RESOLUTION NO. 2907

A RESOLUTION APPROVING THE HILLSBORO HOUSING PRODUCTION STRATEGY

WHEREAS, Oregon Revised Statues 197 and Oregon Administrative Rule 660 Division 8 require cities to develop a Housing Production Strategy (HPS) that lists specific actions a city will take to promote housing development; and

WHEREAS, the City of Hillsboro (City) obtained a grant from the Oregon Department of Land Conservation and Development (DLCD) to hire a consultant and conduct public outreach to prepare a HPS that complies with state law; and

WHEREAS, an HPS Technical Advisory Committee, composed of stakeholders representing a variety of housing and other community interests, met four times and provided input and feedback on the development of the HPS; and

WHEREAS, the City received HPS feedback and ideas from community members through conducting six historically marginalized communities focus groups; and

WHEREAS, City staff received HPS feedback and ideas from City Council during work sessions on April 16, 2024, June 18, 2024, and October 15, 2024; and

WHEREAS, the City staff received HPS feedback and ideas from Planning Commission during work sessions on May 8, 2024 and October 9, 2024; and

WHEREAS, the City and consultants utilized the feedback received to create and refine HPS new actions and continue existing actions the City can take to promote housing production, affordability, and choice; and

WHEREAS, on October 25, 2024, the HPS public comment draft report was published, and community comments were solicited through directly communicating with key stakeholders and submissions through the City project website; and

WHEREAS, the City reviewed the feedback received to inform finalization of the HPS; and

WHEREAS, the City Council considered the finalized HPS during a public hearing on December 3, 2024 and, after due deliberation, determined that it is in the public interest for the City to adopt the HPS and initiate implementation of the actions; and

WHEREAS, Hillsboro's adopted HPS was submitted to DLCD in December 2024 for review; and

WHEREAS, DLCD issued a remand of Hillsboro's adopted HPS in April 2025, citing non-compliance with state requirements due to the inclusion of an action outside of city limits, to pursue

a residential land urban growth boundary expansion, and insufficient specificity in implementation timelines and alignment with identified housing needs; and

WHEREAS, the City applied for a DLCD consultant grant and finalized a HPS readoption workplan with DLCD in June 2025; and

WHEREAS, the City was awarded a DLCD-provided consultant grant and entered into a No-Cost Intergovernmental Agreement with DLCD in August 2025 for consultant technical assistance to complete HPS readoption work; and

WHEREAS, City staff received HPS readoption feedback and ideas from City Council during a work session on October 7, 2025; and

WHEREAS, the HPS readoption public comment draft report was published, and comments were solicited through directly communicating with key stakeholders and through the City project website between October 13, 2025 and October 24, 2025; and

WHEREAS, following the HPS readoption public comment period, City staff met with DLCD several times to address the remand conditions and received input confirming the final HPS's effective level of commitment and timing of actions' implementation over the six-year period; and

WHEREAS, the City Council considered the finalized HPS readoption during a public hearing on December 2, 2025 and, after due deliberation, determined that it is in the public interest for the City to adopt this HPS and initiate implementation of the actions.

NOW, THEREFORE, THE CITY OF HILLSBORO RESOLVES AS FOLLOWS:

Section 1. The document titled "Hillsboro Housing Production Strategy (Cycle 1: 2025-2030)" readopted in December 2025, and attached as Exhibit A, is hereby adopted as the City of Hillsboro's official HPS.

Section 2. The City Council directs staff to initiate implementation of the actions listed in the HPS.

Approved and adopted by the Hillsboro City Council at a regular meeting held on the 2nd day of December 2025.

Beach Pace, Mayor

ATTEST: Amber Rios

Amber Rios, City Recorder

Hillsboro Housing Production Strategy: Readopted December 2, 2025

Cycle 1: 2025-2030

Exhibit A

Hillsboro OREGON

CASCADIA PARTNERS

Acknowledgements

This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

City project team

Becky Coutinho, Senior Planner

Dan Dias, Economic and Community Development Director

Chris Hartye, Senior Project Manager

Dan Rutzick, Long Range Planning Manager

Nick Baker, Planner & Visual Communications Specialist

City Council

Beach Pace, Mayor

Olivia Alcaire

Saba Anvery

Elizabeth Case

Rob Harris

Cristian Salgado

Kipperlyn Sinclair

Steve Callaway, Former Mayor

Anthony Martin, Former Council President

Rick Van Beveren, Former

Gina Sanchez Roletto, Former

Planning Commission

Gabriel Jones-Gallardo, President

Mujidat Saaka, Vice President

Stephen Davis

Joe Grillo

Diana Jackson

Justin Low

Anne Thrall Nash, Former President

PKS International

Verbio

Cascadia Partners consultant team

Rachel Cotton, Senior Planner

Lanier Haggerty, Associate Planner

Alex Joyce, Principal

Jamin Kimmell, Partner

Lydia Ness, Senior Planner

Paul Runge, Project Director

Technical Advisory Committee

Adam Blum, Pahlisch

Cadell Chand, Graduate of Hillsboro Civic Leadership Academy

Pooja Dalal, Catholic Charities

Mark Farrar, Metropolitan Land Group

Marcia Hill, Sequoia Mental Health

Jenn Klotz, Genentech

Dirk Knudsen, Real Estate Representative

Anne Thrall-Nash, Planning Commission

Matt Newman, NW Engineers

Brooke Nova, Hillsboro School District

Zach Pyle, Pahlisch

Mujidat Saaka, Planning Commission

Lydia Solcum, NW Housing

Brad Smith, Windsor Properties

Department of Land Conservation and Development

Laura Kelly

Madeline Phillips

Ethan Stuckmayer

Mari Valencia Aguilar

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Appendix A: Pre-HPS Survey

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1. Executive Summary

This document is the City of Hillsboro's Housing Production Strategy (HPS). The HPS is a plan required by state law and rules (OAR 660-008-0050, effective as of January 1, 2024) that describes how the City will promote the creation of housing to meet the needs identified in the City's 2023 Housing Needs Analysis (HNA) and Section 2 of this document, Overview of Hillsboro's Contextualized Housing Needs. The HPS includes a variety of tools and actions the City will use to help improve the production, availability, and affordability of housing in Hillsboro, across the income spectrum and for protected classes, and across various housing types. The HPS was created in partnership with a variety of community and local stakeholders, including residents, community leaders, and experts on housing policy and development. The HPS is organized into seven sections:

1. **Executive Summary.**
2. **Overview of Hillsboro's Contextualized Housing Needs.** This section summarizes current and future housing needs, demographic trends, spatial patterns, market factors affecting housing production, and the housing needs of various groups and protected classes.
3. **Community Engagement.** This section summarizes stakeholder and community input used to develop the HPS actions.
4. **Existing Actions to Promote the Development of Needed Housing.** This section summarizes the actions that Hillsboro is already undertaking to ensure the production of needed housing.
5. **New Actions to Meet Future Housing Needs.** This section describes 22 actions the City will undertake to support housing production and fulfill its commitment to meeting its housing needs.
6. **Achieving Fair and Equitable Housing Outcomes.** This section offers a narrative summary of how the HPS actions, in combination with other City actions, will achieve equitable housing outcomes.
7. **Measuring Progress.** This section recommends methods and performance metrics for monitoring progress on HPS actions.

In December 2024, the Hillsboro City Council adopted the Hillsboro Housing Production Strategy to guide local efforts to increase housing options across the city. In April 2025, the Oregon Department of Land Conservation and Development (DLCD) issued a remand of the Housing Production Strategy. DLCD applied two Readoption Conditions, directing the City to:

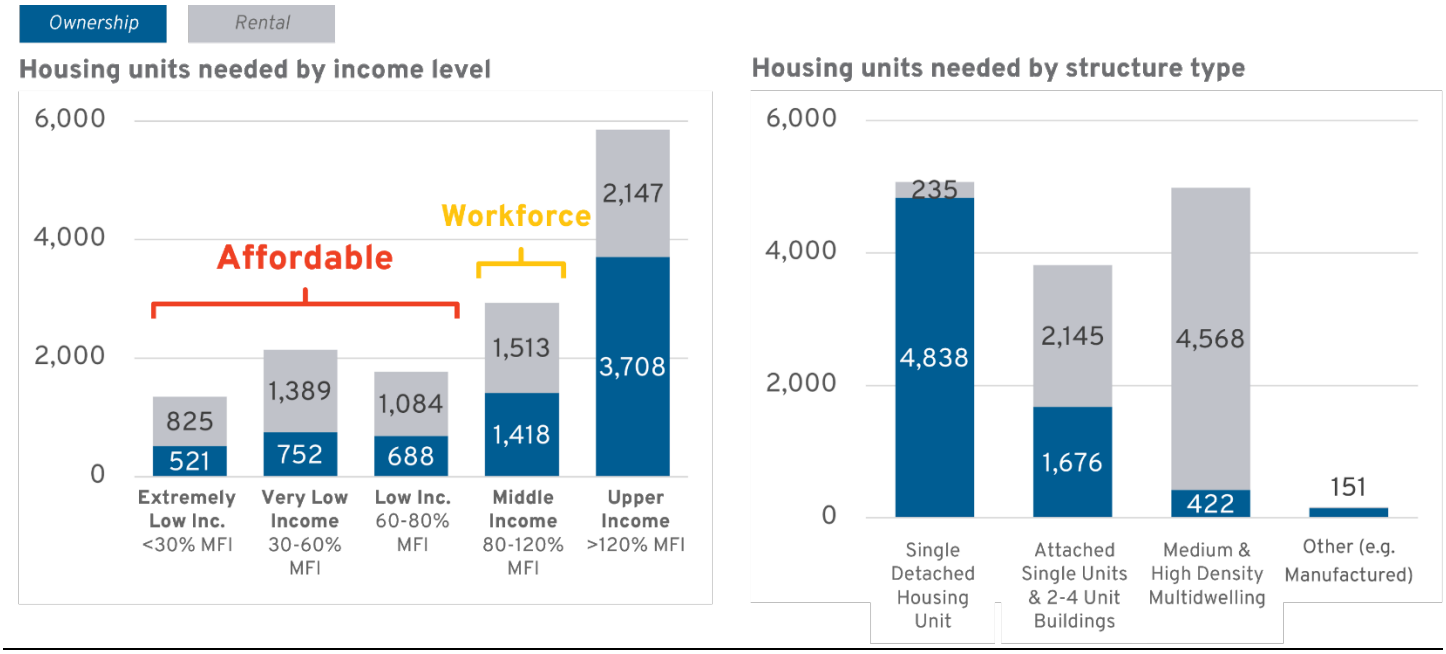
1. "Not include *Action 2.2: Coordinate with partners to pursue residential land UGB expansions(s)* as an action in the readopted HPS," because the action was found "not consistent with ORS 197.290(2)."
2. "Clarify the actions and sub-actions currently included in its HPS report to address identified gaps in specificity, implementation timelines, and alignment with identified housing needs."

In summer 2025, the City commenced work with DLCD and a state grant-funded consultant to address the readoption conditions. The project team documented spatial analyses related to housing needs, added a summary table of contextualized housing need findings, clarified the City's action adoption and implementation schedule, updated action details and descriptions, and added several new actions while removing the former Action 2.2: *Coordinate with partners to pursue residential land UGB expansions(s)*. These changes appear throughout this HPS document.

Hillsboro's Housing Need

Overall Need

The City of Hillsboro's 2023 HNA showed that the City needs 14,046 new housing units over the next 20 years, including 5,259 units affordable to households earning less than 80% of the median income for a family. The HNA also showed that the housing Hillsboro needs will take a variety of forms, from single detached houses to multi-unit dwellings (i.e., apartments). Roughly half of the need is expected to be for rental units, and the other half is expected to be for ownership units.



Source: City of Hillsboro's 2023 HNA, Tables EX 5-6

Population-Specific Housing Needs

The diversity of Hillsboro's population is reflected in the diverse range of housing needs present in the City. The list below offers examples of the housing needs experienced by different groups:

Low-income households. Earn less than 80% of area median income (AMI). These households represent over 1/3 of the city's need. Due to their limited budgets, they have an elevated need for affordable housing.

Communities of color. Nearly half (46%) of Hillsboro's residents are people of color. People of color have historically had less access to homeownership and tend to be cost burdened (meaning they spend over 30% of their household income on housing costs) more often than other residents. This means communities of color can experience elevated need for affordable housing, particularly ownership housing.

People with disabilities. About 11% of Hillsboro's population has a disability. In Oregon, people with disabilities are more than twice as likely to live in poverty, and some people with disabilities experience difficulties with mobility. This elevates their needs for affordable and physically accessible (e.g., built to Americans with Disabilities Act (ADA) standards) housing.

Seniors. Seniors are 11% of Hillsboro's population and represent a growing population segment in the City. They experience housing problems like cost burden and overcrowding at higher-than-average rates and may experience difficulties with mobility. This elevates their needs for affordable and physically accessible housing.

People experiencing homelessness. As of the 2023 point-in-time count, Washington County has an estimated 773 people experiencing homelessness. This is likely an undercount, given that 753 students in the Hillsboro School District (encompassing Hillsboro city limits and areas beyond) reported extreme housing insecurity or homelessness that same year. People experiencing homelessness have elevated needs for affordable housing, which is sometimes provided with intensive services and given the designation "permanent supportive housing" (PSH).

The City's housing need is described in greater depth in "Section 2: Overview of Hillsboro's Contextualized Housing Needs."

The City of Hillsboro's HPS Actions

Throughout 2024 and 2025, City staff—alongside contracted consulting and engagement partners—gathered input from community stakeholders and developed a list of new housing actions beyond those the City is already undertaking and will continue. These actions aimed at addressing the overall and population-specific housing needs identified in the HNA and Section 2: Overview of Hillsboro's Contextualized Housing Needs. The list of actions draws directly from community members' suggestions, from the team's policymaking experience, from an audit of Hillsboro's community development code and housing policies, from best practices research, and from a list of potential actions published by Oregon's Department of Land Conservation and Development (DLCD).

The actions are divided into five categories: Regulatory, Land-Based, Partnership, Incentives, and Investments. Later in the document, Section 5: New Actions to Meet Future Housing Needs offers a detailed summary of each action, providing the following information:

- Overview and action details
- Steps to implement the action, considerations, and key timelines
- An estimate of magnitude of the action's impact on housing production
- The types of housing need the action addresses (housing type, across affordability, tenure, and demographics)
- The benefits and burdens the actions are expected to create for various groups, and plans for how to mitigate identified burdens
- The estimated fiscal and administrative impacts of the action on the City
- The Department or Division of the City that will lead implementation

Actions will impact the production of needed housing over time, with some actions having nearer-term effects and others longer-term effects.

New Regulatory Actions

- Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multi-unit housing capacity
- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.4: Refine middle housing development standards
- Action 1.5: Streamline design standards
- Action 1.6: Adopt a user-friendly code
- Action 1.7: Reduce and remove development code and permitting process barriers
- Action 1.8: Adopt a local pre-approved housing plan for ADUs with universal design

New Land-Based Actions

- Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing
- Action 2.2: Identify and use City-owned land for affordable housing

New Partnership Actions

- Action 3.1: Develop new strategic partnerships for state and federal advocacy
- Action 3.2: Continue and expand affordable and middle-income homeownership partnerships
- Action 3.3: Adopt and implement the 10th Avenue/Avenida Diez Equitable Development Strategy
- Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production

New Incentive Actions

- Action 4.1: Complete permit application fee study and consider fee structure adjustments
- Action 4.2: Complete SDC study and consider adjustments to select SDCs
- Action 4.3: Expand the use of the Vertical Housing Development Zone Program to target middle-income housing
- Action 4.4: Adopt a MUPTE program to target middle-income and accessible housing
- Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing

New Investment Actions

- Action 5.1: Target strategic infrastructure investments to unlock housing production based on a development ready lands analysis
- Action 5.2: Build a year-round homeless shelter
- Action 5.3: Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects

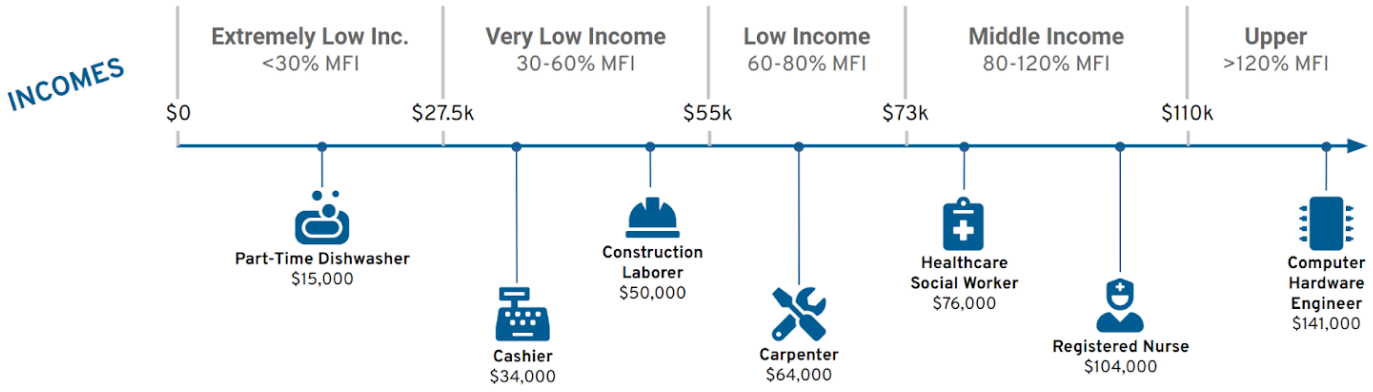
2. Overview of Hillsboro's Contextualized Housing Needs

Hillsboro adopted the 2023 Housing Needs Analysis (HNA) in early 2024. The HNA (see Appendix E) assesses the City's future land and housing needs and prepares the City to make data-informed decisions about how to respond. This section overviews and reiterates the City's housing needs, ensuring the Housing Production Strategy (HPS) and the actions it includes reflect that latest data. This section fulfills state requirements for a contextualization of the City's current and future housing needs, as found in OAR 660-008-0050 (1).

