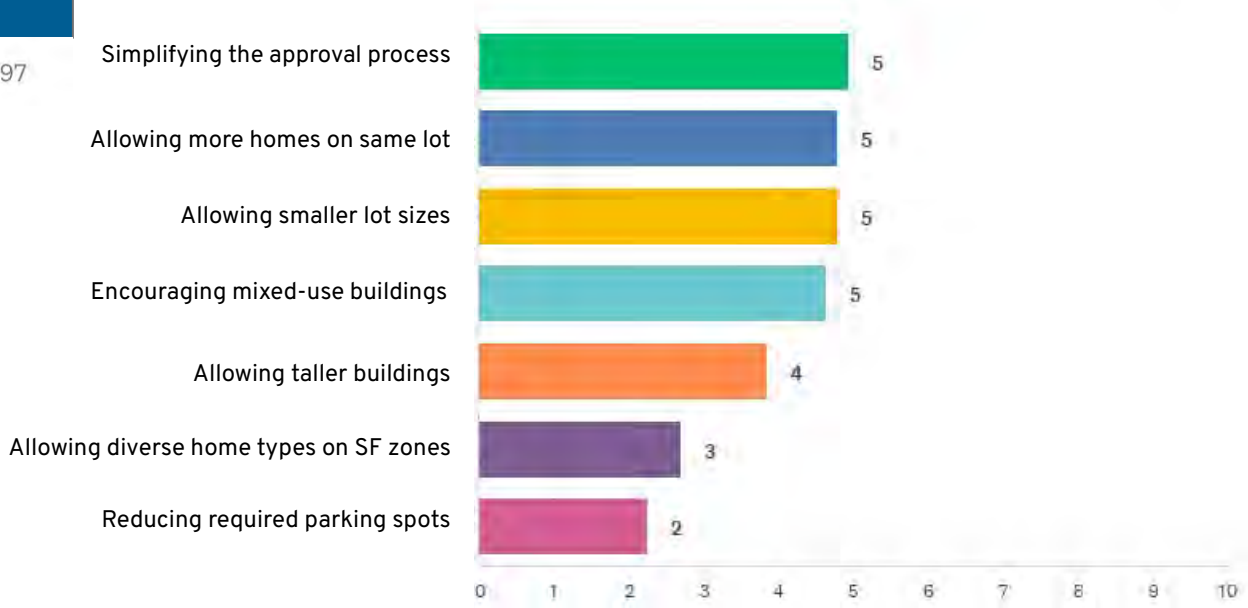
High-level potential housing production strategies

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Responses from those who live in Happy Valley

Answered: 240 Skipped: 97

Please rank the following potential zoning code changes from most supported to least supported for improving housing development in Happy Valley.



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Responses from those who live in Happy Valley

Answered: 124 Skipped: 213

Do you have other ideas regarding zoning changes you would like to share with us?

Some themes in responses:

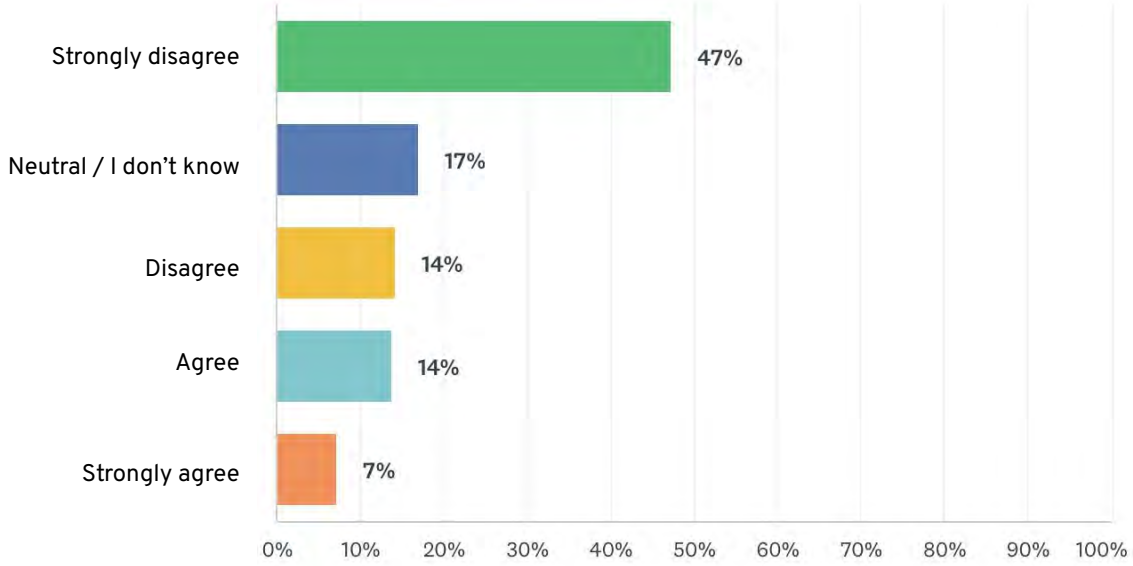
- **Concerns About Overdevelopment:** Several responses expressed concerns about overbuilding and the desire to preserve existing suburban character.
- **Infrastructure and Services:** Some responses emphasized the need to ensure that infrastructure like roads and schools keep pace with development.
- **Desire for Single-Family Homes:** there is a preference for maintaining or increasing single family homes with green space.

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Responses from those who live in Happy Valley

Answered: 245 Skipped: 92

Do you think that the City should give housing producers a break on fees or taxes if it means building more housing that is affordable to extremely low and moderate income households?



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Responses from those who live in Happy Valley

Look at the list of potential strategy ideas below. Rank these actions in order of what you think the city should do to support the development of needed housing. Rank from most important to least important.

Answered: 223 Skipped: 114



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Responses from those who live in Happy Valley

Answered: 114 Skipped: 223

Is there anything else you would like to share that you believe is important for us to consider in developing a housing production strategy for Happy Valley?

Key takeaways:

- **Concerns about Overdevelopment:** pace and extent of development a concern
- **Infrastructure and Traffic:** some responses emphasized the importance of ensuring roads can handle the additional burden of housing development.
- **Preserving Community Character:** a recurring theme was a desire to maintain larger lots and avoid density that comes with high-rise apartments or extensive development.

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Appendix B

Survey Results: Respondents who do not live in Happy Valley

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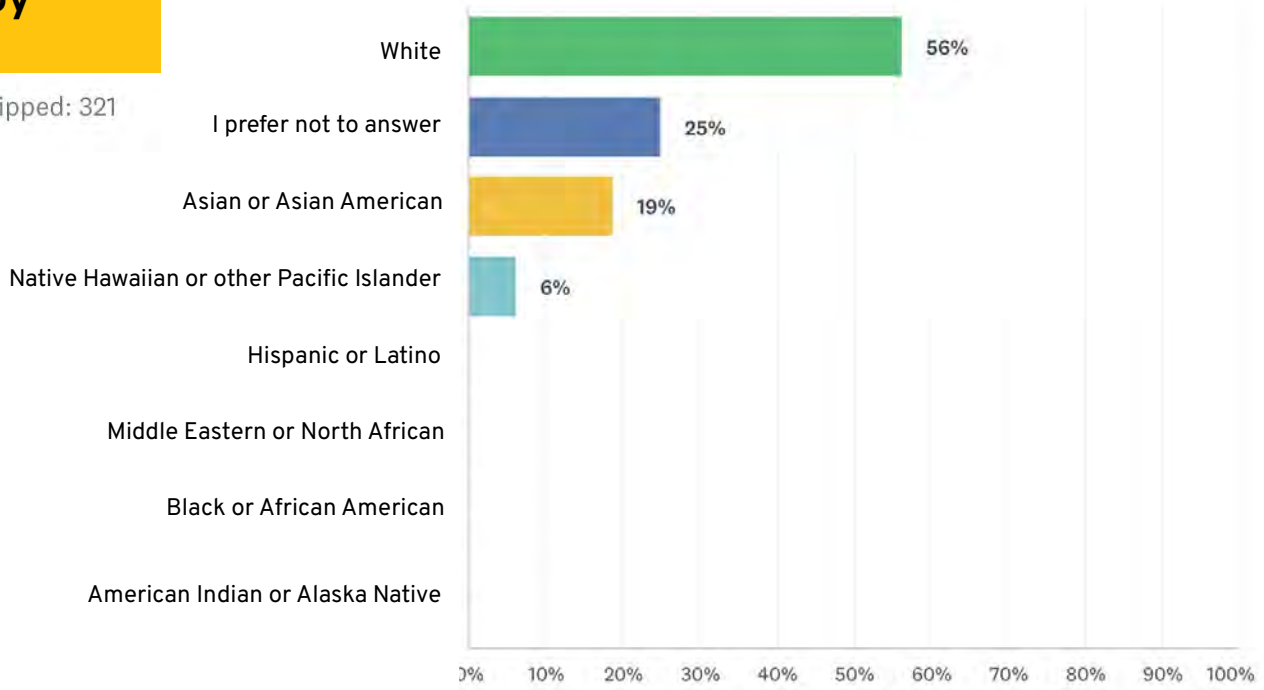
Demographics

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 16 Skipped: 321

Which of the below best describe your race/ethnicity? Select all that apply.

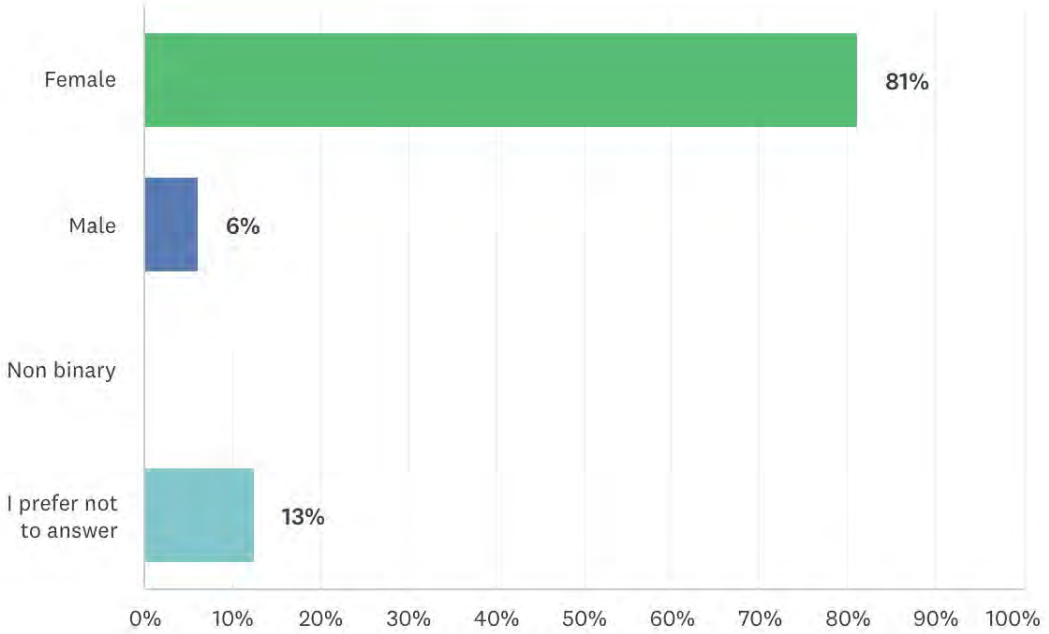


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Responses from those who do not live in Happy Valley

Answered: 16 Skipped: 321

How do you identify your gender?

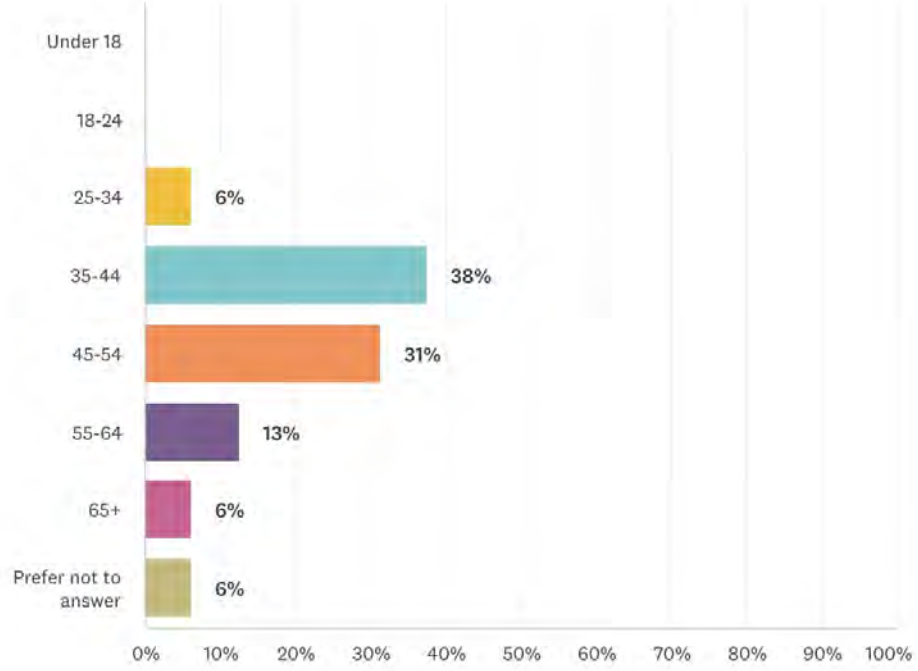


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Responses from those who do not live in Happy Valley

Answered: 16 Skipped: 321

What is your age?

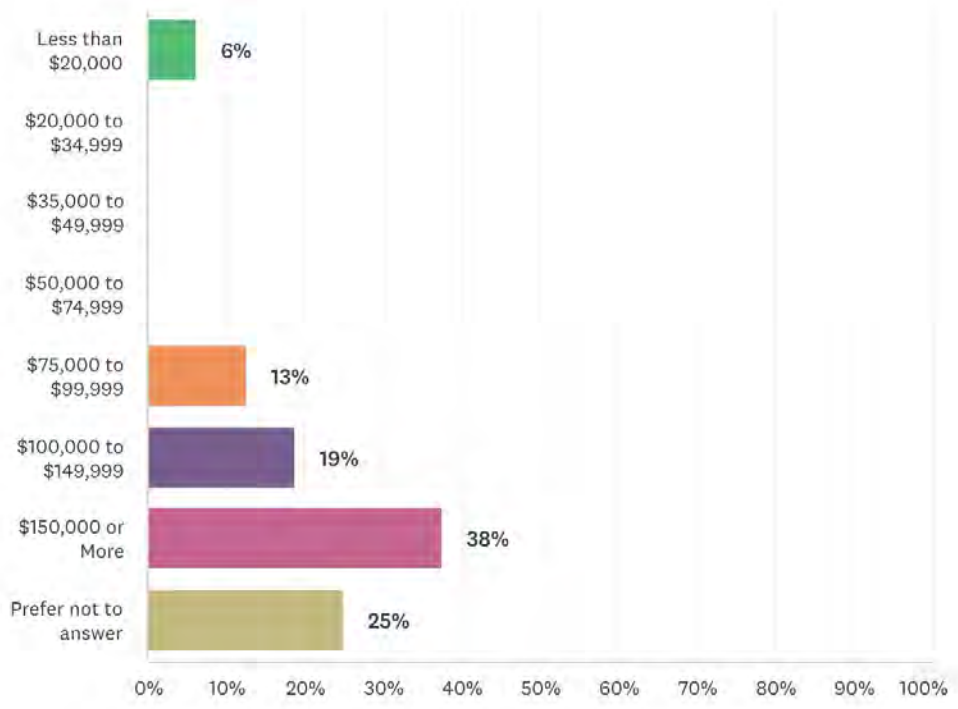


Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 16 Skipped: 321

What is your household income?