Understanding the Relationship Between Income & Attainability

Hillsboro's households have a variety of incomes

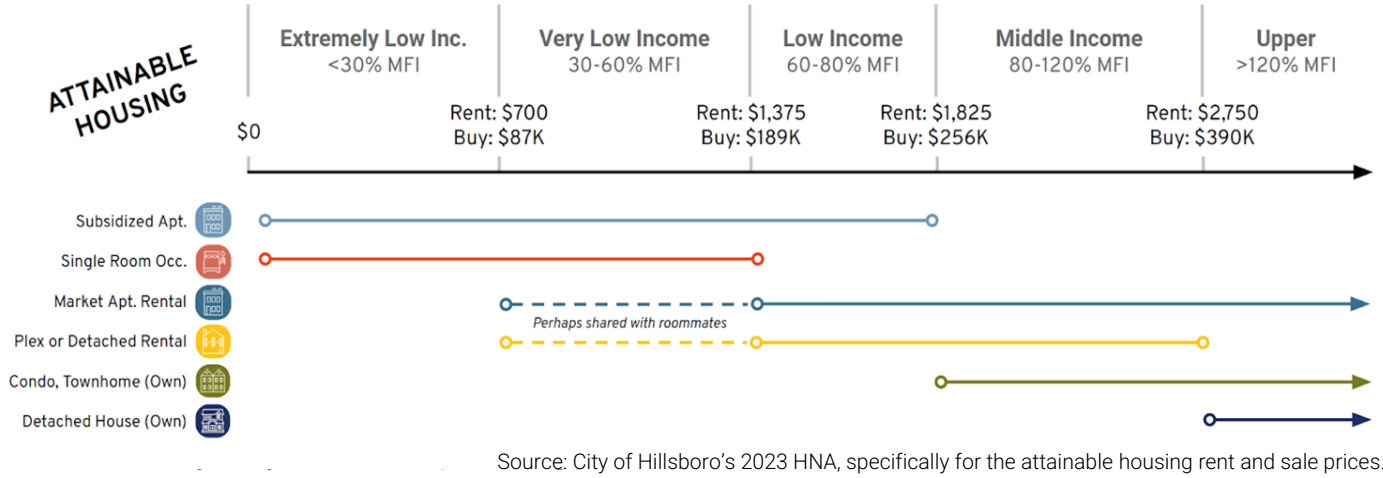
Hillsboro's median household income is about $99,000. This is higher than the statewide and regional medians of $76,500 and $90,500.[1] Despite tending to have higher income households than a typical Oregon community, Hillsboro still has a range of jobs and incomes. That range is visualized in the graphic below as a spectrum of wages for different common jobs for a community like Hillsboro.



Sources: City of Hillsboro's 2023 HNA, and Bureau of Labor Statistics modeled wage estimates for Oregon, 2022-Vintage. Analyst calculations assume 40 hours per week for a full-time salary.

Income determines the housing price each household can afford, and a variety of housing types are needed to serve households with different incomes.

The amount of money a household earns determines how much it can afford to pay for housing. Housing is considered "affordable" when a household spends 30% of their income or less on it. The graphic below



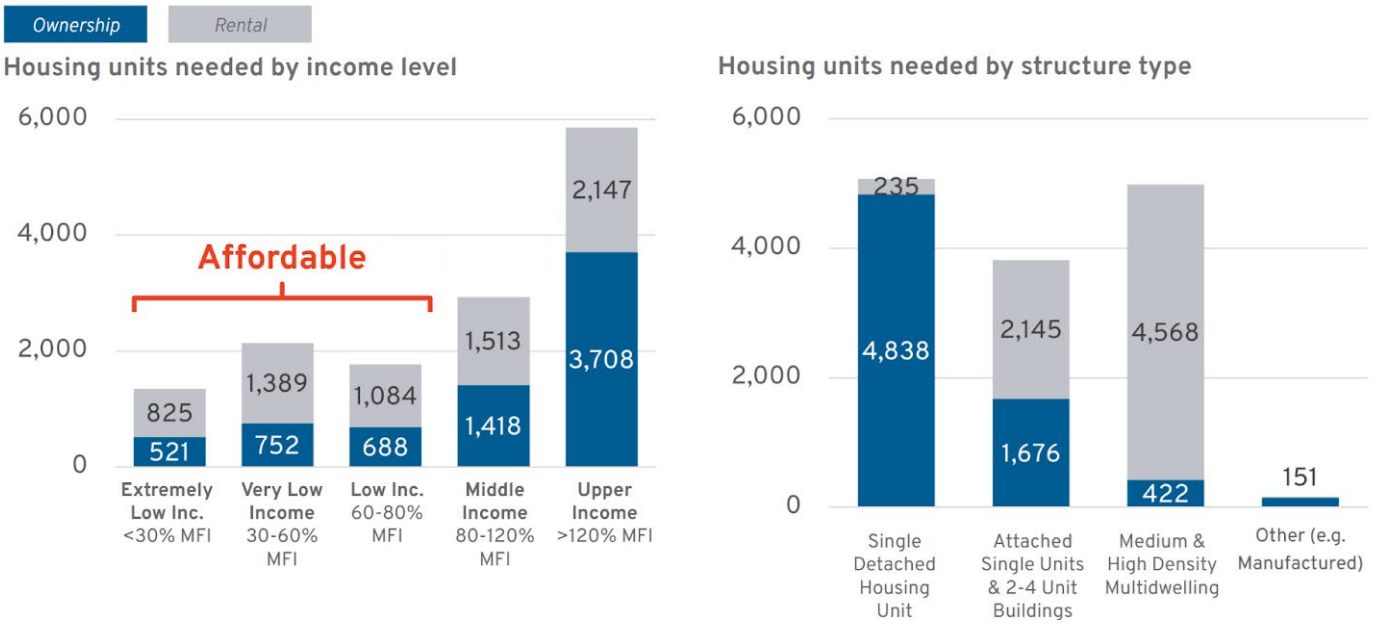
Source: City of Hillsboro's 2023 HNA, specifically for the attainable housing rent and sale prices.

illustrates the idea that different types of housing (e.g., apartments, condos) are available at different prices. This diagram is conceptual—the price ranges it shows are hypothetical rather than based on exact rent data by product type.

However, it helps communicate an important principle: a variety of housing types are needed to serve the wide income spectrum in Oregon's communities, Hillsboro included. Ideally, everyone can find housing in their budget. Hillsboro's estimated needs by housing type and income are offered below.

Hillsboro needs 14,046 new housing units over the next 20 years, including 5,259 units affordable to households earning less than 80% area median income (AMI) and 1,513 units for middle-income households earning between 80% and 120% AMI.

As suggested by the graphics on the previous page, the HNA found that the City will need new housing units serving its full income spectrum and taking a variety of forms, from single detached houses to multi-unit dwellings (i.e., apartments). Roughly half of the need will be for rental units, and the other half will be for ownership units. The HNA also projects that over half of the need will be for various forms of attached housing, like townhomes, two-to-four-unit buildings, and apartments. This diverse range of need reflects the diversity of Hillsboro's population and existing housing stock, both of which are described in greater detail below.



Source: City of Hillsboro's 2023 HNA, Tables EX 5-6

Demographic Profile

The City of Hillsboro is a diverse, young, and higher-income place, relative to Oregon as a whole

Per the US Census' American Community Survey, Hillsboro is comparatively:

- **Racially diverse**. Roughly 46% of Hillsboro's residents are people of color, significantly above the statewide rate of 27%. Latino (24%) and Asian (12%) residents are the largest of Hillsboro's communities of color, with Black (3%), Indigenous (1%), and multiracial (6%) populations comprising smaller proportions.

- **Young**. About 22% of Hillsboro's residents are children—above the statewide rate of 20%—and 11% are seniors—below the statewide rate of 18%. The City's status as a job hub appears to have attracted families with children.
- **Has more renters**. Renters comprise half of Hillsboro's households, whereas renters are just over a third of households in the Portland metropolitan region and statewide. This likely stems from a combination of factors, from the planning and delivery of housing over the past 20 years, the housing and job types in Hillsboro, its racial and ethnic makeup, and its age profile.
- **Has higher incomes**. The median household income in Hillsboro is about $8,000 above the regional median, and $20,000 above the state median. This is likely powered by Hillsboro's well-paying traded sectors. It also reveals the larger budgets the City's middle- and upper-income households have for housing. Despite tending to have a higher income profile, half of the City's households still earn less than that median income and 40% of households are cost burdened spending over 30% of their income on housing costs.

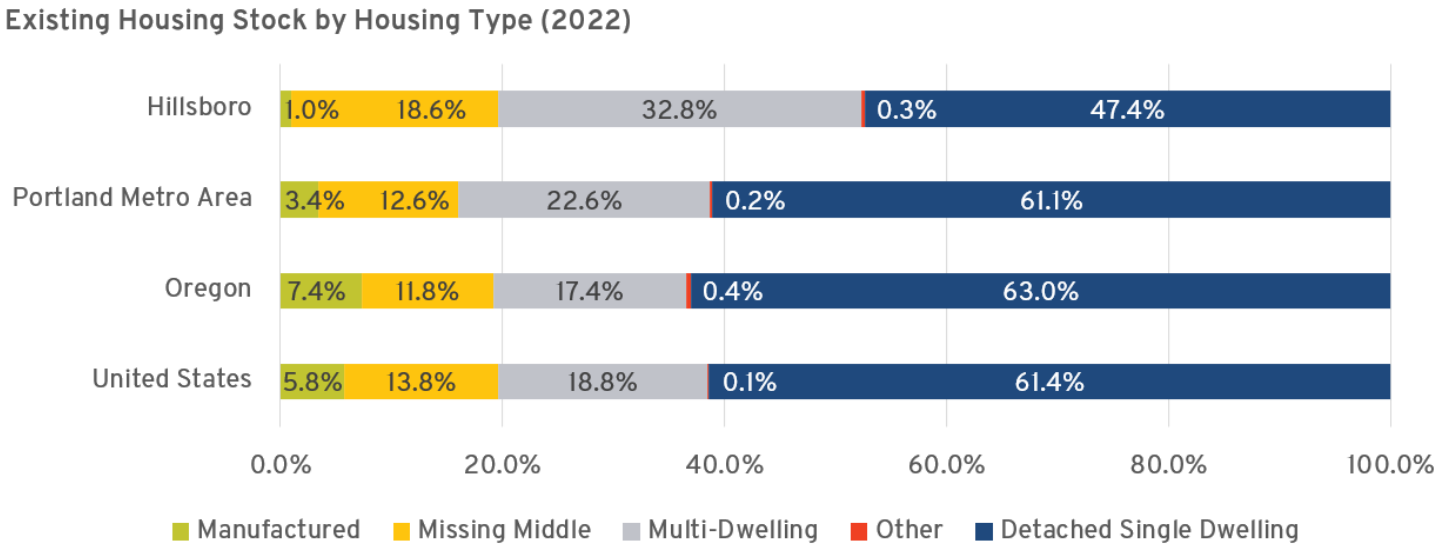
	Hillsboro	Portland Metro Area	Oregon
Race and Ethnicity			
American Indian, Alaska Native	0.4%	0.5%	0.7%
Asian	11.5%	6.8%	4.4%
Black	2.9%	2.8%	1.8%
Hispanic or Latino	24.0%	12.7%	13.8%
Native Hawaiian, Pacific Islander	0.8%	0.5%	0.4%
Other Race	0.4%	0.4%	0.4%
Two or More Races	5.9%	5.6%	5.2%
White	54.1%	70.6%	73.3%
Age			
Under 18	21.8%	20.7%	20.2%
18 to 64 years	67.0%	63.6%	61.5%
Over 65	11.2%	15.6%	18.3%
Tenure			
Renters	49.5%	37.8%	36.8%
Homeowners	50.5%	62.2%	63.2%
Median Household Income	$98,891	$90,451	$76,632

Sources: American Community Survey 5-Year Estimates, 2022-Vintage, Tables B03002, B01001, B19013, and B25003

Existing Housing & Who Lives in Different Kinds of Housing

Hillsboro's housing stock is relatively diverse

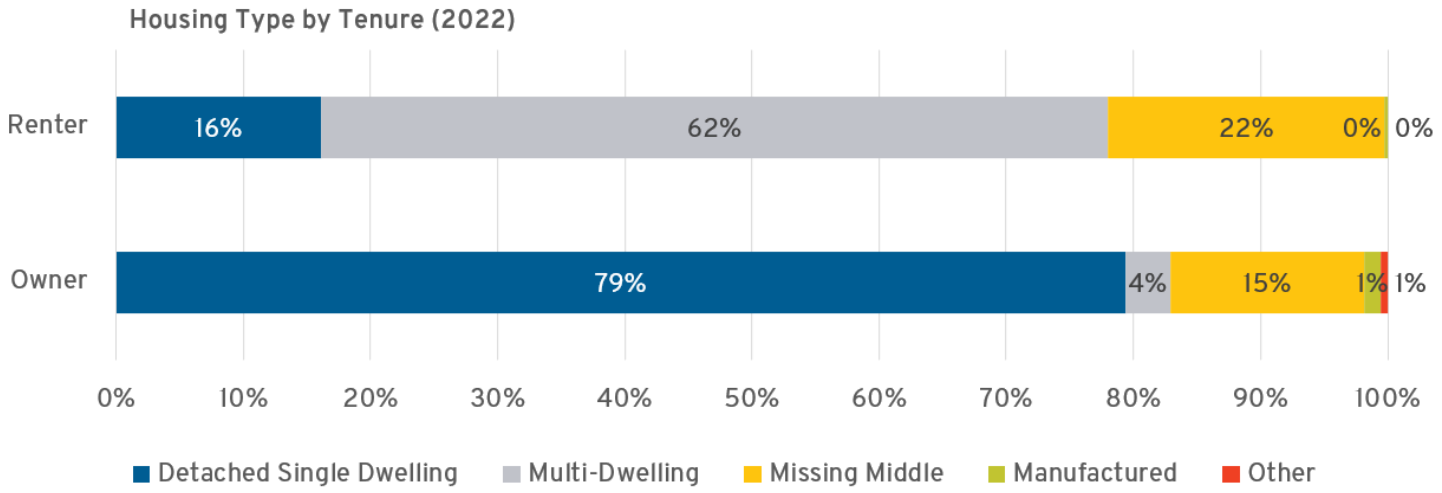
About 47% of Hillsboro's housing stock is single detached and 33% is multi-unit. The remaining housing stock is middle housing (e.g., townhomes, two-to-four-unit buildings) and manufactured homes. This stands in contrast with state and regional trends where 63% and 61% of housing is single detached and only 17% and 22% is multi-unit. It also puts Hillsboro's housing stock more in line with the more urban City of Portland (not visualized) than the Portland region as a whole.



Source: American Community Survey 5-Year Estimates, 2022-Vintage, Table 25024

Hillsboro's renter households often live in multi-unit housing

Over 60% of renters live in multi-unit housing, and another 20% live in attached middle housing, like townhomes or two-to-four-unit buildings. Initiatives that support further growth of multi-unit and middle housing in Hillsboro will help meet the needs of renters and support a competitive rental market in which rents are less likely to rise quickly.

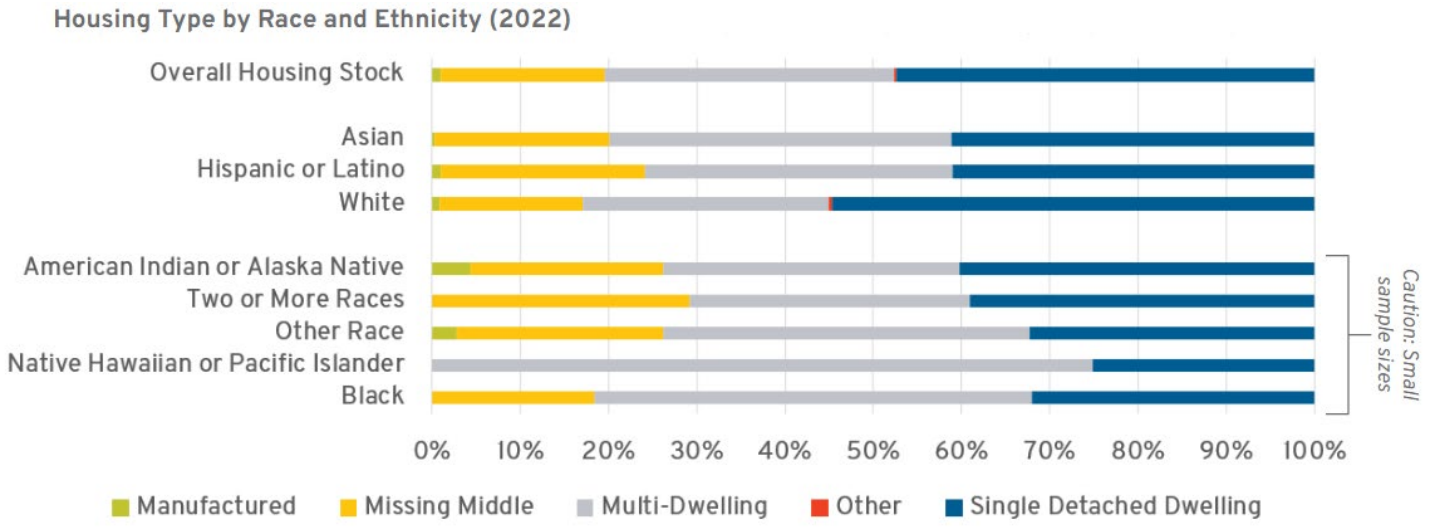


Source: American Community Survey 5-Year Estimates, 2022-Vintage, Table B25032

Hillsboro's communities of color households disproportionately live in multi-unit housing

Like renters, Hillsboro's households of color are also less likely to live in single detached units. Whereas 55% of White households live in the 47% of Hillsboro's housing stock that are single detached units, only 41% of Asian and Latino households and only 32% of Black households do. White households' increased access to detached units, which are often ownership housing, increase opportunity for wealth building. However, the prevalence of middle housing in Hillsboro—particularly townhomes, which are often ownership housing too—assists other groups in accessing homeownership. 23% of Latino households, 20% of Asian households, and 29% of multiracial households live in middle housing, despite that housing type representing only 18% of housing stock. About 40% of that middle housing is ownership housing. This suggests that middle housing

likely has served (and could continue to serve) as a key tool in building homeownership among communities of color. This data also reveals the importance of multi-unit as a housing type that, as of this report, disproportionately serves various communities of color.