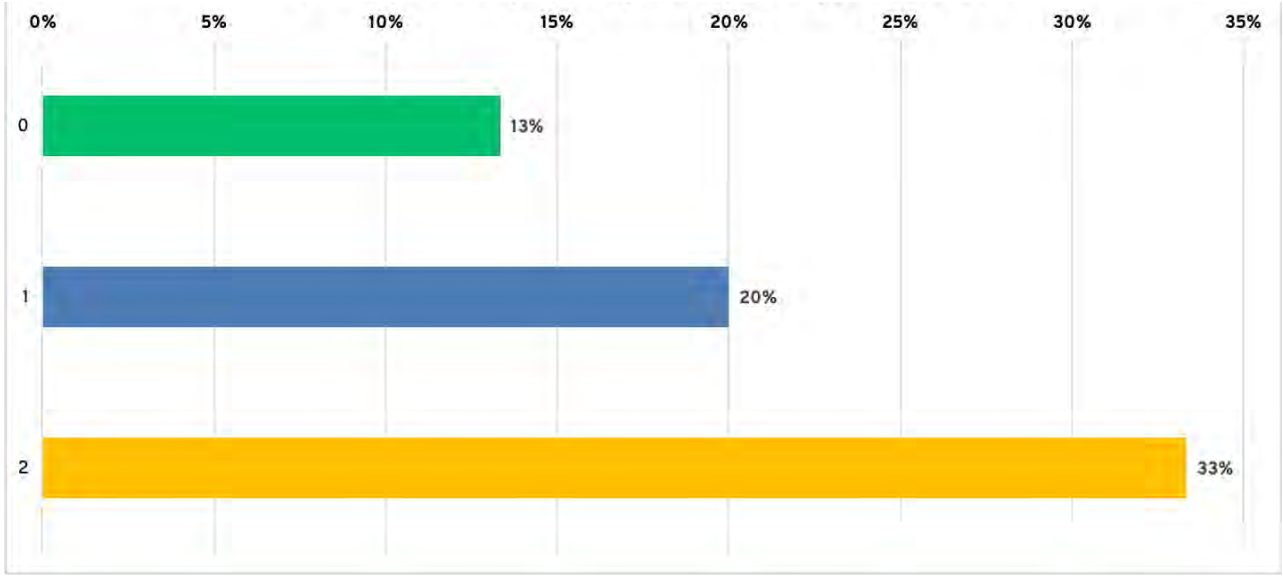


Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 15 Skipped: 322

How many children (under 18 years old) live in your household?



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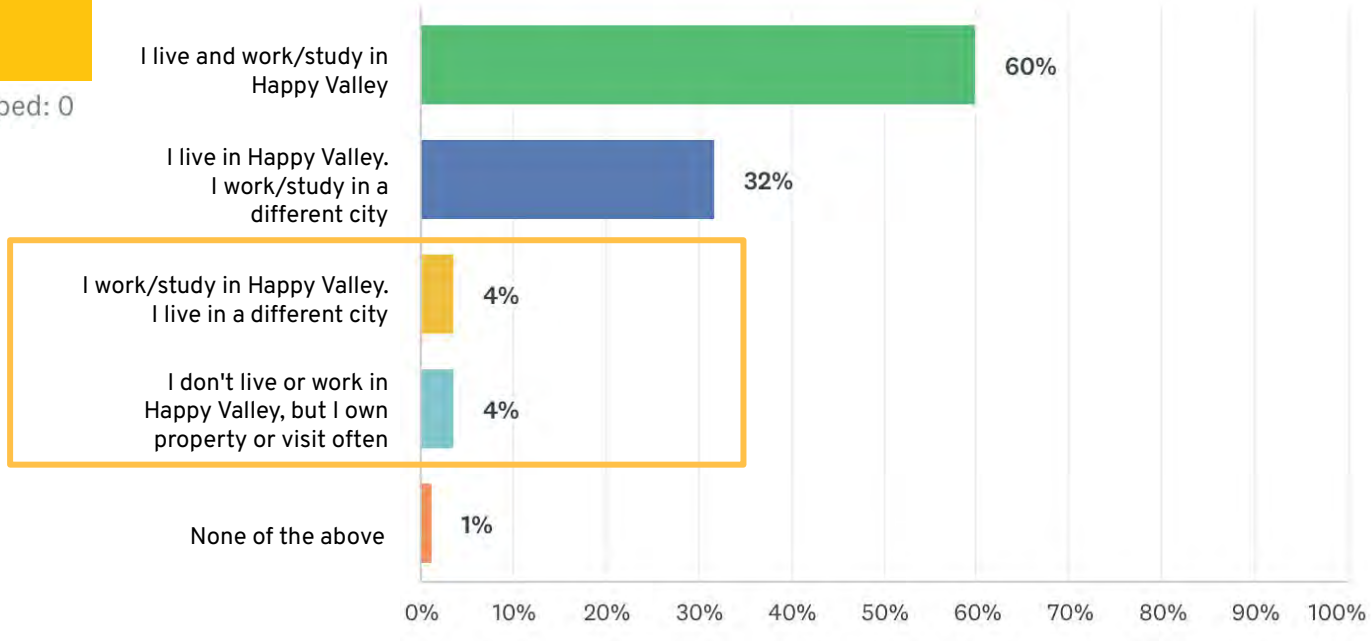
General Questions

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 337 Skipped: 0

Which of the following best describes your relationship to Happy Valley?



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Responses from those who do not live in Happy Valley

Have you looked for housing in Happy Valley? If so, what barriers have you faced to find a place to live in Happy Valley?

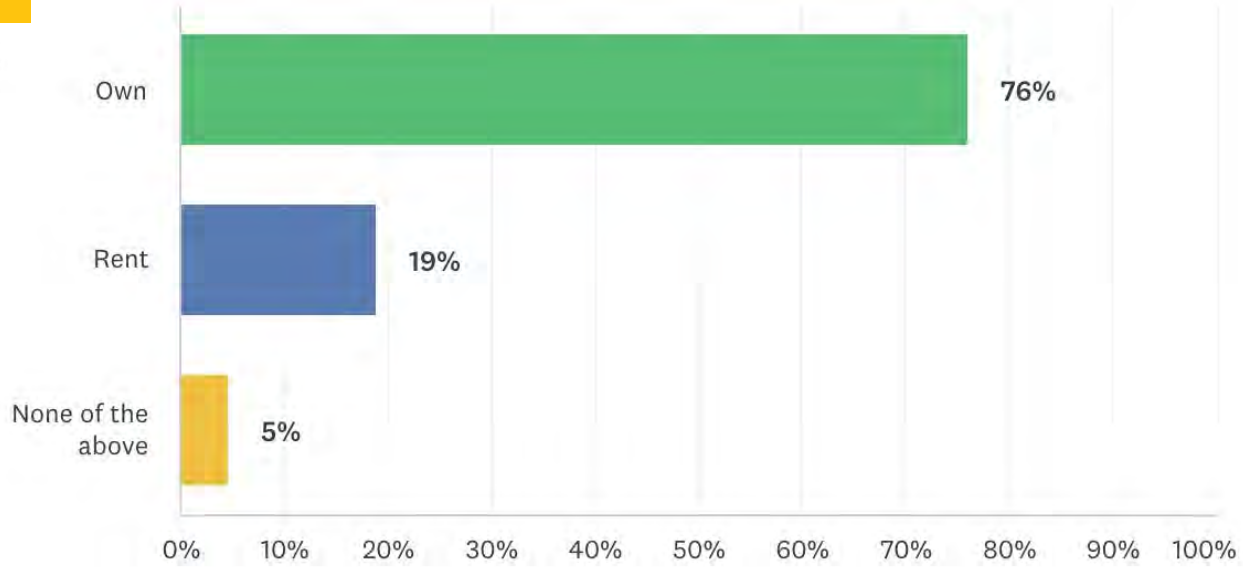
- Most responses were unique in content, but there were some commonalities:
    - **Housing Affordability:** concerns about the high cost of housing are present
    - **Proximity and Cost:** some responses indicate that living close to Happy Valley might be more affordable than within it.
- Overall, the responses showed a mix of concerns including a few that noted they have not looked for housing in Happy Valley

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Responses from those who do not live in Happy Valley

Answered: 21 Skipped: 316

Do you rent or own your home?



Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

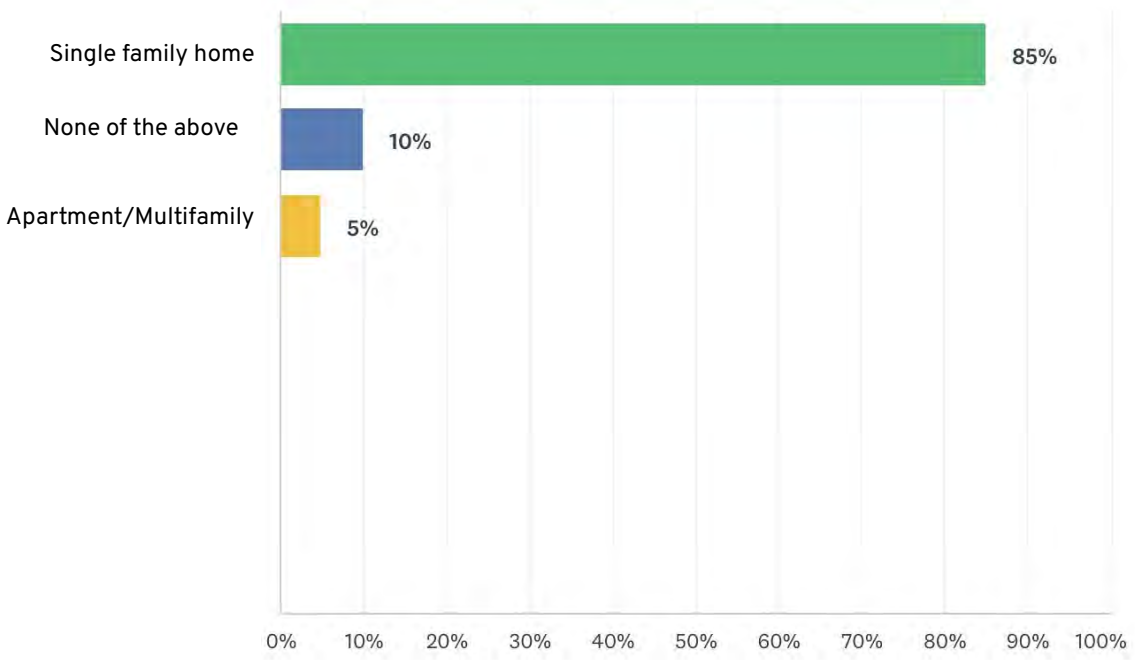
Housing Types

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 20 Skipped: 317

What type of housing do you live in?