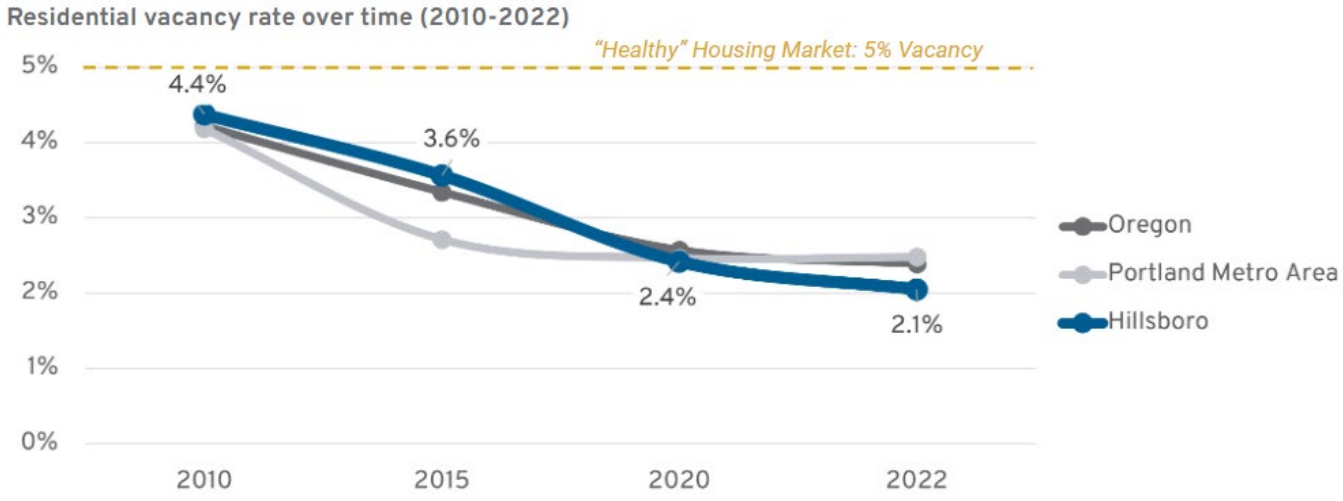


Source: American Community Survey 5-Year Estimates, 2022-Vintage, Table B25032 B-I

The Housing Market in Hillsboro

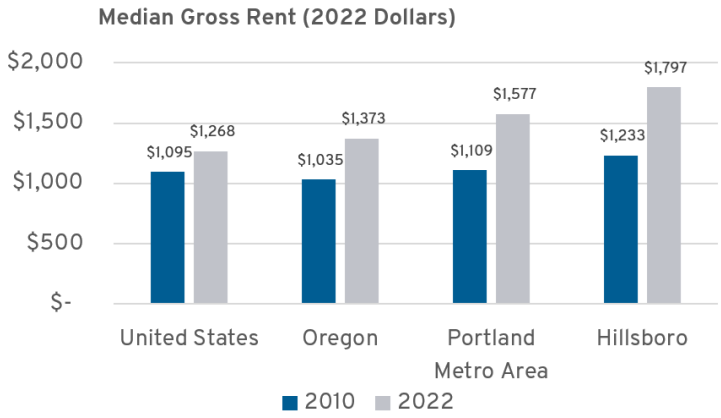
Hillsboro is experiencing very low housing vacancy, which is putting upward pressure on prices

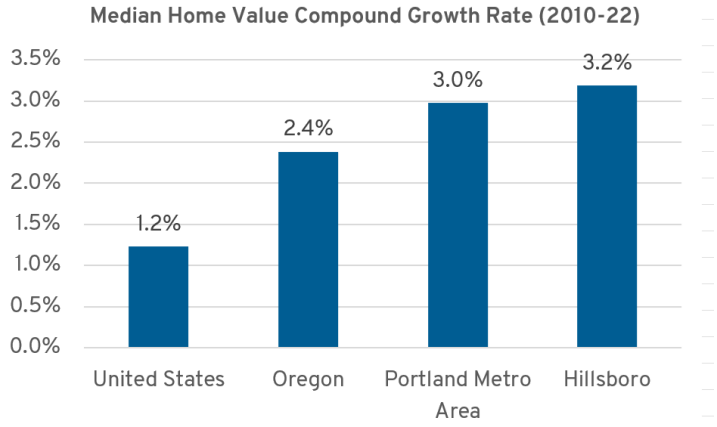
Much of Hillsboro's 20-year housing need comes from forecasted population growth and in-migration. This need is made greater by the underproduction of new housing in the city and region. Hillsboro's residential vacancy rate points to the fact that not enough housing has been built to meet the need. Vacancy has fallen from 4.4% in 2010 to 2.1% in 2022. In practical terms, that means Hillsboro went from a situation where about 1 in 20 homes were available on the rental or for-sale market, to only 1 in 50 homes available as of 2022. This mirrors the vacancy trend seen across Oregon and the Metro Area.



Source: American Community Survey 5-Year Estimates, 2022-Vintage, Table B25004. Note the analyst's calculations include "typical" market vacancy (e.g., for sale, for rent), but excludes vacant units that are actually "recreational or seasonal" housing, and "other" vacancy (e.g., due to abandonment, foreclosure)

When vacancy is low, typically price increases are observed due to competition among renters and buyers for the limited available stock of housing. Between 2010 and 2022, Hillsboro's median gross monthly rents grew by over $560 after adjusting for inflation, compared with $340 statewide. Likewise, Hillsboro's home values grew at a faster annual rate than state- and nationwide (3.2% vs. 2.4% vs. 1.2 respectively). Increasing housing supply and alleviating low vacancy is crucial to moderating future price increases.





Source: American Community Survey 5-Year Estimates, 2022-Vintage, Tables B25064, B25077

Rapid increases in costs have posed a fresh barrier to production

Since 2020, development costs have risen sharply. Mortenson's Construction Cost Index for Portland indicates the Portland region experienced a 29% total increase in construction costs between 2020 and 2024. Interest rates have also increased, dramatically raising the cost of borrowing for both buyers and builders. These macroeconomic headwinds cause rents and sales prices to fall out of sync with development costs, reducing the financial feasibility of development and ultimately posing a significant barrier to near-term housing production.

Sources: Mortenson Construction Cost Index, accessed in 2024, https://www.mortenson.com/cost-index, and Construction Analytics Inflation Index, accessed in 2024, https://edzarenski.com/2024/01/17/construction-inflation-2024/

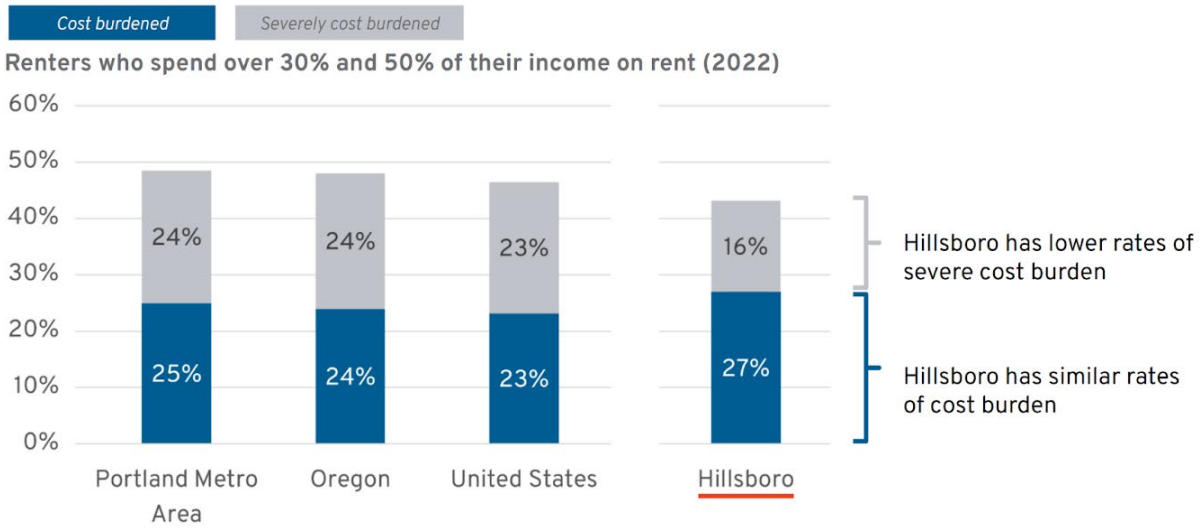
A statewide survey of government staff and developers by the University of Oregon's Institute for Policy and Research and Engagement reinforces this perspective that construction costs are major barriers to production.[2] Six of the 12 barriers perceived by respondents as "extreme" barriers had to do with construction costs (both materials and labor) and labor availability. The report also finds the land cost and, relatedly, the availability of development-ready, adequately zoned land were also considered major barriers. Infrastructure, systems development charges, and various regulatory details were deemed more moderate barriers to production. Materials costs and labor availability are difficult to improve with local action. Discussion among members of the HPS Technical Advisory Committee acknowledged the challenges with labor and materials, but also highlighted local zoning, development standards, difficult review and approval processes, and overall fee burden as significant local barriers to production.

Real estate is cyclical, and eventually cost, price, and rent conditions will reach a new equilibrium in which development is more feasible. In the meantime, adopting policies that support lower development costs, broaden the labor pool, open land to development, and prepare that land for development will be crucial to counteracting these conditions.

Housing Affordability and Cost Burden

Over 40% of Hillsboro's renter households are cost burdened

Hillsboro has over 22,000 renters, and 43% are cost burdened. Of this group, 16% are severely cost burdened (meaning households spend over 50% of their income on housing costs). Hillsboro's renter cost burden rate is slightly less than the national (46%), statewide (48%), and regional (49%) rates. Hillsboro's gross median rent is considerably higher per month than state and national averages ($1,797 vs. $1,373 and $1,268). Hillsboro's rates of cost burden appear to be lower due to the city's relatively affordable, older market rate housing base, the number of existing regulated affordable housing units as well as City's income profile skewing higher than is typical in Oregon and the region.

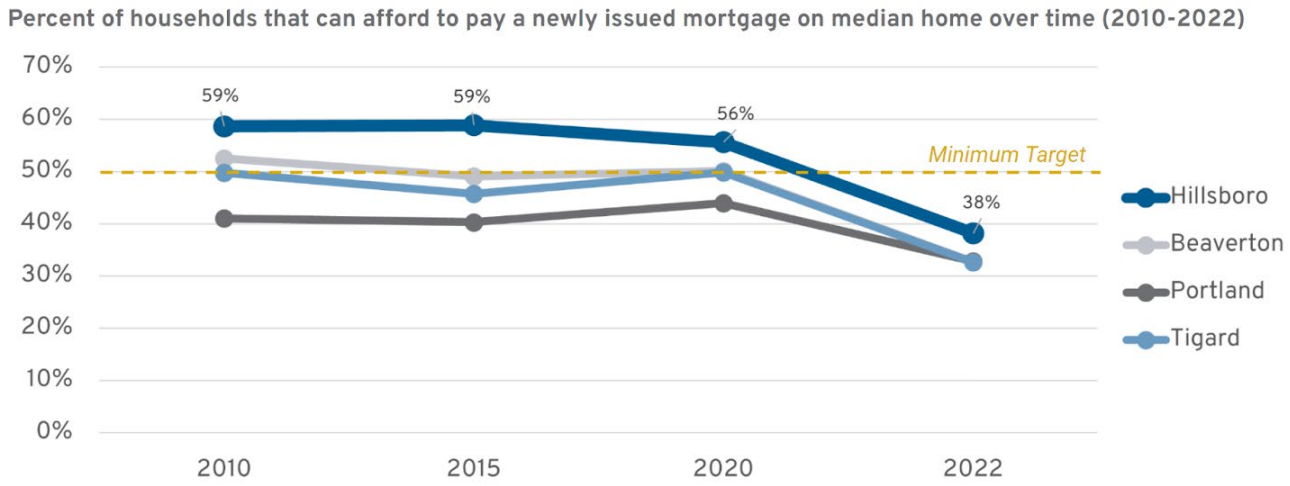


Source: American Community Survey 5 Year Estimates, 2022-Vintage, Table B25070

[2] University of Oregon Development Barriers Survey Brief and Summary Report, 2022. https://www.oregon.gov/lcd/UP/Documents/Appx_F_UO_IPRE_Barriers_Housing_Production.pdf.

After price and interest rate spikes, fewer than half of Hillsboro's households can afford a typical mortgage

While the American Community Survey tracks cost burden among owners, it falls short of capturing an up-to-date picture of engaging with the ownership housing market in 2024. This is because a large share of owners locked in low mortgage rates and decades-old housing prices, resulting in low-cost burden today. The percentage of households that can afford to pay a newly issued mortgage on the median home is a better reflection of the *in-the-moment* level of affordability a buyer will experience at any given time. For the past decade, due to its higher than typical income profile, Hillsboro enjoyed relative success in having the majority of its households being able to afford the mortgage on the typical home in the City. However, when rates climbed, Hillsboro, like other peer areas suffered a large impact to ownership affordability. As of 2022, only 38% of households could afford a newly issued mortgage on the City's median-priced home.

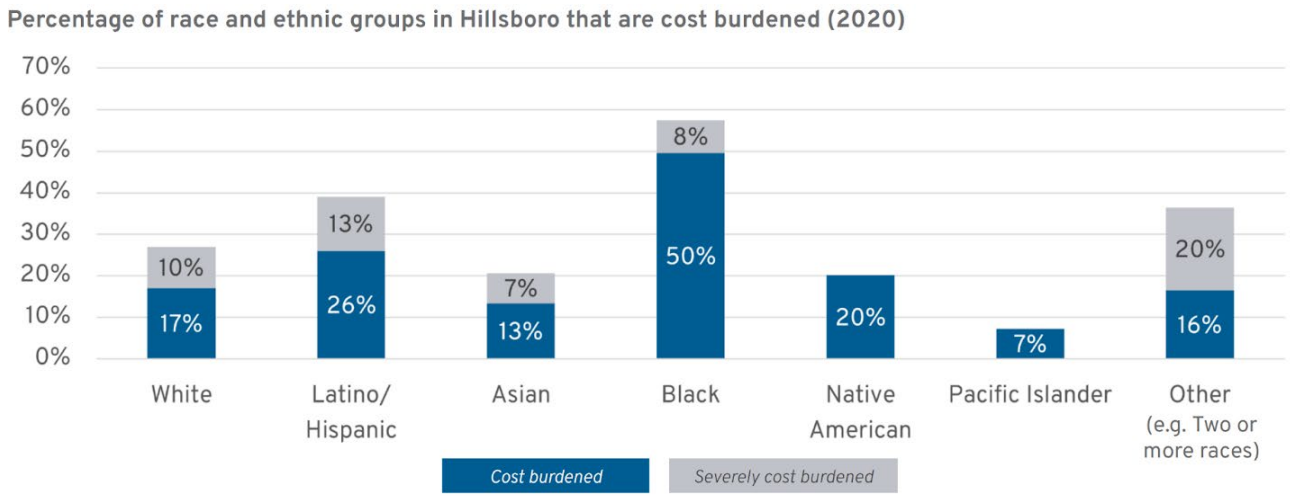


Sources: Zillow Home Value Index, seasonally adjusted for all for sale homes, accessed in 2024; Federal Reserve Bank of St. Louis average 30-year mortgage rates, Table MORTGAGE30US, accessed in 2024; analyst estimate of tax and insurance costs for Oregon using SmartAsset and Nerdwallet

Needs of Communities of Color

Hillsboro has a high percentage of communities of color relative to the state as a whole, and Black & Latino households—whether owners or renters—are cost burdened most often

Roughly 46% of Hillsboro's residents are people of color, significantly above the statewide rate of 27%. This alone indicates the importance of planning for the housing needs of communities of color. What's more, people of color in Hillsboro tend to be cost burdened at higher rates than the City's White population. Per the Department of Housing and Urban Development, roughly 58% of Hillsboro's Black residents and 39% of Latino residents are cost burdened. This exceeds the rate of cost burden among White residents (27%) and Asian residents (20%). This demonstrates the connection between the production of affordable housing and meeting the housing needs of communities of color, in particular Hillsboro's Black and Latino residents and others within those cultural communities who might wish to locate in Hillsboro.



Source: HUD Comprehensive Housing Affordability Strategy (CHAS) 5-Year estimates, Table 9, 2020-vintage

For further information on the housing needs of communities of color, see the "Needs of People Experiencing Homelessness" and "Existing Housing & Who Lives in Different Kinds of Housing" sections, which contain housing-need data disaggregated by race and ethnicity.