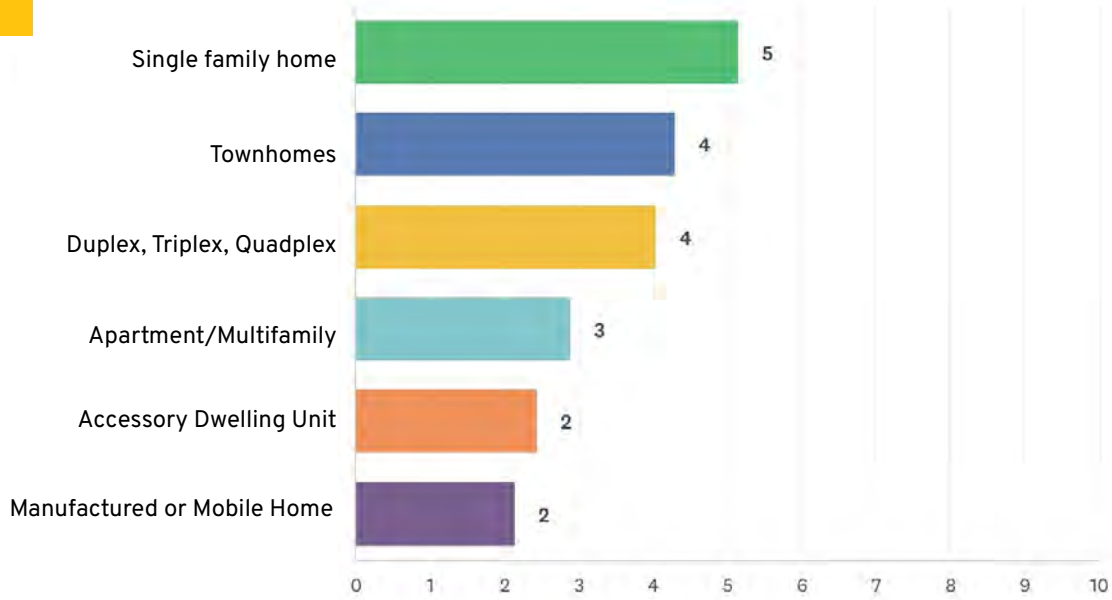


Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 20 Skipped: 317

Which of these housing types would you like to see more of in Happy Valley? Please rank from most to least favorable from top to bottom.

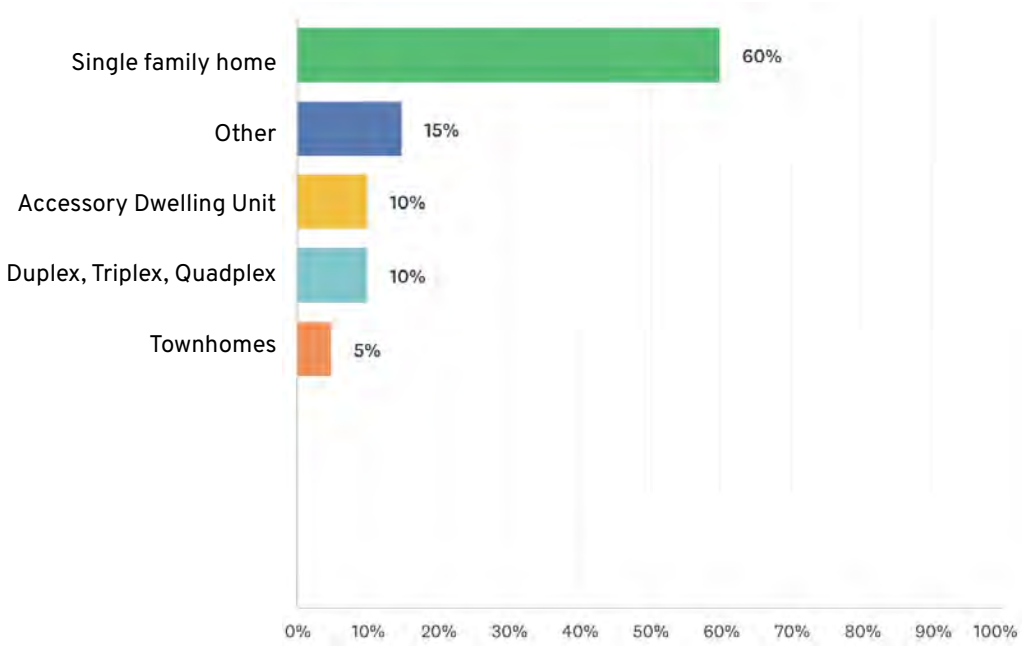


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Responses from those who do not live in Happy Valley

Answered: 20 Skipped: 317

What type of housing do you see yourself living in 10-20 years from now?



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Location of New Housing

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Responses from those who do not live in Happy Valley

Answered: 14 Skipped: 323

What areas within Happy Valley would you like to see new housing development happening?

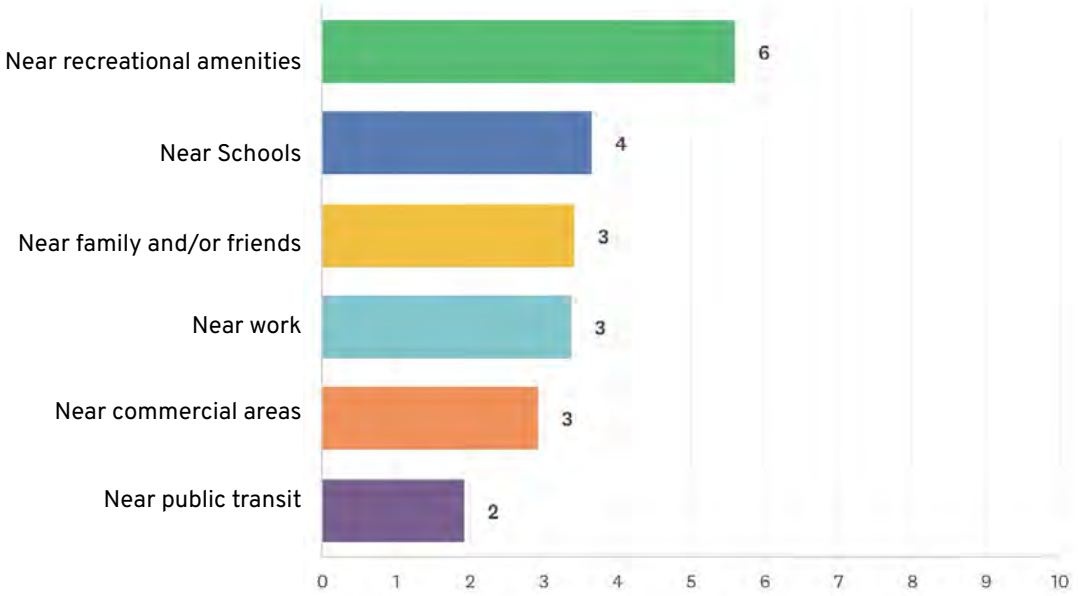
- Five out of fourteen comments explicitly oppose new housing development, citing overcrowding, lack of privacy, and insufficient space between homes. Concerns also focus on infrastructure strains, such as crowded roads and schools, and a desire to halt further construction.
- Seven respondents offer specific locations for potential development:
    - "The east side of town or near major roads."
    - "Carver."
    - "Past 172nd area, east of 145th."
    - "Towards Clackamas mall."
    - "Where Mr. Tree is because it is level."
    - "South."
    - "Towards Damascus area."

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 18 Skipped: 319

Where would you prefer to be located near if you were looking for a new home? Please rank from most to least important from top to bottom.



Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

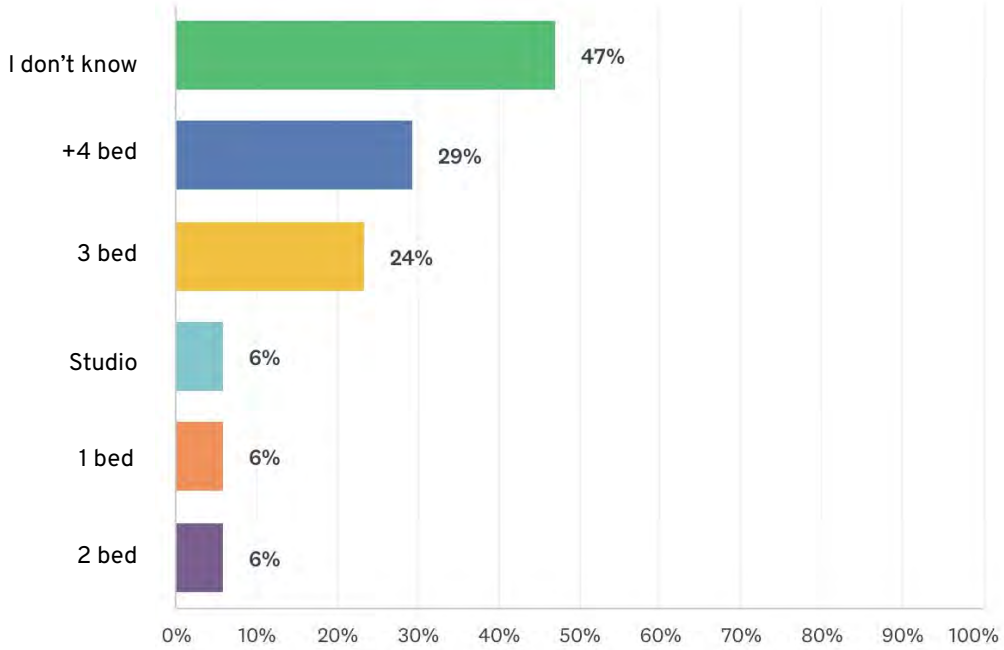
Design Features

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 17 Skipped: 320

In the last 5, which types of units do you think are the most challenging to find in HV? Select all that apply.



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Responses from those who do not live in Happy Valley

Answered: 16 Skipped: 321

Why do you think it is challenging for some people to find housing that meets their needs?

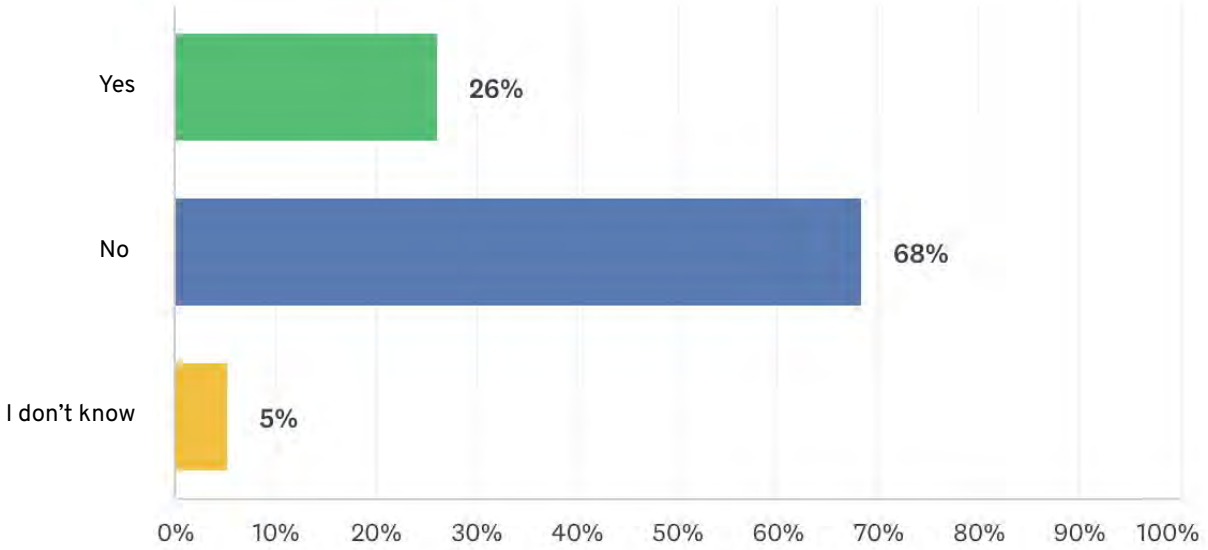
- Responses represent a focus on **economic challenges,** particularly cost of housing, the impact of property taxes on those with fixed incomes, and the general economic pressures affecting housing availability.

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 19 Skipped: 318

Do you, a member of your household, or someone you care for/live with have a disability?

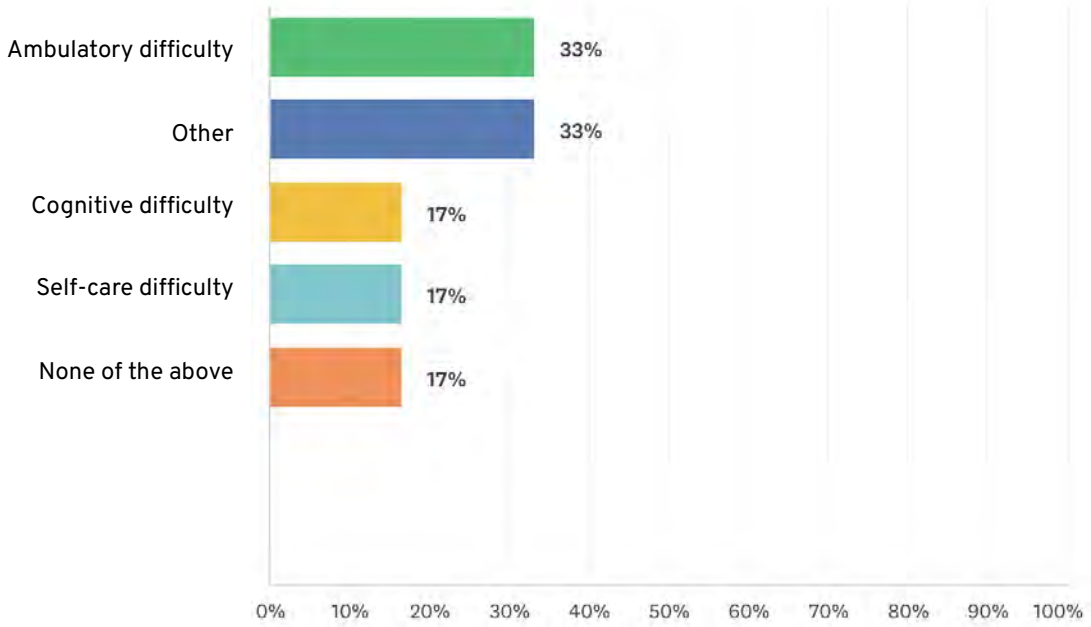


Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 6 Skipped: 331

Do you have any accessibility difficulties that you would like us to be aware of? Select all that apply.



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Responses from those who do not live in Happy Valley

What would be an accessible housing unit to fit your needs?