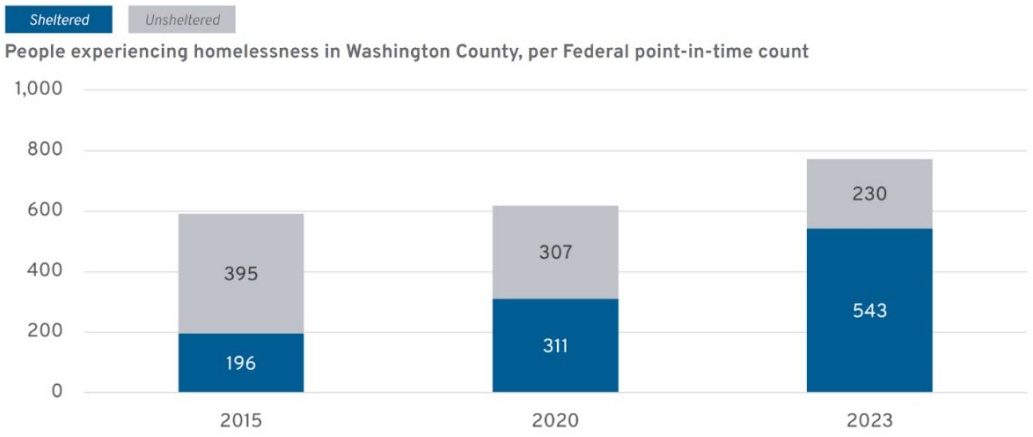
Needs of People Experiencing Homelessness

More Washington County residents are experiencing homelessness compared to 2015 and are disproportionately from communities of color

According to the Oregon Statewide Homelessness Estimates report, 7,480 people in the Portland Tri-County Region were experiencing homelessness as of January 2023.[3] Washington County's Homeless Services Division—the organization (i.e., Continuum of Care) responsible for providing programs to prevent and end homelessness in the County—counted 773 people experiencing homelessness at that time, up from 591 people experiencing homelessness in 2015.[4] This amounts to 3.4% annual growth over those eight years. This is the most granular data available to the City of Hillsboro, which falls within Washington County's Continuum of Care, does not maintain its own city-specific point-in-time count, and cannot access the same federal funds for fighting homelessness as the Continuum of Care can. People experiencing homelessness in Washington County are disproportionately Black (9.6% of homeless population vs. 2.9% of total population), Indigenous (1.9% vs. 1.2%), Native Hawaiian or Pacific Islander (4.7% vs. 0.6%), and Multiracial (6.3% vs. 4.9%). White, Asian, and Hispanic populations are more proportionately represented or are even underrepresented among people experiencing homelessness.

[3] Oregon Statewide Homelessness Estimates, 2023, Tables 1, 4, and 10. https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=1042&context=hrac_pub

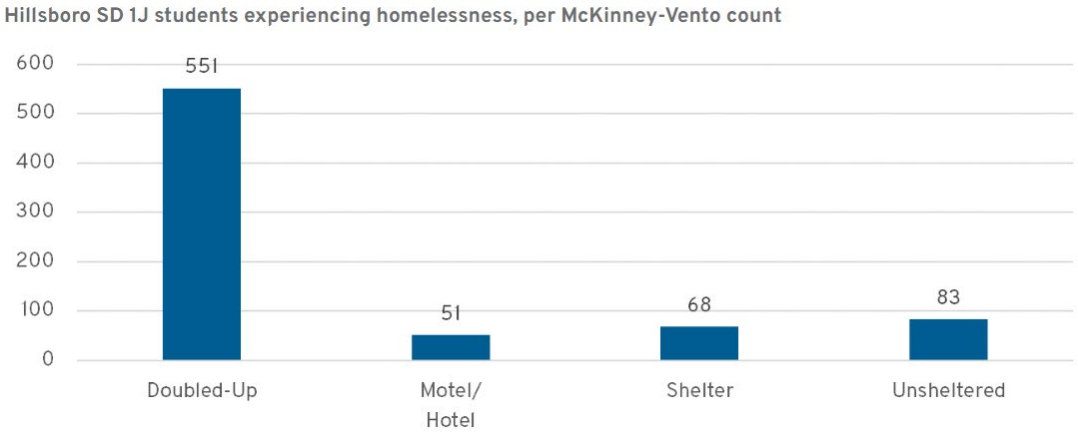
[4] Washington Count, Oregon: Homeless Counts and PIT Resources, accessed in 2024, https://www.washingtoncountyor.gov/housing/efforts-end-homelessness/homeless-counts-and-pit-resources



Sources: Washington County, Oregon: Homeless Counts and PIT Resources, accessed 2024, *https://www.washingtoncountyor.gov/housing/efforts-end-homelessness/homeless-counts-and-pit-resources*

Nearly 1 in 25 grade-school students experienced severe housing insecurity or homelessness

Data collected on student homelessness in 2024 under the federal McKinney-Vento Homeless Assistance Act shows that many students in Hillsboro's School District (3.9% of students) experience severe housing insecurity and homelessness. This is roughly equal to the statewide rate of 4%. Much of this homelessness is likely missed by the Continuum of Care's count. That data found that 551 students were living doubled-up with another family, 51 were living out of a hotel or motel, 69 were living in a shelter, and 83 were living unsheltered.



Source: McKinney Vento Act, 2022-2023 Houseless Student Data, accessed in 2024, https://www.oregon.gov/ode/schools-and-districts/grants/esea/mckinney-vento/pages/default.aspx

Homelessness services use and provision has risen sharply since 2020, funded by a new tax

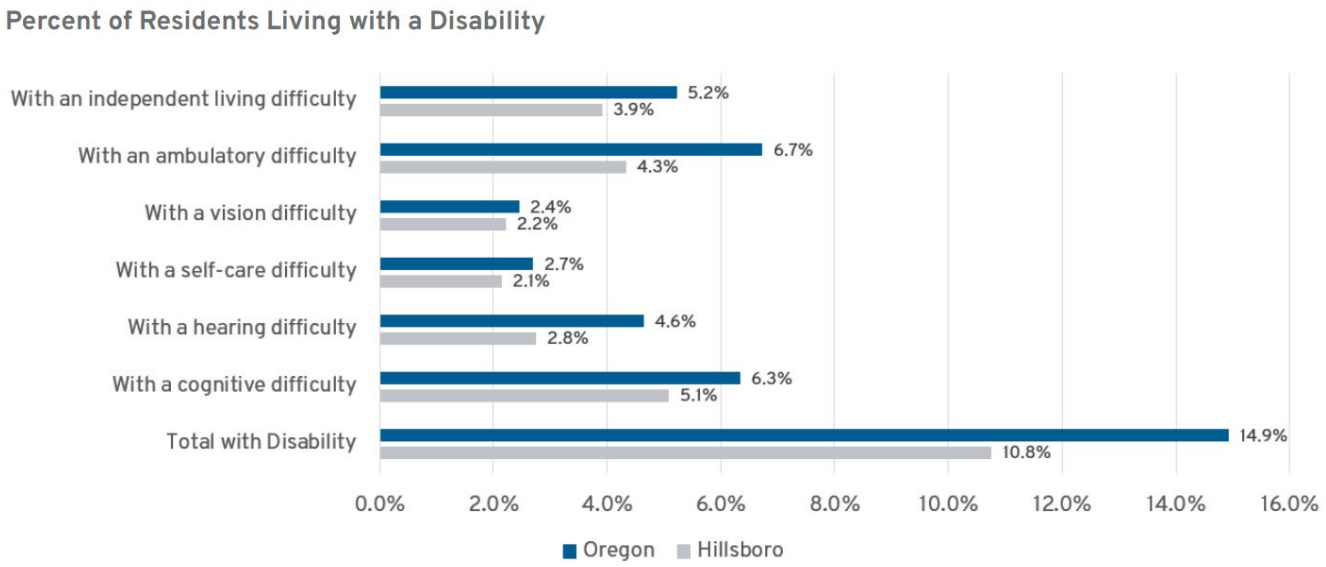
The County and region have responded to rising homelessness with investment in homelessness services, funded by the regional supportive services tax. In recent years and as indicated by the figure above, shelter capacity rose, meaning a smaller percentage of people experiencing homelessness in Washington County were counted as unsheltered. Furthermore, Washington County's Longitudinal Systems Analysis of homeless services shows that the number of households served by some facet of the County's homelessness response system—not just shelter, but other forms of housing for people experiencing homelessness—more than doubled between 2020 and 2022, rising from 505 households to 1,275 households over the course of a full

year.[5] Put more simply, more people are being served in shelter, transitional housing, rapid rehousing, and PSH in Washington County in response to the rise in homelessness.

Needs of Seniors & People with Disabilities

Seniors in Hillsboro are less prevalent than statewide, but more commonly face housing problems

Per the 2022 American Community Survey, Hillsboro had a significantly smaller percentage of seniors than the state as a whole (11% vs. 18%). However, in line with state and national trends, Hillsboro's percentage of seniors among its population has risen steadily over the last decade. Per the Department of Housing and Urban Development, about 38% of Hillsboro's residents ages 62 and above face at least one of the following housing problems: cost burden, overcrowding, or inadequate kitchen or plumbing facilities.[6] This figure is 33% statewide, meaning seniors in Hillsboro tend to have those housing problems at higher rates. Given the growth in the senior population and the housing challenges they face, senior needs are key to plan for in terms of accessibility, affordability, and other housing problems, even if the City is several years behind the statewide curve for population aging.



Source: American Community Survey 5-Year Estimates, 2022-Vintage, Table S1810

About 11% of Hillsboro's residents have a disability, and they are more likely to live in poverty

Likely in part due to the fact that Hillsboro's age distribution skews younger, the City also has fewer individuals with disabilities than the state as a whole (11% vs. 15%). This is true overall, but also across disability categories tracked by the US Census. As the City ages, it should expect the percentage of residents living with a disability to rise.

People with disabilities are more likely than people without them to live in poverty, with 21% of Oregon's population with a disability below the poverty line compared with 10% for the no-disability population.[7] This

[5] Washington County Longitudinal Systems Analysis, 2023, accessed in 2024, https://www.washingtoncountyor.gov/housing/efforts-end-homelessness/documents/coc-presentation-2022-lsafinal/download?inline

[6] HUD Comprehensive Housing Affordability Strategy (CHAS) 5-Year estimates, Table 5, 2020-Vintage

[7] American Community Survey 5 Year Estimates, 2022-Vintage, Table B18130

data is not available at the City level, but the statewide trend implies that the City can expect to serve the needs of more households with disabilities if it successfully adds more housing affordable to lower-income households. There are likely people with disabilities who would like to live in Hillsboro but cannot afford to, and affordable, accessible housing is a key route to meeting that need.

Review of Recent Spatial Analyses of Demographics and Housing in Hillsboro

Low income and vulnerable households are concentrated in Hillsboro's southern and western sides, particularly in Downtown as well as south and east of Downtown.

ECONorthwest's 2022 "Displacement and Gentrification Risks and Potential Mitigations" memorandum (Appendix F) produced for the City of Hillsboro mapped a clustering of lower-income households, people of color (POC), cost-burdened renters, individuals without four-year degrees, and manufactured housing on Hillsboro's southern and western sides (see Figures 1 and 2 below). All of these factors contribute to residents' vulnerability to economic pressures and displacement.

One particular census tract in Hillsboro's southwestern quadrant–from SE 10th and Maple to NE 28th and Brogden–stands out as a pronounced example of this clustering. The 2020-2024 Consolidated Plan for Washington County labels this area as the County's only "racially/ethnically-concentrated area of poverty" (RECAP), defined as an area with a non-White population of 50% or more and 40% or more of individuals living at or below the poverty line (see Figure 3 and 4 below). Hillsboro's RECAP census tract is predominantly Latino, with many residents having Mexican ancestry. Just 20% of households in the RECAP census tract own their homes, compared to 53% for Hillsboro as a whole and 61% for Washington County overall.

Hillsboro has a total of 2,827 regulated affordable housing units citywide. The RECAP has 11 regulated affordable housing projects totaling 439 units and the surrounding 10th Avenue/Avenida Diez area that includes much of the RECAP has 19 regulated affordable housing projects totaling 632 units. Nonetheless, the community is particularly vulnerable to rising prices without new affordable alternatives. It also suggests a neighborhood least able to withstand the pressures of gentrification and displacement as well as highly likely to benefit from actions to bolster housing stability and affordability.

Figure 1. Vulnerability Metric by Share of Population in Tract

Source: ECONorthwest 2022 “Displacement and Gentrification Risks and Potential Mitigations” Memo

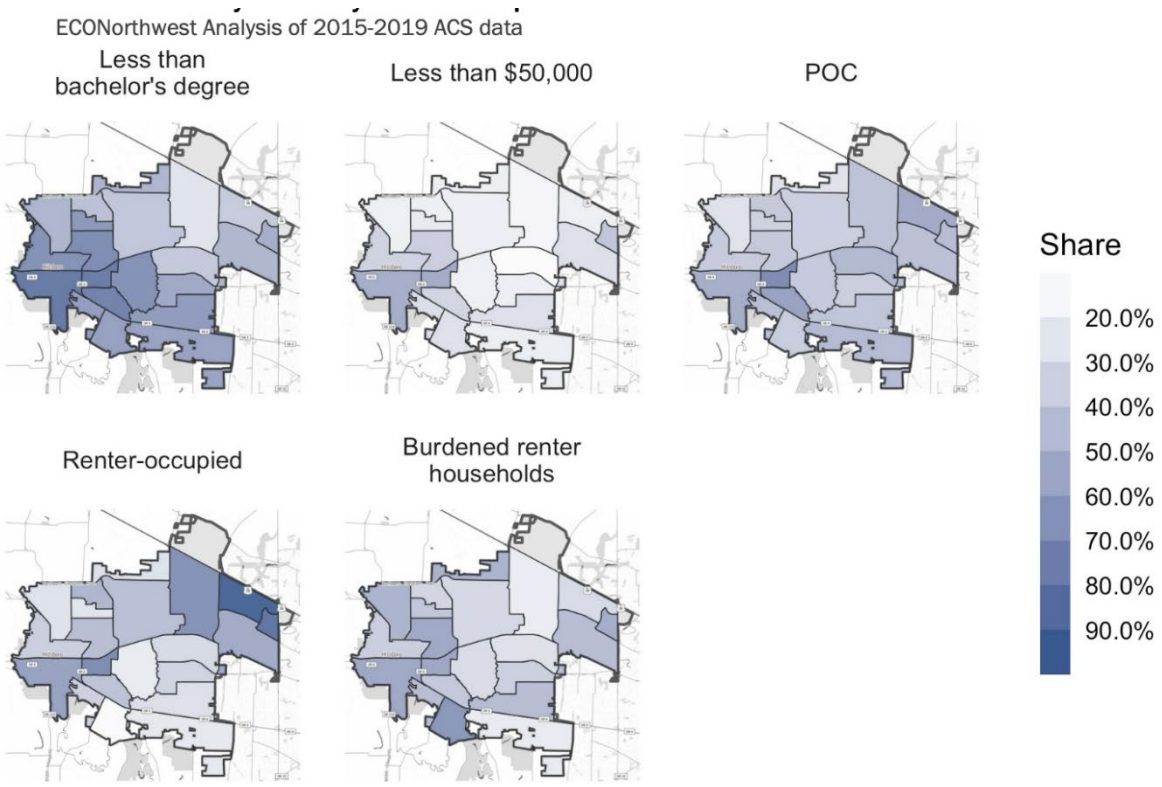


Figure 2. Manufactured Housing Communities in Washington County

Source: Washington County's Manufactured Housing Communities Facts, Risks, And Resources Final Report April 2022.

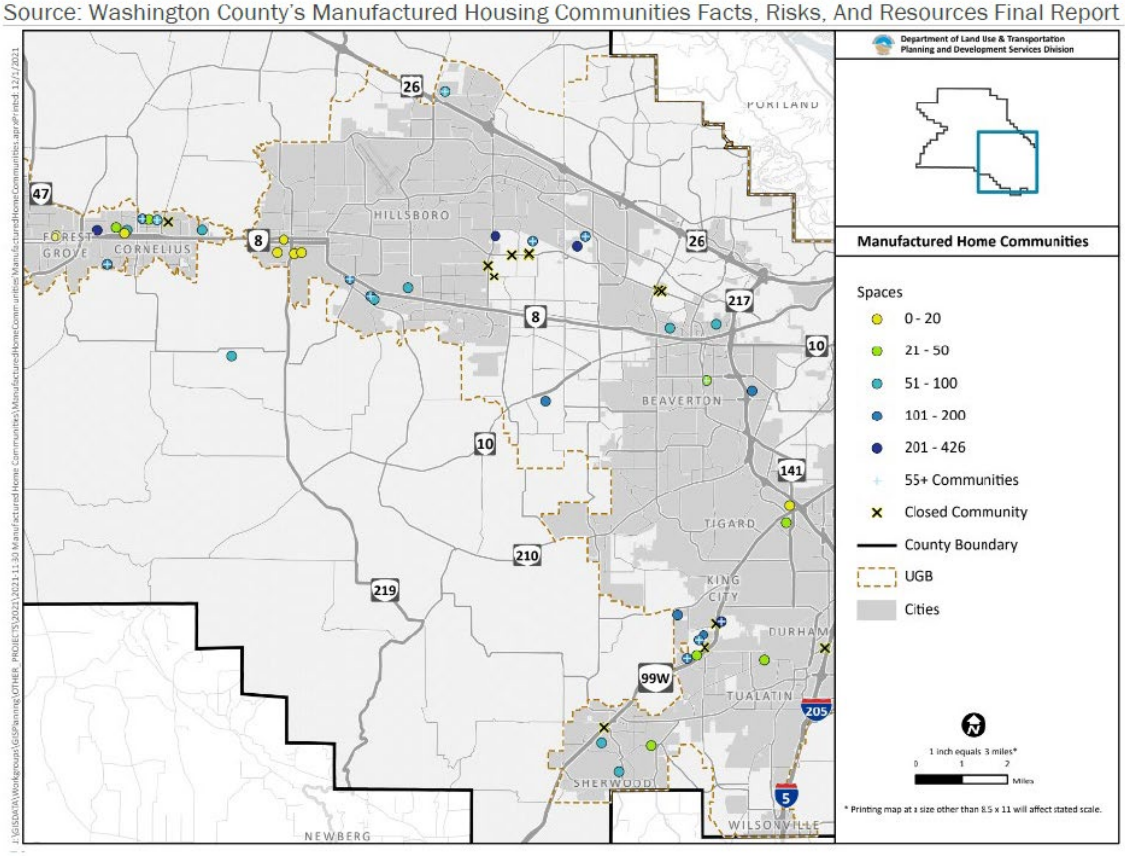


Figure 3. Location of the RECAP with Burdened Households

Source: ECONorthwest 2022 "Displacement and Gentrification Risks and Potential Mitigations" Memo