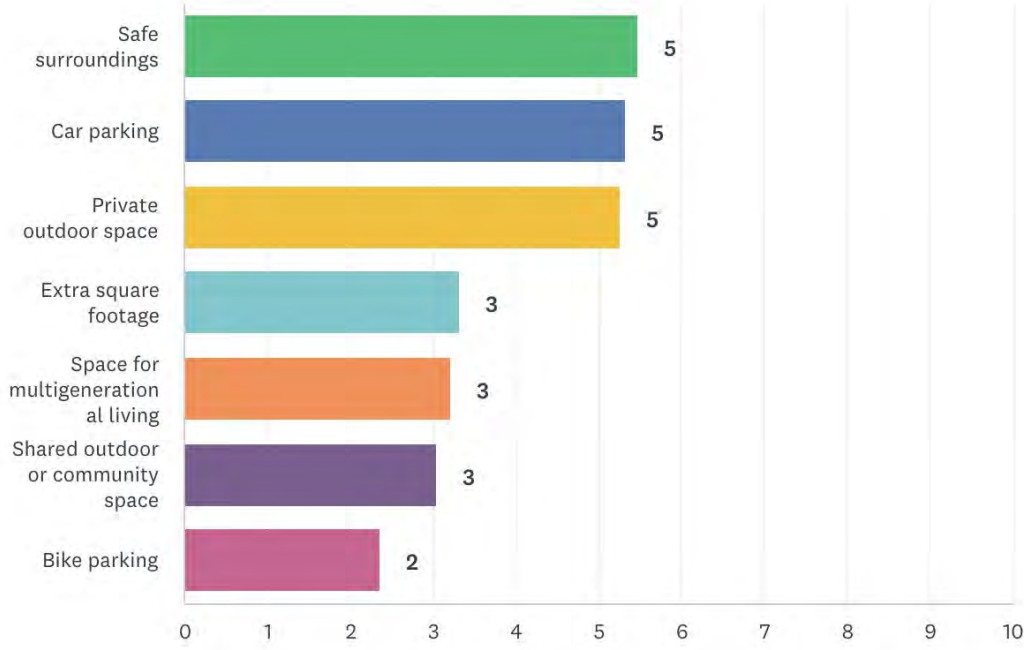
- Single-level, no stairs, ADU for elderly parents
- Larger 5-bedroom house on bigger land
- Multigenerational home with main floor bedroom and bathroom, minimal steps
- Wheelchair accessible

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 19 Skipped: 318

Which amenities would you most prefer at your home? Rank from most preferred at the top to least preferred at the bottom?



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High-level potential housing production strategies

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 18 Skipped: 319

Please rank the following potential zoning code changes from most supported to least supported for improving housing development in Happy Valley.



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Responses from those who do not live in Happy Valley

Answered: 9 Skipped: 328

Do you have other ideas regarding zoning changes you would like to share with us?

Some themes in responses:

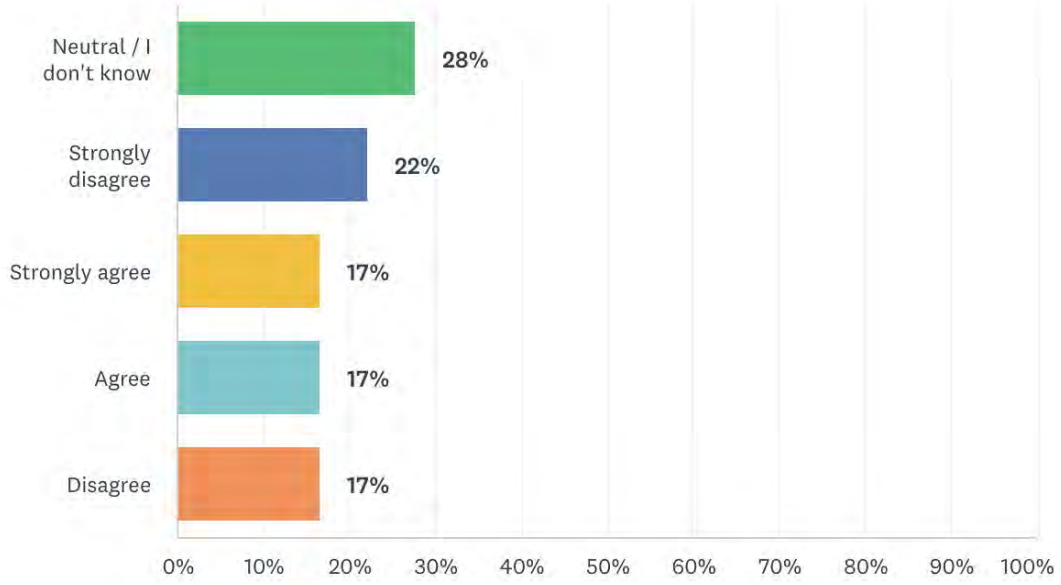
- **Opposition to Additional Housing:** Out of the seven comments provided, five explicitly express opposition to development or additional housing in some form. Main concerns are about crowding, loss of green spaces, and inadequate parking in newer developments. They express a desire to keep Happy Valley a small, less densely populated town.
- **Accountability for Development:** One response pointed to the need for holding the city accountable for development delays and ensuring the city adheres to its own codes.

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Responses from those who do not live in Happy Valley

Answered: 18 Skipped: 319

Do you think that the City should give housing producers a break on fees or taxes if it means building more housing that is affordable to extremely low and moderate income households?

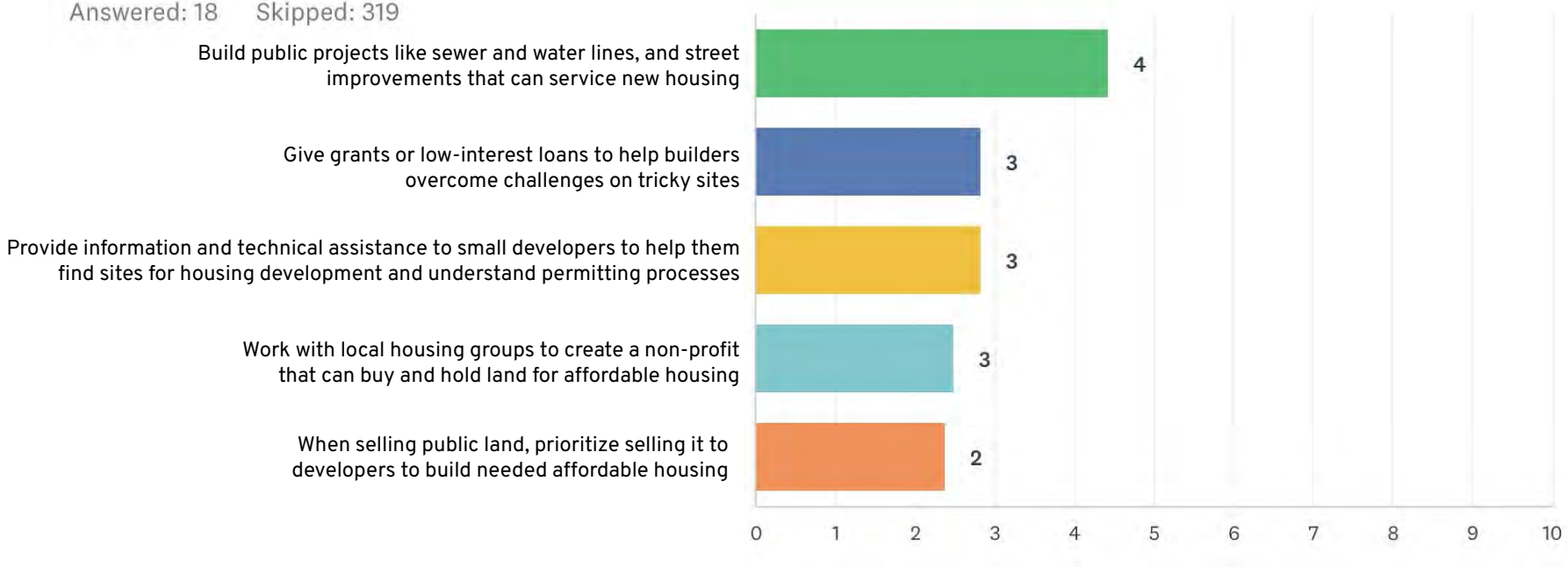


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Responses from those who do not live in Happy Valley

Look at the list of potential strategy ideas below. Rank these actions in order of what you think the city should do to support the development of needed housing. Rank from most important to least important.

Answered: 18 Skipped: 319



Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Responses from those who do not live in Happy Valley

Answered: 6 Skipped: 331

Is there anything else you would like to share that you believe is important for us to consider in developing a housing production strategy for Happy Valley?

Responses include:

- Support for making it easier to add tiny houses to existing properties.
- General concern about the direction of housing development strategies.
- Desire to preserve the area's beauty and natural environment.