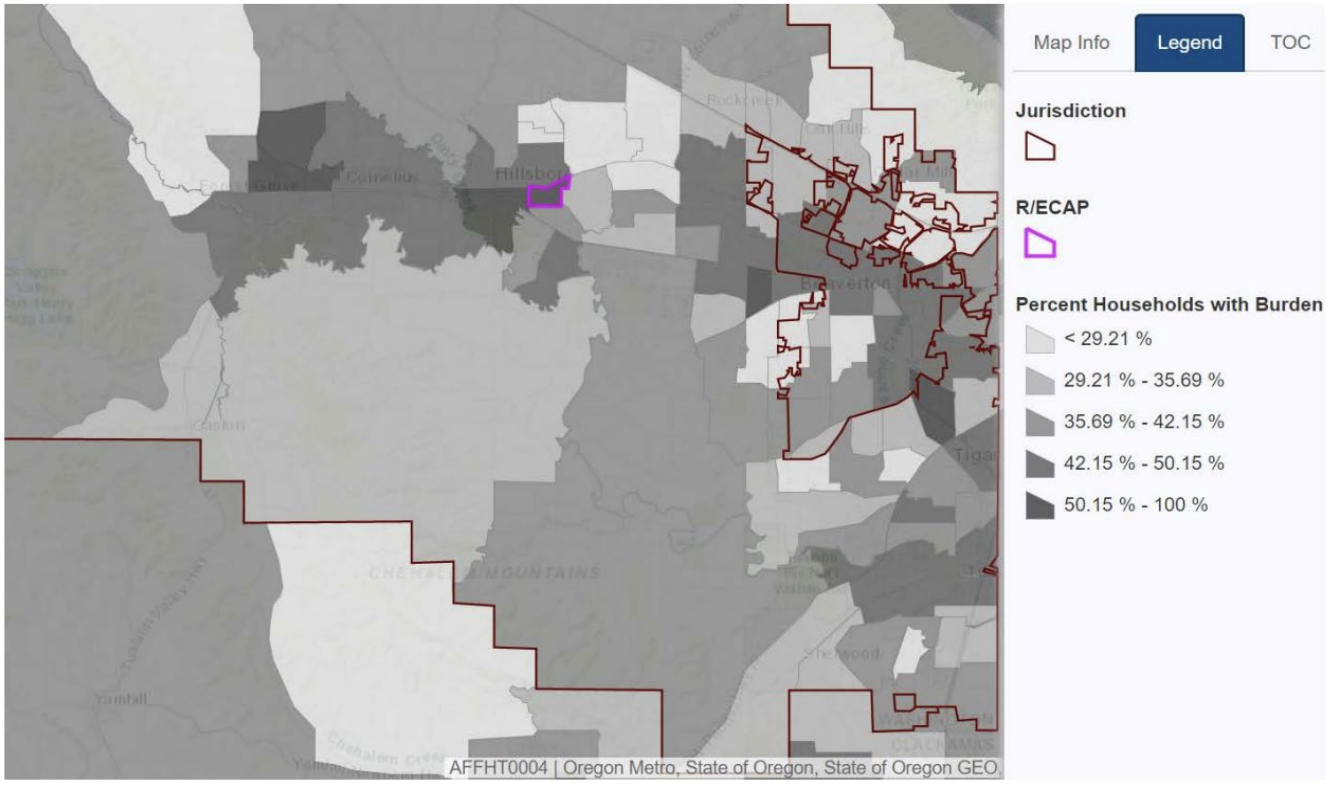
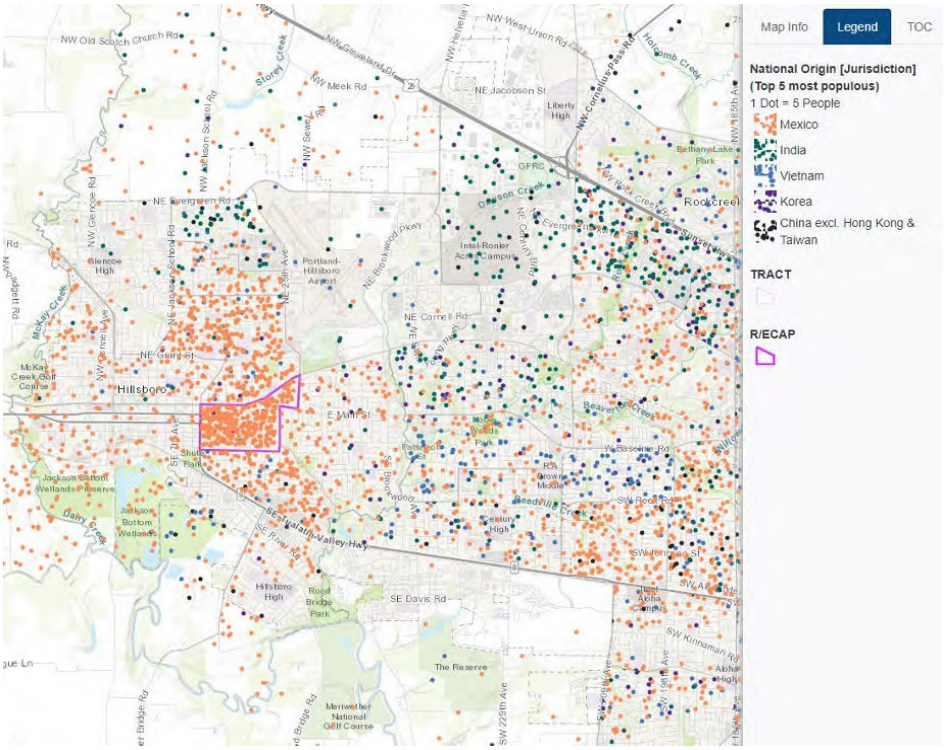


Figure 4. Location of the Location of the RECAP with National Origins
Source: Washington County 2020-2024 Consolidated Plan



Hillsboro neighborhoods that have experienced rent spikes over the last decade currently show lower risk of displacement.

The ECONorthwest analysis indicates that central, northern, and eastern Hillsboro have seen rents rise over the past decade (see Figure 5). The analysis found relatively lower risk of redevelopment and displacement in those areas today (see Figures 6 and 7), which corresponds with the lower presence of low-income households and cost-burdened renters found in Figure 1.

There may be households in the area that would still benefit from actions to improve housing stability. That said, today these areas near Hillsboro's employment centers are characterized by higher incomes and educational attainment. These characteristics, paired with the trend of escalating rents, suggest these are attractive areas of Hillsboro with high prices that could preclude lower-income households from renting or buying housing there. In other words, these areas could become or may already be exclusive, meaning they may block other residents from accessing key amenities (e.g. schools) and opportunities (e.g. employment) there through high prices and resistance to change. This is another housing issue where action could be necessary to ensure more households have the choice to access such attractive areas and opportunities.

Figure 5. Median Gross Rent Change Since 2010 by Hillsboro by Tract
Source: ECONorthwest 2022 "Displacement and Gentrification Risks and Potential Mitigations" Memo

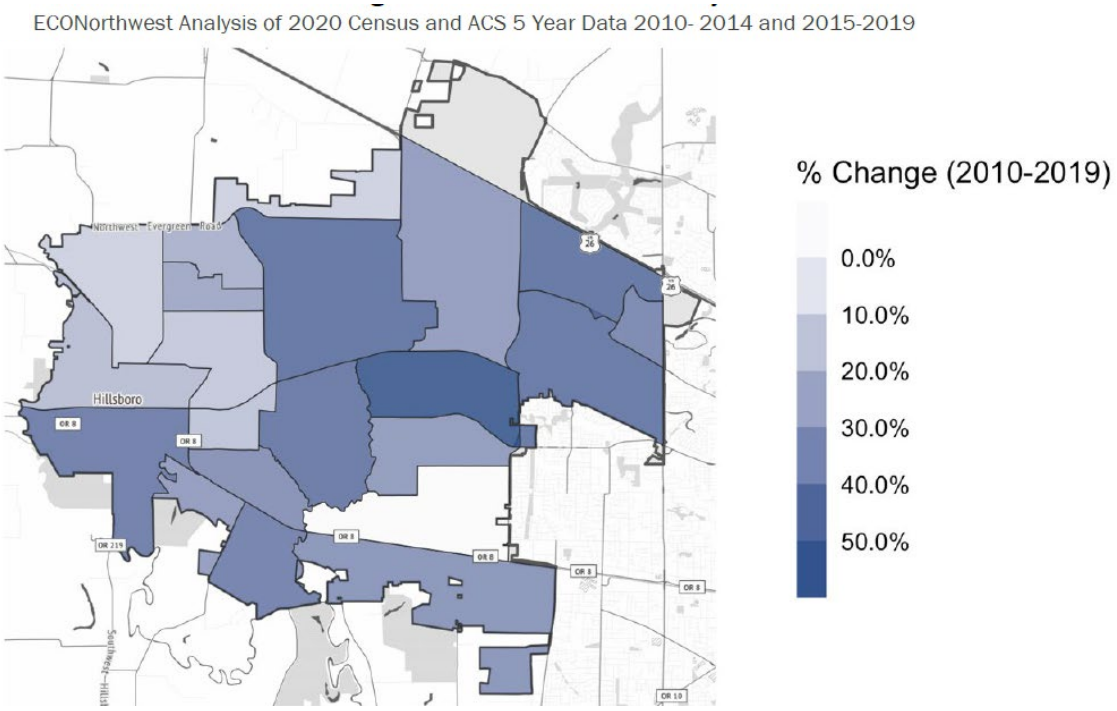


Figure 6. Share of Units that are Rentals with Moderate to High Redevelopment Risk by Tract
Source: ECONorthwest 2022 "Displacement and Gentrification Risks and Potential Mitigations" Memo

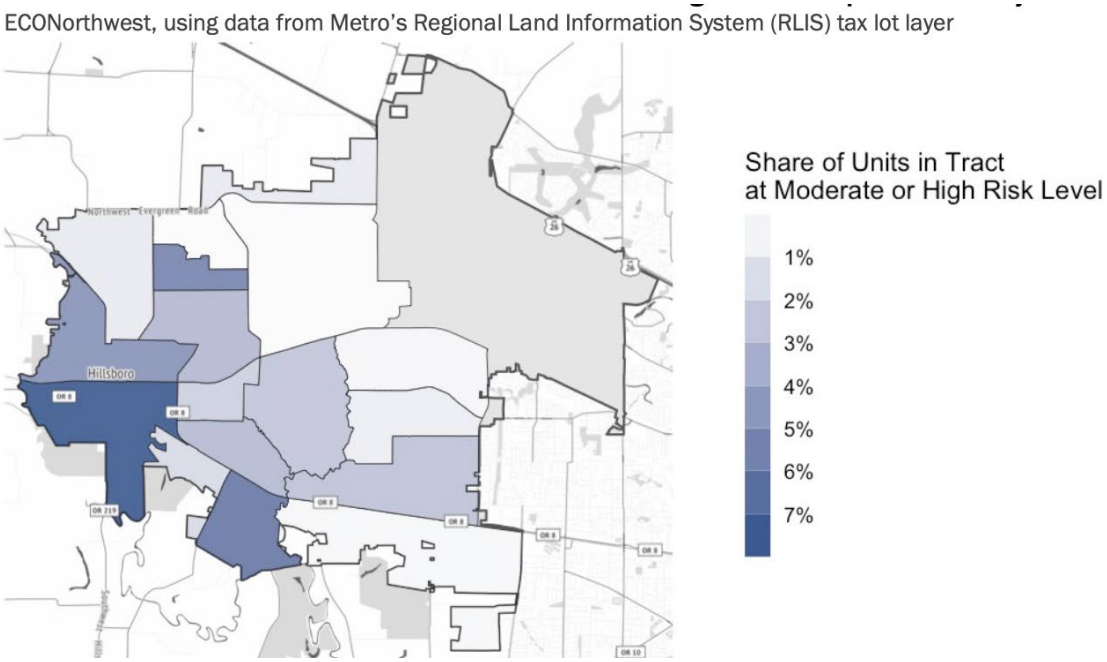
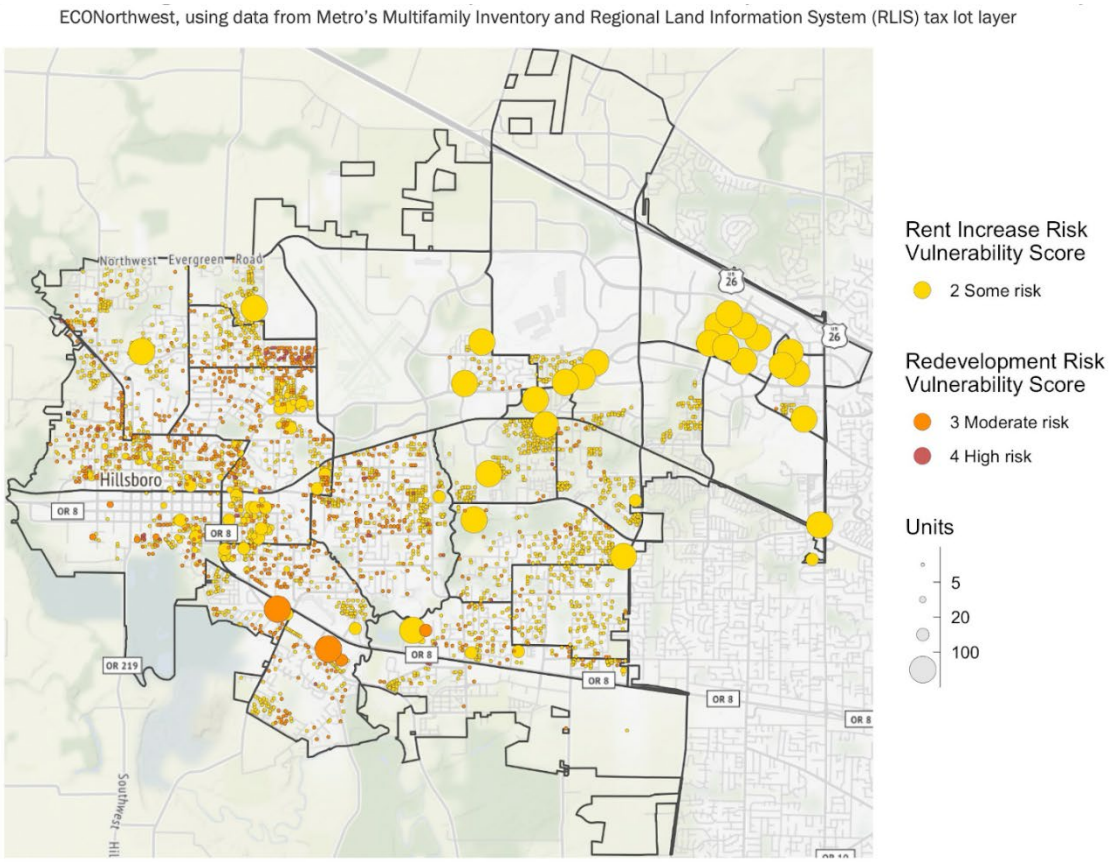


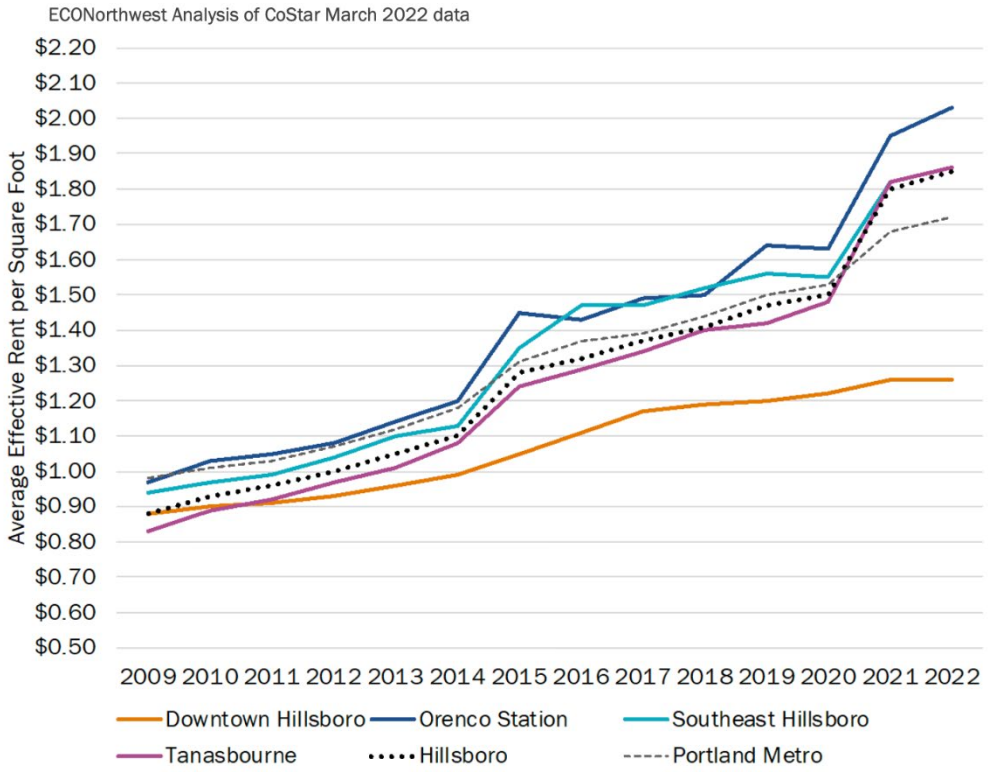
Figure 7. Housing with Greater Potential for Displacement Due to Redevelopment or Rent Increases from Repositioning
Source: ECONorthwest 2022 "Displacement and Gentrification Risks and Potential Mitigations" Memo



Low-income areas with vulnerable housing in and around Downtown Hillsboro do not appear to have experienced gentrification yet, suggesting there is time for stabilizing action.

Compared to elsewhere in the city, rents in the neighborhoods in southwest Hillsboro in and around Downtown Hillsboro have not seen as significant increases over the last decade (see Figure 8). While there is significant potential for gentrification and displacement, those processes do not yet appear underway. This suggests Hillsboro has a chance to preemptively stabilize these neighborhoods and their residents. The most important area to focus on is the RECAP, a census tract between SE 10th Avenue (Avenida Diez) and NE 28th. The City, recognizing this opportunity, has launched the 10th Avenue/Avenida Diez Equitable Development Strategy to identify anti-displacement actions and created HPS Action 3.3 to formalize, consider, and document its commitment to this action.

Figure 8. Multifamily Rent Trends in Buildings Built Before 2007, 2009-2021
Source: ECONorthwest 2022 "Displacement and Gentrification Risks and Potential Mitigations" Memo



Conclusion

This section provides critical context regarding the City of Hillsboro's contextualized housing needs. It demonstrates the extent of the need, as found by the HNA. It also demonstrates the diversity of the need, which stems from the diversity of the City's residents themselves—owing to their various backgrounds, life stages, budgets, and needs for support. Subsequent sections of the HPS will describe the many types of actions the City will pursue and implement in order to meet those diverse housing needs. The actions will range from activities already ongoing to entirely new initiatives intended to address one or more housing needs experienced within the City.

The following table distills high-level takeaways from this section. This table summarizes the broad categories of housing needs that the City's new housing actions seek to comprehensively address in Section 5. Findings from public engagement with community members, housing developers, and elected officials–which also inform the City's new housing actions–are summarized in Section 3.

Summary Table of Contextualized Housing Need Section	
Housing Need Over Next 20 Years	Hillsboro needs 14,046 new housing units over the next two decades, with 37% of these affordable to low income households. Hillsboro needs 14,046 new housing units over the next two decades, with 5,259 designated for households earning 80% AMI or less. Hillsboro's HNA found the City needs both rental units (6,959) and ownership units (7,087). Hillsboro's demand for housing is underscored by the city's low 2% vacancy rate, a drop from 4% in 2010,

	indicating a tightening market.
Race/Ethnicity	The City of Hillsboro is diverse relative to Oregon as a whole. Hillsboro's population is 46% people of color, well above the state's 27%. Hispanic or Latino (24%) and Asian (12%) residents make up the largest groups, followed by multiracial (6%), Black (3%), and Indigenous (1%) populations. As described in rows below, communities of color tend to experience elevated rates of cost burden, lower rates of homeownership, and overrepresentation among people experiencing homelessness. **How to Meet These Housing Needs** More affordable housing options overall, including income-restricted rental and ownership housing. Housing tailored to meet culturally specific needs. Housing opportunities that counter patterns of segregation and discrimination.
Housing Cost Burden for Renters	Over 40% of renter households are cost-burdened, a burden disproportionately affecting communities of color. Housing affordability is also a challenge in Hillsboro. Renters comprise half of Hillsboro's households and 43% are cost burdened, spending 30% or more of their income on rent. This burden disproportionately affects Black renters (58%) and Hispanic or Latino renters (39%) compared to White renters (27%). **How to Meet These Housing Needs** New income-restricted rental housing. New market-rate rental housing. Preserving existing income-restricted rental housing and naturally occurring affordable housing for rent.
Housing Cost Burden for Owners	In Hillsboro, homeownership is difficult, with 62% of households unable to afford a typical mortgage. This challenge disproportionately affects communities of color. While single detached units—about 80% of which is ownership housing —make up 47% of the housing stock, they are primarily occupied by White households (55%), compared to 41% of Asian and Latino households and just 32% of Black households. This disparity limits wealth-building opportunities for people of color. Still, the prevalence of middle housing - about 40% of which is ownership housing too — assists other groups in accessing homeownership. 23% of Latino households, 20% of Asian households, and 29% of multiracial households live in middle housing, despite that housing type representing only 18% of housing stock. This suggests that middle housing likely has served (and could continue to serve) as a key tool in building homeownership among communities of color. **How to Meet These Housing Needs** New subsidized affordable homeownership housing. New smaller market-rate homes for homeownership, including middle housing. Preservation of existing smaller and/or

	older homes.
Age	Hillsboro has a smaller percentage of seniors (11%) than the rest of the state (18%), but this population is steadily growing. Young people are more common in Hillsboro than in other parts of the state. Though the population is relatively small, nearly four out of every 10 seniors experience at least one housing problem like cost burden, overcrowding, or inadequate kitchen/plumbing. Because of the steady growth in this population and the housing issues they face, Hillsboro must plan for the future needs of its seniors, focusing on things like accessibility and affordability. **How to Meet These Housing Needs** More affordable housing options overall, including income-restricted rental and ownership housing. Accessible, single-level, and elevator-served housing options. Access to services and public transportation options. Assistance with critical home repairs or aging in place.
People with Disabilities	About 11% of Hillsboro's residents have a disability, and they are more likely to live in poverty. People with disabilities are more likely than people without them to live in poverty, with 21% of Oregon's population with a disability below the poverty line compared with 10% for the no-disability population. **How to Meet These Housing Needs** More affordable housing options overall, including income-restricted rental and ownership housing. Accessible housing options. Access to services and public transportation options.
Homelessness	Washington County is seeing a rise in homelessness, with a disproportionate number of those affected coming from communities of color. This crisis extends to students, as nearly 1 in 25 grade-school students faced severe housing insecurity or homelessness in 2024. In January 2023, Washington County's Point in Time Count reported 773 homeless people in the county, a 3% annual increase since 2015, with Black (9.6%), Native Hawaiian or Pacific Islander (4.5%), and Indigenous (2%) individuals notably overrepresented. Data collected on student homelessness in 2024 under the federal McKinney-Vento Homeless Assistance Act shows that many students in Hillsboro's School District (3.9% of students) experience severe housing insecurity and homelessness. **How to Meet These Housing Needs** Emergency shelter and other temporary assistance. Permanent supportive housing. Deeply affordable housing units.

3. Community Engagement

This section overviews the Community Engagement conducted by the City of Hillsboro and its partners as part of the City's HNA and HPS processes. The section also describes how that engagement impacted which actions were included in the HPS. This section fulfills state requirements for a narrative summary of how the City engaged both consumers and producers of needed housing, as described in OAR 660-008-0050 (2).

2023 Housing Needs Analysis Engagement

Prior to HPS project commencement, the HNA involved an extensive community engagement process that reached a representative cross-section of Hillsboro's diverse communities. This included a robust mix of Community Advisory Committee (CAC) members. The CAC was a voluntary committee comprised of 15 community members including people who live and/or work in Hillsboro, and for-profit and non-profit housing developers. The CAC met five times from October 2022 through April 2023 and had its final meeting on June 13, 2023. The CAC reviewed and provided feedback on housing data and provided input on the high-level housing policy themes.

The City contracted with two community-based organizations beginning in the fall of 2022 to provide an opportunity for English and a Spanish-language historically marginalized communities focus groups (each 12 to 15 community members) to receive valuable input on current and future housing needed in Hillsboro. The role of the historically marginalized communities focus groups was to provide input and have a voice in the HNA process as they historically have not had this dedicated opportunity. A total of four focus group meetings were held (two in English and two in Spanish. A project webpage was established early in the project on the City website, which offered a variety of opportunities to get involved in the project and provided an engagement timeline and project timeline and other relevant project information.

The HNA established a series of high-level policy themes through engagement with the HNA's CAC, Historically Marginalized Communities focus groups, City Council and Planning Commission work sessions, and targeted stakeholder interviews. These themes established a starting point for discussion when developing HPS actions that directly address the City's housing needs. The themes include:

- Increase housing development opportunities in multi-dwelling and mixed-use zones
- Identification, acknowledgment, and discussion of multi-generational housing
- Extend high-amenity housing discussion beyond large lot size, since high-amenity housing can come in all forms and lot sizes
- Identification, acknowledgment, and discussion around homelessness
- Support housing for all incomes to align with the results of the HNA
- Support homeownership opportunities for low-and moderate-income community members

Housing Production Strategy Engagement

The City conducted additional community engagement for the HPS. As a first step, the City created the HPS Public Communications and Engagement Plan approved by the City's Public Engagement Committee found in Appendix B. This plan called for input from a wide variety of stakeholders, including historically marginalized community members and other residents, many of whom belong to state and federal protected classes, land and housing developers, representatives of nearby partner jurisdictions and service districts, representatives of local employment interests, and the Planning Commission. HPS engagement built on the HNA's efforts by engaging with many members of the HNA's historically marginalized communities focus groups, who had already developed a relationship with the City and its partners by collaborating on this topic. The engagement process during the HPS included:

- Four meetings of a Technical Advisory Committee
- Three rounds of historically marginalized communities focus groups, three in English and three in Spanish
- Three City Council public work sessions
- Two Planning Commission public work sessions
- Two meetings with the Advanced Manufacturing Training & Education Collaborative of Hillsboro (AM-TECH)
- Multiple inter-departmental coordination meetings
- A public facing website ("Housing Production Strategy") with an email address for public question and comment

Technical Advisory Committee (TAC)

The City and its consultant team conducted four TAC meetings between May and September of 2024. The TAC included representatives from Hillsboro's School District, the Washington County Chamber of Commerce, nearby partner jurisdictions, and Hillsboro's technology sector, two planning commissioners, members of the real estate and housing development communities (including multi-unit, detached, small-home, and affordable housing developers), and Hillsboro residents. The following subsections summarize the guidance and themes that emerged from the TAC meetings:

General Guidance

- Be specific about actions the City can take versus the those that it cannot.
- Housing production should support a variety of household situations occurring over a lifetime (e.g., various home sizes, housing for rent and ownership).
- Developers support actions that make housing development more affordable, faster, predictable, and that mitigate risks.
- Assistance with land and gap funding make the biggest difference in the feasibility of affordable housing development. New housing is supported as well as efforts to preserve affordable housing.
- Make clear each action's goals and how its impact and implementation will be measured

Feedback on Code and Permitting Processes

- Expedite timelines through better coordination of plan approval across departments.
- Avoid pushing projects to Type III review processes, which are long, risky, and costly.
- Pre-application meetings seem to sometimes act as discretionary review points and design negotiations, which increase project uncertainty, the time to receive approval, and the number of de facto approvals required to build.
- Incentivizing density outright is preferable to density bonuses.
- A more user-friendly community development code could get more involved in building. Pre-approved plans could help too.
- Some felt design guidelines are not clear, objective, and achievable.

Feedback on Location of New Housing

- Build community around amenities and employment opportunities. Employer housing partnerships could be fruitful for meeting housing needs.
- Increasing density in residential zones for new housing should align with existing infrastructure capacity.
- Adjacency to transit should come with higher density allowances.
- Mixed-use development in both commercial and residential zones is supported.
- The City should track HOAs, explore how they curtail capacity for new housing, and audit the community development code for ways its "pushes" developers to use HOAs.
- Integrate PSH into the broader community rather than isolating it. Support workforce development for PSH.

Feedback on Investments and Incentives

- The City should consider exploring land purchases for housing, similar to how it has done for industrial land. Both employment and housing are critical issues in Hillsboro and should be equally elevated.
- SDCs are high in Hillsboro. Not all SDCs are scaled by unit size, meaning large units with large impacts on City systems often pay very similar impact fees to small homes. Other jurisdictions have scaled SDCs.
- The City should consider raising revenue through mechanisms that tap into the strong employment sector, such as a commercial construction excise tax or a business receipts tax.
- Tax exemptions for naturally occurring affordable housing could promote preservation.
- Tax exemptions are best targeted at developments that would not currently be feasible otherwise.

Some smaller developers might be interested in producing affordable middle-housing units too, and the City should find ways to support them. Detailed summary reports for each individual TAC meeting are included in Appendix C.

Historically Marginalized Communities Focus Groups

The City conducted the first round of historically marginalized communities focus groups on May 14th, 2024, and May 23rd, 2024, in English and in Spanish respectively. Members of the focus groups were recruited by engagement consultant PKS International and were provided with a stipend to each meeting to compensate for their time and participation in the project. There were 14 participants for the English focus group and 20 for the Spanish focus group.

Detailed below are the high-level themes that came out of the focus group discussions:

- The need for a range of housing options at a range of prices
- Importance of having homes near public transportation
- Preference for mixed-use development
- Prioritizing compact, mixed-use development as critical solution to improve transportation access and reduce pollution
- Frustration at having to work two jobs to make ends meet
- High cost of rental housing in Hillsboro
- Feeling priced out of certain neighborhoods or even the city as a whole
- Demand for affordable housing is greater than the supply
- There is a greater need for middle-income housing to help households struggling to pay rent and whose household income is just beyond qualifying for affordable housing
- Challenges in finding accessible and ADA-compliant housing

The second English focus group occurred on July 18 with 11 participants and the Spanish focus group occurred on July 25th with 12 participants. PKS International asked the same individuals to participate in the second round to continue relationship building. In that same vein, prior to the second focus groups, the project team decided to add a third round of focus groups to close the outreach and information-sharing loop. The first round of focus groups included more information sharing by City staff whereas the second focus group centered more around discussion questions. Below is a summary of the questions asked and responses received.

1. What do people think about increased density (and more apartments) in neighborhoods?

The city's growth and population increase have led to a high demand for housing, creating infrastructure issues like heavy traffic and pressure on roads. Participants voiced concerns about how increased density affects quality of life, the rising cost of living, and the need for affordable housing. They stressed the importance of sustainable development, preserving green spaces, and using energy-efficient materials. Despite these concerns, participants recognized the economic benefits of job creation and increased local business activity. Transportation and mixed-use development were highlighted as critical solutions to improve accessibility and reduce pollution, especially in underserved areas.

2. What are the potential upsides and downsides of focusing affordable and workforce housing in new city areas?

The participants consider that housing construction in new areas is often accompanied by infrastructure improvements, such as the creation of parks and schools. This can improve quality of life and offer more services to residents. Participants highlighted the importance of mixed-use housing and transportation

options, expressing concern over limited public transit in some areas. While new housing often brings infrastructure improvements like parks and schools, participants stressed the need to balance accessible green space with affordable housing. They also noted the potential for increased traffic and parking problems if transportation infrastructure does not keep pace with development, despite the economic benefits of new residents stimulating the local economy.

3. Do you know people whose rents are going up and causing them to seek housing outside of Hillsboro?

Participants discussed the rising cost of living in Hillsboro. Many shared concerns about escalating housing costs, others considering moving outside Hillsboro or even out of state. Participants called for regulations to maintain affordable rent in new developments and suggested assistance programs to help control rent increases. Maintenance costs were also mentioned as an added burden.

4. Are you or people you know able to find accessible/ADA housing?

Participants discussed challenges and progress in finding accessible and ADA-compliant housing. While some newer developments include features like ramps, wide doors, and roll-in showers, older buildings often lack these accommodations, and modifications can be costly. Fully affordable, accessible housing remains scarce, and resources for those needing accommodations are limited. Participants stressed the importance of researching accessibility features and increasing awareness of available assistance programs.

5. Are there other programs or housing ideas the City should look into?

During the meeting, several proposals were made to improve housing programs in the city. These included prioritizing housing for families with disabilities, older adults, and youth facing financial challenges. Environmental considerations, such as using ecological materials and recycling systems in construction, were emphasized. Participants also suggested improving park and sidewalk accessibility for people with disabilities, hiring local builders for housing projects, and offering affordable housing options for older adults. Additionally, a free community shuttle service was proposed to improve transportation access, similar to shuttles offered by companies like Intel.

6. Additional comments

During the meeting, participants highlighted the importance of community involvement to improve communication between residents and authorities. There was also a reflection on the city's diversity, with a focus on including Latino perspectives in planning. Attendees expressed a desire for updates on the progress of previous initiatives and suggested creating committees to address community needs, such as transportation and housing. Concerns about the lack of public transportation in Hillsboro were raised, with proposals for a shuttle system connecting to MAX lines to reduce the city's exclusivity to car owners. Parking challenges for larger families living in small apartments were also discussed.

The third English focus group occurred on November 7th and the third Spanish focus group occurred on November 14th. While not originally called for in the Public Communications and Engagement Plan, a third round of focus groups were conducted to close the engagement loop. The intended purpose of the focus

groups being to update participates how their input was used in the final drafting of the HPS actions. Overall participants felt their input was included but wanted to highlight the importance of not only ensuring housing affordability, but also housing quality, livability, and creating complete communities. Participants also stressed the need to provide for housing for the unhoused, elderly, disabled, large families, and undocumented immigrants. The need for cross departmental and agency collaboration was also a topic of discussion, given that many communities members confuse the work of different government agencies.

A detailed summary report for each individual focus group is included in Appendix D.

City Council Work Sessions

City staff and its consultant team conducted City Council work sessions in April, June and October of 2024. These work sessions offered information on and solicited feedback regarding Hillsboro's Contextualized Housing Need, HPS requirements and process, and draft actions proposed for the HPS. Council direction fell into several major themes:

Feedback on Prioritization of Financial Resources

- The City has limited financial resources and should focus those resources on affordable housing (targeting <80% AMI) and middle-income housing (targeting 80-120% AMI).
- With financial resources focused on affordable and middle-income housing, the City should use actions with lower fiscal impacts to promote market-rate housing. The City should continue to maintain a development-friendly environment and remove regulatory barriers to promote production. One council member advocated for exploring higher minimum required densities for development when revising the City's community development code.