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Housing Production Strategies

City of Happy Valley

Planning Commission/City Council Work Session

November 19, 2024

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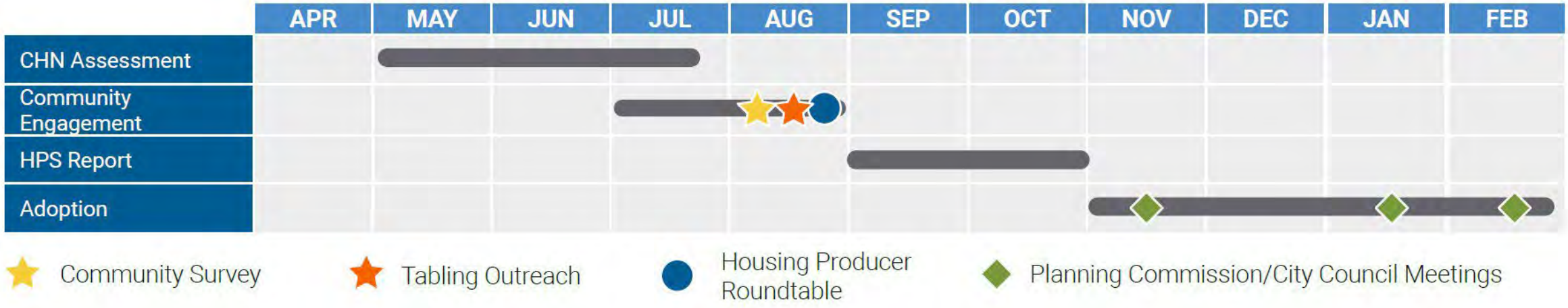


Agenda

- Housing Production Strategy Overview
- Review Findings From: HCA, CHNA, Public Engagement
- Recommended Strategies
- Questions and Discussion

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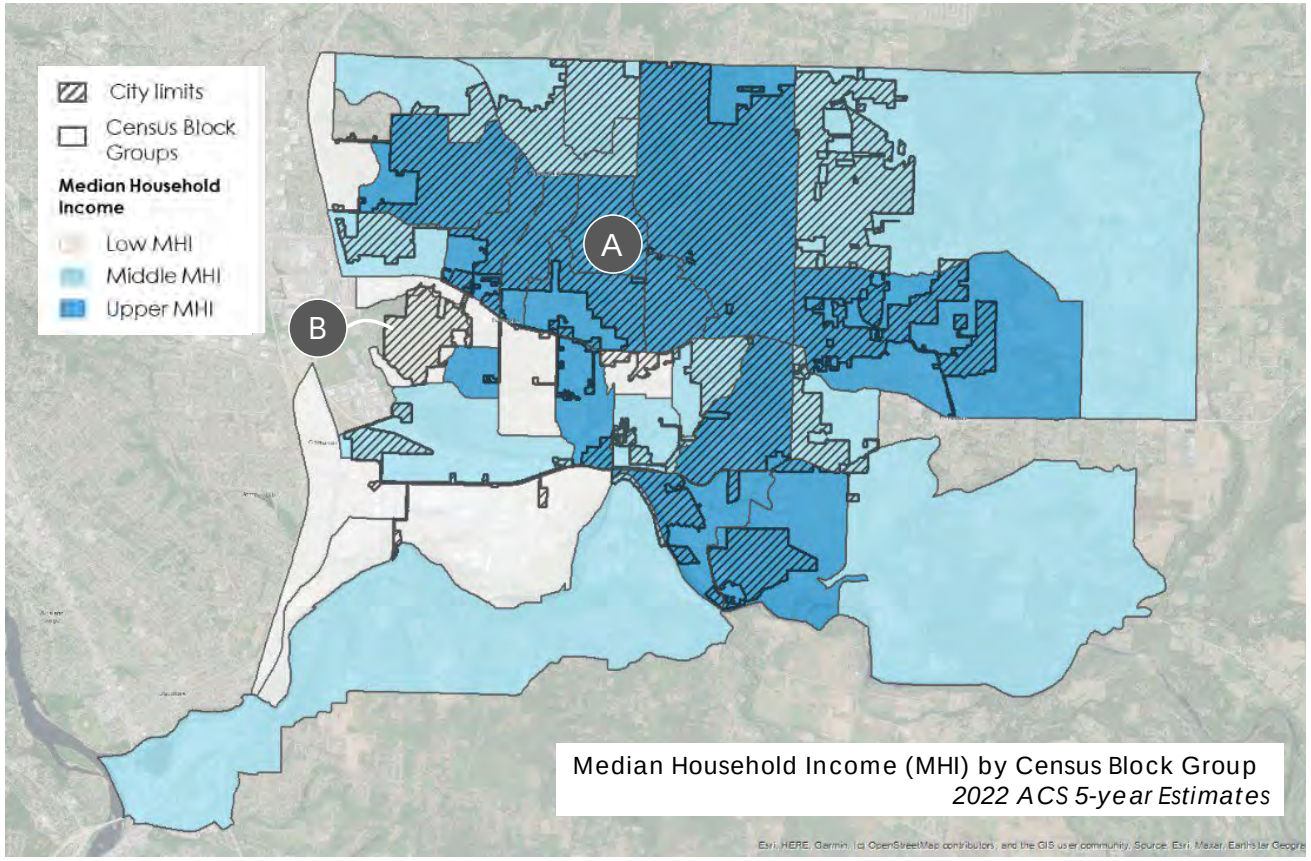
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Findings from HCA and CHNA

- Projected Housing and Land Needs
- Demographics
- Housing Characteristics
- Mapped Data



Median Household Income (MHI) by Census Block Group
2022 ACS 5-year Estimates

Household Income Categories, Based on Clackamas County Average				
Extremely Low Less than 30%	Very Low 30% – 50%	Low 50% – 80%	Middle 80% – 120%	Upper 120% or more
$29,000 or less	$29,000 - $48,000	$48,000 - $77,000	$77,000 - $115,000	$115,000 and more

Income Qualifications are calculated based on HUD standard guidelines. Calculated based on the Clackamas County MHI (2022 ACS 5-year Estimates). Rounded to the nearest thousand dollars.

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Engagement Summary



Tabling outreach at Happy Valley Park (Image credit: Cascadia Partners)

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Strategies

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Strategies Summary

Ref	Strategy	Number of actions
A	Promote, Educate, Clarify Existing Opportunities	4
B	Address Availability and Cost of Land and Infrastructure	5
C	Reduce Local Regulatory Barriers to Needed Housing	5
D	Incentivize Affordable & Accessible Housing	6
		20*

* 10 recommended high-priority actions

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Strategy A - Promote, Educate, Clarify Existing Opportunities

2025 - 2031

Ref	Description
A.1	City Toolkit for Affordable Housing
A.2	Promotional Materials for Middle Housing Provisions
A.3*	Simplify SDC credit process for affordable housing developers
A.4*	Expand website content on housing insecurity and homelessness

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Middle Housing



Townhomes in Happy Valley



Cottage cluster in Newport Wilder Community



Basement ADU conversion in Portland. Gusto! Design Studio

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System Development Charge (SDC)



Water storage facility in Happy Valley, OR

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Strategy B - Address Availability and Cost of Land and Infrastructure

2025 - 2033

Ref	Description
B.1	Plan for servicing higher-elevation land
B.2*	Establish Capital Improvement Plan (CIP) criteria to prioritize investment in higher-density housing areas
B.3	Partner with ODOT to implement improvements at HWY 212 intersections
B.4	Update comprehensive plan to redefine and simplify residential zones
B.5	Reduce System Development Charges for multi-family, middle housing, and ADUs

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Strategy C - Reduce Local Regulatory Barriers

2025 - 2029

Ref	Description
C.1	For all housing types, reduce quantity and applicability of design review standards
C.2*	Reduce limitations to ADUs
C.3	Reduce limitations to middle housing
C.4*	Reduce limitations to multi-family housing
C.5	Investigate opportunities to improve coordination with service providers (water, sewer, engineering, etc.)

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Strategy D - Incentivize Affordable and Accessible Housing

2025 - 2031

Ref	Description
D.1	Apply for financing on behalf of Affordable housing developers
D.2*	Conduct an economic analysis of existing Affordable housing incentives
D.3*	Pursue public land banking
D.4*	Pursue a residential construction excise tax (CET) for Affordable housing infrastructure
D.5*	Reduce code limitations to development of Affordable housing units
D.6*	Promote universal design principles

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Construction Excise Tax (CET)