Feedback on Homeownership

- The Council tended to voice strong support for expanding homeownership and making it attainable to middle-income families, while still understanding the need to balance actions focused on ownership and rental housing.
- One council member emphasized the importance of achieving a policy outcome where homeownership was affordable to middle-income without subsidy. Across two work sessions, another member emphasized middle housing as a tool and its importance in helping achieve affordable homeownership. The Councilor advocated for setting the City setting ambitious targets in terms of the price it wants to achieve for homes available on the ownership market.

Feedback on Incentives and Investments

- The Council had a variety of creative ideas for funding and producing needed housing. Some on the Council expressed interest in strategies that would raise money while disincentivizing non-desired behaviors in the housing market (e.g., speculation, home flipping, construction of certain housing types). One council member suggested the City be intentional during implementation of being sure developers cannot layer too many incentives together, effectively tipping the balance of benefits away from the City and public. One council member suggested using a construction excise tax to raise money for affordable housing and sought confirmation that it would be considered during the implementation stages of the work.

- The Council supported changes to City controlled fees, with one council member advocating for creating fee incentives related to particular types of needed housing, such as middle housing. The Council acknowledged at multiple points the need for fiscal sustainability when adjusting fees, as well as the administrative difficulties that might come with some changes, in particular fee deferrals.

Other Ideas and Guidance

- The Council wants to see households able to access complete communities, open space, amenities at all income levels. With zoning map changes, two members of the Council expressed concerns around traffic and their desire to manage those impacts carefully.
- One member of the Council expressed clear support for statewide advocacy, in particular around construction defect liability law.
- One member of the Council recommended revising an action related to design-standards streamlining, to emphasize housing production or affordability rather than preservation of difficult-to-define City character.
- The Council wants to better understand where HOAs are and how they're affecting affordability and the ability to produce housing.
- One member advocated for making as strong of policy commitments as the City could, while acknowledging the reasonableness of using language when describing HPS actions that helps the City flexibly and efficiently explore and select from its options during the HPS implementation phase.

Planning Commission Work Sessions

City staff presented at the May 8 Planning Commission work session and gave an overview of the project timeline, housing needs as outlined in the HNA, and the broad categories of potential housing production strategies. Planning Commissioners discussion included:

- Feedback on the importance of presenting data in concise and clear manner, with sources cited. This would allow a better understanding of the existing housing needs in Hillsboro.
- Commentary as to the cyclical nature of housing economics, with periods of slow production due to market conditions.
- Advised staff to look to periods in Hillsboro's development history when the City was seeing more diversity in housing product type.

Staff also presented at the October 9th, Planning Commission work session, giving an overall project status update and shared the final draft new actions. Planning Commissioners expressed appreciation for the proposed final draft actions and anticipation for their involvement in the development code implementation work to follow Council adoption of the HPS in 2024.

Advanced Manufacturing Training and Education Collaborative (AM-TECH) of Hillsboro

The City of Hillsboro hosts AM-TECH, which champions public-private partnerships with industry, educational institutions, community organizations and government to support workforce development. The HPS project team presented at the June 12th and August 22nd meetings. The June meeting included a presentation of the project overall and the August meeting focused on discussion. When asked if their employees were having trouble finding affordable housing in Hillsboro, several members of the committee representing large companies in the advanced manufacturing industry shared they themselves could not find

affordable housing in Hillsboro. Being unable to live in the community in which they are working causes additional stress with commuting and traffic time. Members also expressed the desire for more single-story housing that would be more accessible. Others noted the cost-of-living arrangements are increasing more than annual salary increases. Several large-scale employers who often have summer interns also expressed a need for short-term affordable housing. Members also commented on that Hillsboro's housing needs are very unique due to the high employment opportunities, and the need for housing at low and medium densities.

Implementing Community Feedback into HPS

How the HNA Themes Are Incorporated into the HPS

As described above, the HNA's community engagement had several important themes, which the HPS actions directly incorporated.

The HPS includes several regulatory actions aimed at increasing the development capacity in multi-dwelling, mixed-use, and commercial zones. The HPS will also expand the areas of the City that allow multi-unit housing through zoning map adjustments. Such adjustments would allow the City to intentionally direct new housing toward high-amenity, high-opportunity neighborhoods.

The HPS includes actions that support housing attainable at all levels of the income spectrum. This includes market rate housing, affordable housing, and homeownership opportunities for low- and moderate-income community members through potential new tax abatements, fee adjustments and adjustments of select SDCs, middle housing code improvements, and new affordable-ownership partnerships. Homelessness is also addressed, both indirectly by promoting a better functioning housing market and directly through a variety of investment and partnership activities. Those activities include siting and building the City's first year-round shelter, pursuing an equitable development strategy in the 10th Avenue/Avenida Diez area, supporting PSH, and exploring new revenue streams for affordable housing. Adjustments of select SDCs could also reduce the impact fees imposed on constructing the smallest housing units most easily attainable on a very tight budget, like studios and SROs.

How Outreach During HPS Development Is Incorporated into the HPS

Input from the TAC, the Historically Marginalized Communities focus groups, Advanced Manufacturing Training & Education Collaborative of Hillsboro (AM-TECH), inter-departmental input, other stakeholders, and City Leadership directly shaped the actions included in the HPS. Many ideas were added to the HPS wholesale, such as:

- Taking action to make middle and affordable homeownership opportunities easier to build.
- Committing to code, design guideline, and review process changes that make it easier and faster to build housing.
- Using zoning map changes to promote access to high opportunity, high amenity, transit adjacent areas.
- Exploring tax abatements to support multi-unit, middle-income, and affordable housing.
- Exploring SDC scaling.

Other ideas, such as how exactly to establish a new revenue source for affordable and middle-income housing, were added, but in more explorative and general terms given the many possibilities advocated for by the stakeholders consulted.

Ultimately, the actions closely resemble the input provided by stakeholders, but with an additional filter applied: the expertise, fiscal knowledge, and anticipated administrative capacity of the City's staff.

HPS Readoption Work and Engagement

Starting in summer 2025, the City worked with DLCD and a state grant-funded consultant to address the remand conditions. The project team presented the proposed HPS changes at a City Council work session on October 7, 2025. Following input from City Council and internal City departments, an HPS readoption public comment draft was created. This document was sent to all members of the TAC who participated in 2024, those who provided HPS testimony at the December 2024 Hillsboro City Council public hearing, and those who provided input during DLCD's HPS review comment period. It was posted to the project webpage. The public comment period was from October 13, 2025 through October 24, 2025. Only one public comment was received, a joint letter from Housing Land Advocates (HLA) and the Fair Housing Council of Oregon (FHCO). The letter offered a perspective that the HPS does little to help renters and RECAP residents. The comments included the perspective that an overreliance on actions to bolster needed middle housing and subsidized affordable housing does not do enough to combat historic patterns of segregation and concentration of poverty, and offered upzoning of single detached zoned land as a way of counteracting such spatial disparities. The letter also included an attachment citing issues HLA and FHCO have observed across a variety of HPS documents.

Following the HPS readoption public comment period, the City met with DLCD several times and received informal and formal input confirming the final HPS's effective level of commitment and timing of actions' implementation over the six-year period. The City worked with DLCD and a state grant-funded consultant to address the remand conditions.

Improving Future Engagement Practice

The HPS will impact a diverse range of stakeholders, from residents (across age, race and ethnicity, gender, ability, household type, tenure, and protected classes), to businesses who rely on a functioning housing market and may be affected by new tax or incentive programs, to developers, owners, and renters of housing, to non-profits and partner organizations and jurisdictions. Through the City's advisory committees, focus groups, collaboration with community-based organizations, public meetings, and website, the City has created many avenues to reach those different stakeholders. The City should continue this approach. A key idea for the City to consider improving its approach is to explore using a quantitative method for gathering community input, such as a statistically reliable poll that attempts to mirror the City's demographics and gather input on a larger scale (e.g., hundreds of respondents). The City should also consider ways to take advantage of community gatherings, such as Tuesday Night Markets in downtown.

4. Existing Actions to Promote the Development of Needed Housing

The City of Hillsboro has already undertaken many existing actions to ensure the production of needed housing. Each of these existing actions has been detailed below, organized by category: regulatory, land-based, partnerships, incentives, and investments. Existing actions that will continue are marked as such in the "Action Status" category on the table's right. Actions that are marked complete have already been fully implemented. Collectively, this list of existing actions provides important detail regarding the City's pro-housing commitment that contextualizes the City's new actions to meet future need.

Action Title + Description		Affordability Target	Tenure Target	Housing Type Target	Magnitude of Impact	Action Status
		Deeply Affordable, Affordable, Middle-Income, Market, All	*Renter, Owner, Both*	*Single Detached, Middle Housing, Multi-unit, All*	*Low, Medium, High*	*Continuing, Complete*
Regulatory						
E1	**Ensure land zoned for higher density isn't developed at lower densities.** The Community Development Code requires a minimum density for all zones, prohibits new single detached units in high density zones, and requires single detached units in medium density zones to meet minimum density. The code also requires lot divisions to conform to minimum density.	Affordable, Middle-Income, Market	Both	All	Medium	Complete
E2	**Offer density or height bonuses for Affordable housing.** SB 8 was adopted into code in 2022. The Witch Hazel Village South Plan District includes automatic density and height bonuses beyond requirements of SB 8.	Affordable	Renter	Multi-Unit	Medium	Complete
E3	**Reduce parking standards for Affordable housing.** Parking standards for Affordable housing multi-unit were reduced from 1.5 spaces per unit to 1 space per unit (80% AMI and below) citywide and 0.85 space per unit within a quarter mile of high-frequency transit. Code amendments resulting from the state's Climate Friendly and Equitable Communities rulemaking removed minimum vehicle parking requirements for all housing.	Affordable	Renter	Multi-Unit	Medium	Complete
E4	**Allow for Single Room Occupancy in Residential Zones.** The Community Development Code allows SROs up to 8 bedrooms in all standard residential zones. Multi-Dwelling residential zones allow group living outright.	Affordable, Middle-Income	Renter	Multi-Unit	Medium	Complete

E5	**Provide incentives for ADUs.** The Community Development Code was amended to ease architectural standards and remove off-street parking requirements for ADUs. In 2022, the approval process for ADUs switched from requiring Type II Development Review to now only requiring a Zoning Review approval. This change removes the requirement for public noticing. The City charges SDCs for primary dwelling units but has a practice of not charging SDCs for ADUs other than the County's Transportation Development Tax (TDT).	Affordable, Middle-Income, Market	Renter	Middle Housing	Low	Complete
E6	**Regulate short-term rentals.** The City updated its short-term rental regulations to respond to potential impacts of short-term rentals on current and future rental housing availability and affordability.	Middle-Income, Market	Both	All	Low	Complete
E7	**Incentivize accessible design.** The Witch Hazel Village South Plan District includes outright setback reductions for visitable units to encourage single story design or visitable units with zero rise entries and bedroom/bathroom on main story.	Affordable, Middle-Income, Market	Both	All	Low	Continuing
E8	**Pursue a pro housing agenda.** Hillsboro's commitments to allow for the market's development and delivery of a variety of housing choices including Market Rate and Middle Housing, as well as Affordable Housing are demonstrated in the Hillsboro 2035 Community Plan guiding document, Hillsboro Comprehensive Plan goals and policies, and the 2020–2024 Washington County Consolidated Plan.	All	Both	All	Low	Continuing
E9	**Adopt Affirmatively Furthering Fair Housing as a Comprehensive Plan Housing Policy.** Comprehensive Policy H 2.7: Employ strategies that support the Fair Housing Act and affirmatively further fair housing; Policy H 2.9: Employ strategies that support the Fair Affordable housing partnerships. Partner with nonprofit housing developers and other agencies to create the opportunity to provide moderate- and low-income housing and rehabilitation activities in Hillsboro.	All	Both	All	Low	Continuing
Land-Based						
E10	**Evaluate City land for affordable housing.** Evaluate the utilization of City-owned remnant land for affordable housing which resulted in the Nueva Esperanza and Century Commons affordable housing projects.	Deeply Affordable, Affordable	Both	Middle Housing, Multi-Unit	High	Continuing
E11	**Evaluate land acquisition in Downtown Hillsboro.** The Hillsboro Economic Development Council evaluates the acquisition of land in the downtown Urban Renewal Area to spur residential, mixed-use development.	All	Renter	Multi-Unit	Medium	Continuing

E12	**Track affordable housing inventory.** Track the inventory of all existing regulated affordable housing units in the City to inform future policy and programs.	Affordable	Renter	Multi-Unit	Low	Continuing
Partnerships						
E13	**Maintain strategic partnerships to advocate for state and federal policy changes and funding.** Maintain strategic partnerships for coordinated multi-jurisdictional advocacy for state and federal policy changes and funding.	All	Both	All	High	Continuing
Incentives						
E14	**Property tax exemption for non-profit affordable housing.** Offer tax exemptions to non-profits operating qualified affordable rental housing in the city.	Deeply Affordable, Affordable	Renter	Multi-Unit	High	Continuing
E15	**Finance SDCs for select residential development.** Support City financed SDCs for residential development, such as what was done with the 4th Main project in downtown Hillsboro and Orenco Station's Platform District buildings.	Affordable, Market Rate	Both	Multi-Unit	Medium	Continuing
Investments						
E16	**Provide gap funding investments.** Provide direct investment via gap funding into affordable housing projects and PSH, with prioritization of low and extremely low-income units for individuals and families. Consider expanding investments for middle-income housing.	Deeply Affordable, Affordable	Renter	Multi-Unit	High	Continuing
E17	**Administer CDBG program.** Administer CDBG federal funds supporting affordable housing programs, such as affordable homeownership, housing rehabilitation, public facility improvements, fair housing awareness, and emergency rent assistance.	Deeply Affordable, Affordable, Middle-Income	Both	All	Medium	Continuing
E18	**Support nonprofit housing organizations, such as the Community Housing Fund.** Support and contribute to organizations such as the Community Housing Fund to support land acquisition and predevelopment costs for affordable housing.	Deeply Affordable, Affordable	Renter	Multi-Unit	Medium	Continuing
E19	**Partner on HOME implementation.** Partner with Washington County to guide use of federal funds for affordable housing investment through participation on the Policy Advisory Board.	Deeply Affordable, Affordable	Renter	Multi-Unit	Low	Continuing

5. New Actions to Meet Future Housing Needs

City of Hillsboro's staff and consulting team, considering the input received from community stakeholders, identified a list of housing new actions ("actions") aimed at addressing the needs in Section 2: Overview of Hillsboro's Contextualized Housing Needs. These actions have been revised following the remand of the HPS in April 2025 by the Department of Land Conservation and Development. These actions derive from the team's policymaking experience in Oregon, an ongoing audit of Hillsboro's community development code, design and construction standards, and housing policies, stakeholder consultation, best practices research, and a list of potential actions published by Oregon's Department of Land Conservation and Development (DLCD).

Documentation Format for Each Action

Each action in this document falls into one of five categories:

1. Regulatory actions
2. Land-based actions
3. Partnership actions
4. Incentive actions
5. Investment actions

Each action is documented in a summary table, which includes the following subsections:

- A description, including an overview and action details
- A timeline for action adoption/completion, implementation, and impact on needed housing timeline
- Steps to implement the action
- Considerations for implementation, including discussion of constraints, opportunities, and externalities
- A description of the action's anticipated impacts. That includes the housing needs the action addresses (such as tenure and affordability level), an analysis of the action's anticipated benefits and burdens for various income and demographic populations and protected classes, and an estimate of the action's magnitude of impact on housing production
- The fiscal and administrative impacts of the action on the City

Actions will impact the production of needed housing over time, with some actions having nearer-term effects and others longer-term effects.

Types of Housing Need

Each action's documentation indicates the anticipated impacts it will have on different housing needs:

- **Affordability Targets:** This evaluates the degree to which an action will help to produce housing affordable and to address the housing needs of various income levels. The evaluation is based on the housing types that are most likely to be produced as a result of the action and the extent to which the City can direct the action to meet housing for certain income levels. The following table summarizes the affordability targets used for this report.

Affordability Target	Percent of Area Median Income (AMI)	Monthly Rental Housing Cost Range
Deeply Affordable	30% and below	$663 or less
Affordable	30% to 80%	$664 to $1,770
Middle-Income	80% to 120%	$1,771 to $2,655
Market Rate	Over 120%	$2,656 or more

Source: Oregon Housing and Community Services 2024, 1 Bedroom Income & Rent Limits for Washington County

  - **Deeply affordable:** Deeply affordable housing refers to housing units that are affordable to households earning 30% and below AMI. These housing units are typically rental properties that are developed with public subsidies and include mechanisms such as regulatory agreements to ensure residents meet income requirements.

  - **Affordable:** Affordable housing refers to housing units that are affordable to households earning between 30% and 80% AMI. Affordable housing units are typically rental properties developed with public subsidies and include mechanisms such as regulatory agreements to ensure residents meet income requirements. Some affordable housing is not regulated due to the absence of regulatory agreements but may be lower cost and provided by the market. This is often older and lower quality housing stock and may be referred to as naturally occurring affordable housing (NOAH).

  - **Middle-income:** Middle-income housing, sometimes called workforce housing, refers to housing units that are affordable to households earning between 80% and 120% AMI. Such housing can be rental or ownership units that target middle-income workers, may or may not be developed with public subsidies or support.

  - **Market:** Market rate housing refers to housing units rented or owned by households earning above 120% AMI.

- **Housing Type Targets:** In this document, these terms are used to refer to housing types as defined below:

  - **Single Detached Housing:** A single detached unit located on its own lot.

  - **Middle Housing:** A range of detached and attached housing types that are typically higher density than single detached units. The types include duplexes, triplexes, quadplexes, townhouses, and cottage cluster housing.

  - **Multi-Unit Housing:** A building with 5 or more attached housing units located on a single lot.

- **Tenure Targets:** This evaluates the degree to which an action will help to produce housing that is either for-sale or for-rent, regardless of housing type.

- **Income and Demographic Targets:** This evaluates the degree to which an action will help to produce housing for as well as result in benefits or burdens for low-income households, communities of color, people with disabilities, seniors, and people experiencing homelessness.