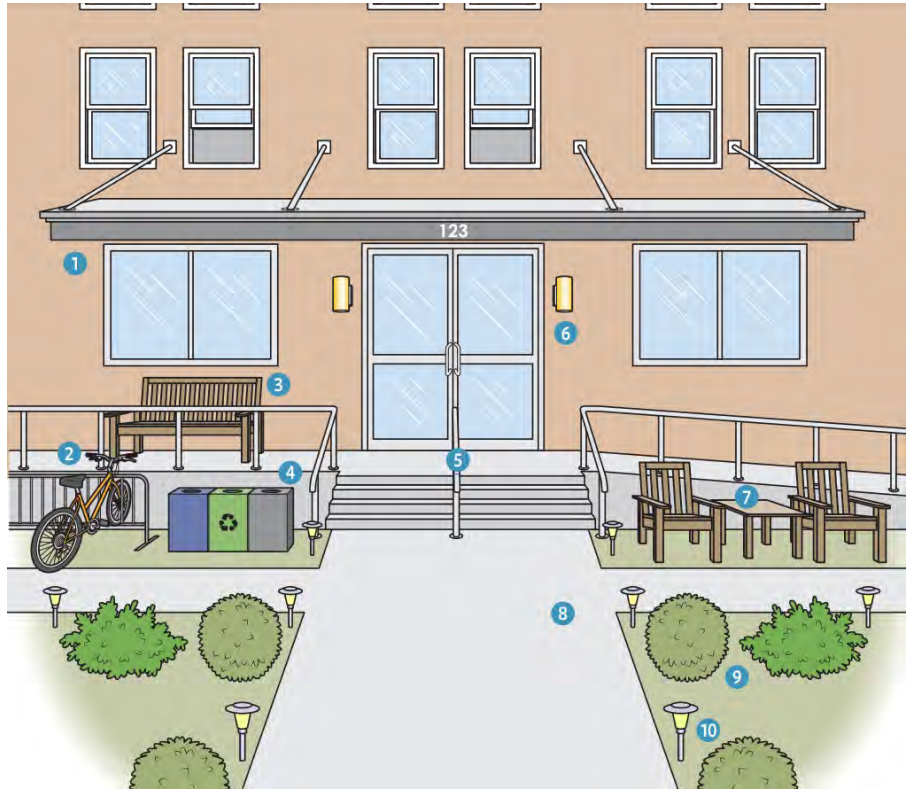


Housing Construction Site in Happy Valley, OR

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Universal Design

- Overhang or awning
- Ramped or no-step entry
- Handrails
- Entrance lighting
- Wide doorways



AARP HomeFit Guide



Backyard Accessory Dwelling Unit. SQFT Studios

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Conclusion

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5



Next Steps

Draft and Final HPS report

City Council adoption hearing in January/February

Project team contacts

- Staff liaison – Laura Terway, AICP (lterway@happyvalleyor.gov)
- Ben Schonberger, AICP (ben@winterbrookplanning.com)
- Larissa Gladding (larissa@winterbrookplanning.com)

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Questions & Discussion

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Housing Production Strategies

City of Happy Valley
City Council Work Session

February 4, 2025

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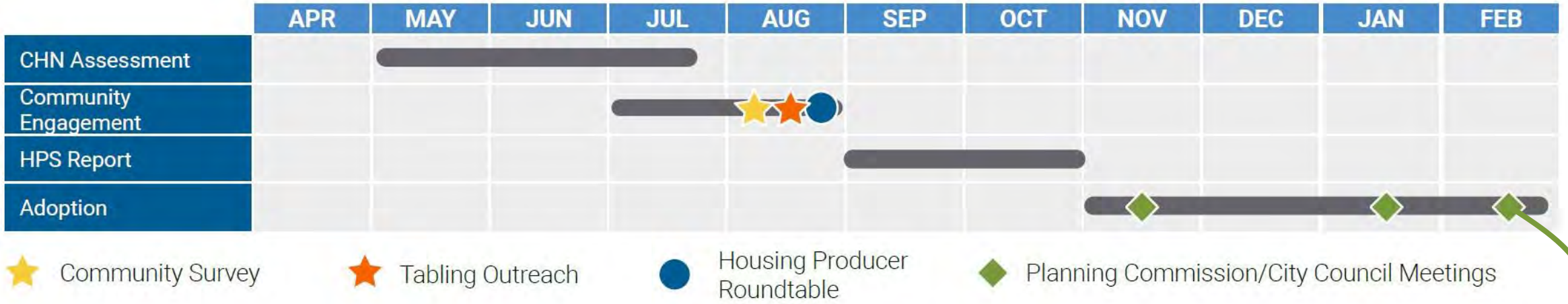


Agenda

- Timeline review
- Updates since Nov. 12th Work Session
- Questions and Discussion

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We are here



Public Review Draft feedback period: January 6 – January 17, 2025

City Council work session: February 4, 2025

City Council adoption hearing: February 18, 2025

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Updates in the Adoption-Ready Draft

Compiled feedback from Nov. 19 Joint Work Session feedback and written comments from four Commissioners and one Councilor

Removed two implementing actions, including:
- Reduce design review standards
- Lower SDCs

Edited actions:
- Added information about public engagement
- Added information about staff time and funding limitations

Changed priority level of several actions

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Table 3-1. Engagement themes and associated actions

Key engagement themes	Associated actions
Existing planning initiatives from the City that have promoted **substantial market-rate housing** production over the last decade. The City has invested resources toward past and ongoing initiatives that should be **highlighted and relied upon** as much as possible.	A.2, A.3, A.4 B.1 D.2, D.5
Vocal opposition to any new or Affordable housing development directly conflicts with **workforce** needs, **regional** needs, **state housing requirements**, and **development interests**. **Community engagement** is crucial for reducing opposition to housing projects.	A.1, A.2, A.3 C.1 D.3, D4
The **capacity of public infrastructure** needs to be able to handle existing and new development. Infrastructure **costs** also play a significant role in shaping housing development.	A.4, B.1, B.2, B.3, B.4 D.1, D.6
Distinct **geographic and demographic challenges** (e.g., topography constraining the costs of extending water services and a workforce that is unlikely to afford to live in the city) are not conducive to **profitable market-rate** development of **accessible** and **Affordable** options in the current market.	A.1, A.2, A.3, A.4 B.3 C.1, C.2, C.3 D.1, D.2, D.3, D.4, D.5, D.6
Elements of the **City code and plans** lack clarity (e.g., numerous and/or subjective review standards, no established CIP review criteria) which can inhibit **applicant and public comprehension**, development **review timelines**, and **project predictability** for developers. However, there are concerns regarding reducing or removing elements like design standards for fear of losing control of the **built environment's aesthetic**.	B.2, B.4 C.1, C.2, C.3, C.4 D.3
There is limited availability of **staff time and public funding resources** to implement proposed actions. Happy Valley has a comparatively **low municipal tax rate** (which cannot be substantially increased due to State Measures 5 and 50) and there has been **limited public and political support** for the investment of City resources to subsidize needed **Affordable housing** development.	A.2, A.4 B.2, B.3

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Strategies

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Strategies Summary

Ref	Strategy	Number of actions
A	Promote, Educate, Clarify Existing Opportunities	4
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C	Reduce Local Regulatory Barriers to Needed Housing	4
D	Incentivize Affordable & Accessible Housing	6
		18*

* 8 recommended high-priority actions

Docusign Envelope ID: EB1231F7-6285-4FF3-A02E-806779FB0FC5

Strategy A - Promote, Educate, Clarify Existing Opportunities

2025 - 2031

Ref	Description
A.1*	Expand website content on housing insecurity and homelessness
A.2	City Toolkit for Affordable Housing
A.3	Promotional Materials for Middle Housing Provisions
A.4~~*~~	Publicize ~~Simplify~~ SDC credit process ~~for affordable housing developers~~

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Strategy B - Address Availability and Cost of Land and Infrastructure

2025 - 2033

Ref	Description
B.1*	Partner with ODOT to implement improvements at HWY 212 intersections and the future Sunrise Corridor expressway
B.2*	Establish and utilize Capital Improvement Plan (CIP) criteria to prioritize investment in higher-density housing areas
B.3	Plan for servicing higher-elevation land
B.4	Update the Comprehensive Plan to ~~redefine and~~ simplify residential zones
	~~Reduce System Development Charges for multi-family, middle housing, and ADUs~~

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Strategy C - Reduce Local Regulatory Barriers

2025 - 2029

Ref	Description
C.1*	Reduce limitations to multi-family housing
C.2	Reduce limitations to middle housing
C.3~~*~~	Reduce limitations to accessory dwelling units (ADUs)
C.4	Investigate opportunities to improve coordination with service providers (water, sewer, engineering, etc.)
	~~For all housing types, reduce quantity and applicability of design review standards~~

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Strategy D - Incentivize Affordable and Accessible Housing

2025 - 2031

Ref	Description
D.1*	Pursue a residential construction excise tax (CET) for Affordable housing infrastructure
D.2*	Pursue public land banking
D.3*	Reduce code limitations to the development of Affordable housing units
D.4*	Promote universal design principles
D.5*	Conduct an economic analysis of existing Affordable housing incentives
D.6	Apply for financing on behalf of Affordable housing developers

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Next Steps

City Council adoption hearing:

February 18, 2025

Project team contacts

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Questions & Discussion