Estimated Magnitude of Impact

Each action's summary table offers an assessment of the action's magnitude of impact on housing production. Each action is assigned to one of the following categories:

Low impact: This indicates that the action is likely to have a minimal or limited effect on housing production. It may support housing production but on its own it is not likely to spur significant new housing development.

Medium impact: This indicates that the action is likely to have a substantial impact on housing production generally or on meeting a specific housing need. It may be impactful enough on its own to spur new housing development.

High impact: This indicates that the action is likely to have a significant, wide-reaching impact on housing production or would directly spur housing development that meets a specific housing need.

When an action's impact is particularly uncertain, reasons the impact may or may not be as large as anticipated are documented.

A discussion of how the actions collectively promote equity, fair housing, and meet the housing needs of marginalized groups is given in Section 6: Achieving Fair and Equitable Housing Outcomes.

Impacts on the City

The City will incur costs due to the actions taken under the HPS. Those costs take two forms: administrative costs and fiscal costs. Each action's summary table offers a brief assessment of the magnitude of those costs, from low to high.

- **Administrative Time**
  - **Low:** Requires low staff time to develop the action and requires low on-going staff time to implement the action.
  - **Medium:** Requires more staff time to develop the action and requires more ongoing staff time to implement the action.
  - **High:** Requires significant staff time to develop the action and/or significant ongoing staff time to implement the action. May also include adding additional staff.

- **Fiscal Impact**
  - **Low:** Requires little or no local public funding (in addition to staff time) to implement.
  - **Medium:** Requires some public funding (in addition to staff time) to implement. Acquiring this funding may require new sources of revenue and/or a federal or state grant.
  - **High:** Requires significant public funding (in addition to staff time) to implement. Acquiring this funding will likely require new sources of revenue and/or a federal or state grant.

Department Lead

- **Economic and Community Development Department (ECD)**
  - Planning Division
  - Affordable Housing Team
  - Administrative Division
  - Economic Development Division
  - Building Division
- **City Manager's Office**

Summary Table of New Actions by Implementation Timeline and Impact

Legend for Timeline			
	Time frame when the City will conduct analysis, refine the action, and coordinate with partners prior to action adoption or completion	**A/C**	Time of action **adoption (A)** or **completion (C)**
	Time frame when action will be implemented *(i.e. the program, resource, code, etc. is available for use)*	**I**	Time frame when action will **impact (I)** needed housing

Action Group	Action Title	Timeline (Cycle 1: 2025-2030)						Cycle 2	Action Impact
		2025	2026	2027	2028	2029	2030	2031	
Regulatory Actions	Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multi-unit housing capacity				**A**	**I**	**I**		High
	Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units			**A**	**I**	**I**	**I**		High
	Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units			**A**	**I**	**I**	**I**		High
	Action 1.4: Refine middle housing development standards		**A**	**I**	**I**	**I**	**I**		Medium
	Action 1.5: Streamline design standards					**A**		**I**	Low
	Action 1.6: Adopt a user-friendly code						**A**	**I**	Low
	Action 1.7: Reduce and remove development code and permitting process barriers					**A**		**I**	Low
	Action 1.8: Adopt a local pre-approved housing plan for ADUs with universal design						**A**	**I**	Medium
Land-Based Actions	Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing				**C**		**I**		Medium

Action Group	Action Title	Timeline (Cycle 1: 2025-2030) 2025	2026	2027	2028	2029	2030	Cycle 2 2031	Action Impact
	Action 2.2: Identify and use City-owned land for affordable housing				C			I	High
Partnership Actions	Action 3.1: Develop new strategic partnerships for state and federal advocacy				C			I	Low
	Action 3.2: Continue and expand affordable and middle-income homeownership partnerships					C		I	Medium
	Action 3.3: Adopt and implement the 10th Avenue/Avenida Diez Equitable Development Strategy			A				I	Medium
	Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production					C		I	Low
Incentive Actions	Action 4.1: Complete permit application fee study and consider fee structure adjustments				A		I		Medium
	Action 4.2: Complete SDC study and consider adjustments to select SDCs				A		I		Medium
	Action 4.3: Expand the use of the Vertical Housing Development Zone Program to target middle-income housing				A	I	I		Low
	Action 4.4: Adopt a MUPTE program to target middle-income and accessible housing				A	I	I		Medium
	Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing			A				I	Medium
Investment Actions	Action 5.1: Target strategic infrastructure investments to unlock housing production based on a development ready lands analysis						C	I	Medium
	Action 5.2: Build a year-round homeless shelter	C	I	I	I	I	I		Low
	Action 5.3: Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects			C	I	I	I		Medium

REGULATORY ACTIONS

Action 1.1: Adopt Comprehensive Plan Map amendments and Zoning Map updates to expand multi-dwelling housing capacity

Regulatory Actions

Timeline

Action Start: 2026

Adoption/Completion: 2028

Implementation: 2029-30

Impact: 2029-30

Description

Overview: Adopt Comprehensive Plan Map and Zoning Map amendments to expand areas where additional multi-unit housing capacity would be permitted and encouraged, especially in high-opportunity areas that are close to amenities–such as areas close to light rail, bus lines, schools, employment and commercial centers, parks, and areas that may currently have concentrations of higher income households.

Details: According to the HNA, the City needs 14,046 new housing units over the next 20 years. The City's Residential Buildable Lands Inventory shows that the City currently falls short of having sufficient buildable land to meet that need, including multi-unit need. This Action and Actions 1.2, 1.3, and 1.4 will add capacity to meet that multi-dwelling need.

In this action, the City will identify opportunities to update Comprehensive Plan Map and Zoning Map designations in order to expand capacity for multi-dwelling housing. The City will develop a set of criteria that will be used to prioritize Comprehensive Plan and Zoning Map amendments in locations that have high access to opportunity, including areas that are found to be socioeconomically exclusive and currently zoned for lower residential densities. The City will limit map amendments in areas that are found to be vulnerable to residential displacement or ensure that such amendments are implemented alongside sub-actions to mitigate risks of displacement and gentrification.

Implementation Steps

- Build upon the spatial analyses included in this HPS to refine the City's understanding of the geography of vulnerability. Refine criteria for determining the areas that are more or less vulnerable to residential displacement.
- Build upon the spatial analyses included in this HPS to refine the City's understanding of the geography of opportunity. Refine criteria to determine the areas that have more or less access to opportunity.
- Conduct a staff or consultant-led project to holistically consider and recommend where housing capacity be added when factoring in geography of vulnerability and opportunity, building on the spatial analyses and findings included in the HPS. Consider the following criteria when selecting areas for map amendments:
    - Access to opportunity: The areas(s) selected for map amendments will predominantly impact areas that ranked higher in access to opportunity.
    - Vulnerability to displacement: The area(s) selected for map amendments will either have a limited impact in areas that are vulnerable to displacement or will be implemented concurrently with amendments in high opportunity areas.
- Formulate a package of Comprehensive Plan Map and Zoning Map amendments based on the above recommendations that adds sufficient housing capacity within buildable

	lands to–along with Actions 1.2, 1.3, and 1.4–meet or exceed the HNA-identified capacity shortfall for multi-dwelling housing. ● Bring the package of Comprehensive Plan Map and Zoning Map amendments for public input. ● Revise and prepare map amendments for council adoption. ● Hold a public hearing to adopt Comprehensive Plan Map and Zoning Map amendments.
Considerations	<u>Fiscal</u> An outside consultant may or may not be necessary for this project. In either case, this action will require dedication of staff time to participate in the work assessing market responsiveness, evaluating risk of potential displacement, and implementing the recommendations.
Anticipated Impact	<u>Housing Need Addressed</u> This action will expand zoned capacity for multi-dwelling housing and other higher density housing types. It will address **overall housing need**. This action will specifically expand multi-unit housing capacity in high opportunity areas. Because multi-unit housing is the housing type most likely to be affordable or deeply affordable, this will directly address and improve housing choice for priority populations in high opportunity neighborhoods, including **low-income households**, **communities of color, people with disabilities**, **seniors**, and **people experiencing homelessness**. <u>Affordability Targets</u> This action targets production of housing for **all income levels**. <u>Tenure Targets</u> This action targets production of multi-dwelling housing, corresponding most strongly with housing **for rent**, with a more modest impact on for sale units. <u>Benefits and Burdens</u> *Benefits* This action will benefit populations across the income spectrum by increasing housing allowances for affordable and market-rate multi-dwelling projects alike. The City's emphasis on multi-dwelling housing in high opportunity, high amenity, and transit-rich areas particularly benefits low- and middle-income populations who will have greater housing choice and access. That in turn, will benefit communities of color, people with disabilities, people experiencing homelessness, and state and protected classes that represent a disproportionate share of low-income households. In addition, the City's emphasis on multi-dwelling housing in high-opportunity areas will boost the maximum benefit of other HPS actions that seek to produce more affordable forms of housing throughout the City, such as the City's investment and incentive actions. *Burdens* This action could increase rent or displacement-pressure burdens on low-income and marginalized populations if Zoning Map changes disproportionately add development capacity in lower-income, displacement-vulnerable areas, or areas that are home to naturally occurring affordable housing susceptible to rapid rent increases or redevelopment, such as the RECAP primarily located in the 10th Avenue/Avenida Diez area.

The City will mitigate for this possibility by building on the spatial analyses included in the HPS by analyzing the spatial distribution of vulnerability and opportunity as part of this Action's implementation. The City will focus additional housing capacity in high-opportunity areas and exercise care in vulnerable areas, including by ensuring that zoning map amendments in such areas are implemented at the same time as amendments to expand capacity in high-opportunity areas. Finally, the City will mitigate for gentrification and displacement risks through actions that support the production of affordable housing or otherwise directly combat those risks (e.g. Actions 2.1, 3.3).

Magnitude of Impact

High impact. The 2023 HNA indicated there is a deficit of 939 units of zoned capacity for multi-unit dwellings compared to the City's projected housing need over the next 20 years. Implementation of Actions 1.2 and 1.3 is estimated to increase zoned capacity for multi-unit dwellings by 500-600 units by allowing higher densities in current multi-unit dwelling, mixed-use, and commercial zones. The *total* increase in zoned capacity in these zones achieved through Actions 1.2 and 1.3 is actually 1,000-1,200 units. However, half of that new capacity is anticipated to include medium density/middle housing. Therefore, Actions 1.2 and 1.3 will not fully address the deficit of capacity for multi-unit dwellings. The City will address the remainder of this deficit through strategic rezoning of specific properties/areas under Action 1.1. The City will target a net increase of capacity for multi-unit dwellings of at least 339-439 units to address the remaining deficit. This net increase in capacity can be achieved by rezoning properties from lower density zones or non-residential zones to a multi-unit dwelling or mixed-use zone.

Fiscal Impact: Low **Admin Needs:** Medium **Lead:** ECD Planning Division

Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units

Regulatory Actions

Timeline

Action Start: 2026

Adoption/Completion: 2027

Implementation: 2028-30

Impact: 2028-30

Description

Overview: Increase the base zone allowable densities and height standards in multi-dwelling zones through increased dwelling units per acre or Floor Area Ratio (FAR). Offer density bonuses to further increase affordable, middle-income, and accessible housing units without ownership limitations.

Details: The maximum density and height standards of many of the City's multi-dwelling zones pose barriers to housing production and affordability. The City's 2025 Hillsboro Housing Code Audit (Appendix G) found that existing maximum densities in certain zones unnecessarily constrain housing production, contribute to a higher cost of development, and limit housing choices. According to the City's 2023 HNA, these zones account for about 35% of the gross buildable land in residential zones citywide. The Housing Code Audit recommends either increasing maximum densities or replacing maximum density with a maximum FAR.

Implementation of this action includes adopting the following amendments to the Community Development Code (CDC):

- If the City chooses to increase density through increased dwelling units per acre, increase allowable density in the MR-1, MR-2, MR-3, SCR-MD and SCR-HD zones to allow multi-unit housing development at greater densities than allowed for middle housing to improve economic feasibility of housing development:
    - MR-1. A max density of at least 25-30 units per net acre is recommended.
    - MR-2 and SCR-MD. A max density of at least 30-35 units per net acre is recommended.
    - MR-3. A max density of at least 35-45 units per net acre is recommended.
    - SCR-HD: A max density of at least 45-50 units per net acre is recommended.
- If the City chooses to increase density by replacing maximum density with a maximum FAR, the recommended FAR would be:
    - MR-1. A recommended max FAR of at least 0.7.-1.0.
    - MR-2. A recommended max FAR of at least 1.0-1.2.
    - MR-3 and SCR-MD. A recommended max FAR of at least 1.2-1.5.
    - SCR-HD: A recommended max FAR of at least 2.5-3.0.
- In addition to increasing density/replacing with FAR, increase maximum height to a full 3 stories in the MR-1 zones and increase maximum height to 4 stories in the MR-3 zone without Planning Commission approval.
- In addition, build on SB 8 legislation and refine existing affordable housing density and height bonus provisions in the CDC (§12.40.107.A and B).

	● Add the option for projects that that include a certain number or percentage of units meeting accessibility criteria–such as Oregon building code's "Accessible Unit" standards, Universal Design standards, or Lifelong Housing Certification standards–to be eligible for density and height bonuses. ● Add criteria to incentivize 3-4 bedroom affordable units in multi-unit housing. As the City amends the CDC to incorporate these changes, analyze the effect of these changes on other code elements such as open space requirements per unit, fire access for any height increases, and other relevant standards.
Implementation Steps	● Determine if the maximum density increase will be implemented through increased dwelling units per acre or Floor Area Ratio. Prepare amendments to maximum height standards in specified zones. ● Calibrate eligibility criteria and density and height bonus provisions for projects that include affordable and/or accessible housing. ● Consider if amendments to other standards in the CDC are necessary ensure there are no conflicting requirements or standards. ● Bring package of code amendments for public input. ● Revise and prepare amendments for council adoption. ● Adopt a package of changes through a public hearing process.
Considerations	<u>Fiscal</u> The City applied for and was awarded a DLCD Housing Planning Assistance grant to assist with the implementation of this action.
Anticipated Impact	<u>Housing Need Addressed</u> This action will expand capacity and improve feasibility for multi-dwelling housing and other higher density housing types. This will address **overall housing need**. By expanding eligibility for density/height bonuses for accessible units, this action will directly address the needs of **people with disabilities** and **seniors**. By expanding eligibility for density/height bonuses for affordable units, this action will directly address the needs of **low-income households.** Supporting affordable housing production also indirectly helps priority populations that experience poverty, cost burden, and accessibility challenges at elevated rates and are therefore likely to represent an elevated share of the beneficiaries. Chapter 2 offers strong evidence that indirect beneficiaries will include **communities of color, people with disabilities**, **seniors**, and **people experiencing homelessness**. <u>Affordability Targets</u> This action targets production at **all affordability levels** but also targets **deeply affordable** and **affordable** housing through a bonus incentive offered for income-restricted units. <u>Tenure Targets</u> This action targets production of multi-dwelling housing, corresponding most strongly with housing **for rent**, with a more modest impact on for sale units. <u>Benefits and Burdens</u>

Benefits

This action will benefit populations across the income spectrum by easing standards for affordable and market-rate multi-dwelling projects alike. It will provide additional benefit to low-income households and marginalized populations that tend to have lower incomes with the density/height bonus in exchange for affordable housing. It will also provide additional benefits to protected classes such as seniors and people with physical disabilities with the inclusion of a density/height bonus in exchange for accessible housing.

Burdens

This action could increase rent or displacement-pressure burdens on low-income and marginalized populations, particularly for any multi-dwelling zones that disproportionately fall in displacement-vulnerable areas or are currently home to naturally occurring affordable housing that may be susceptible to rapid rent increases or redevelopment. The SCR-HD zone, which is common in the City and County's only RECAP is the main concern for this action (see Zoning Map with RECAP highlighted in the Achieving Fair and Equitable Housing Outcomes Chapter).

The City will mitigate for this possibility by:

- Building on the spatial analyses in the HPS and evaluating the spatial impact of these code amendments relative to the areas of vulnerability and opportunity that are identified as part of implementing Action 1.1. This spatial analysis will be conducted prior to implementing this action.
- If specific zone districts planned for density increases are mapped to areas of vulnerability, particularly SCR-HD, the City will pair any code adjustments with actions to mitigate displacement risk. First, mitigation actions may include limiting density increases in these districts and focusing increased density in non-vulnerable areas or high opportunity areas. Second, any density increases within and near the RECAP will be coordinated with the implementation of Action 3.3, which calls for anti-displacement actions in the 10th Avenue/Avenida Diez area, which encompasses the RECAP and overlaps with the SCR-HD zone. Third, density increases within and near the RECAP will be complemented by significant bonus incentives to help ensure housing production there includes affordable, middle-income, and accessible housing units to support housing stability and affordability for current and future residents.

Magnitude of Impact

High impact. This action is estimated to increase the total zoned capacity of the multi-dwelling zones by 400-500 units. This represents a 30-40% increase over the zoned capacity of these zones estimated in the 2023 HNA. This estimate uses the same data and methodology for estimating housing capacity as the 2023 HNA but assumes that higher densities are possible in these zones as a result of code changes implemented under this action. The estimate assumes an increase in the maximum density of approximately 20-50% across the multi-dwelling zones in accordance with the recommended maximum density or FAR from the Housing Code Audit.

Fiscal Impact: Low **Admin Needs:** Medium **Lead:** ECD Planning Division

Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units

Regulatory Actions

Timeline

Action Start: 2026

Adoption/Completion: 2027

Implementation: 2028-30

Impact: 2028-30

Description

Overview: Recalibrate limitations on housing in Mixed Use, Urban Center, Station Community Commercial, and Commercial zones. Increase maximum density and height standards in these key zones. Offer density bonuses to further increase affordable, middle-income, and accessible housing units, along with mixed-income projects.

Details: Housing is allowed in most of the commercial and mixed-use zones in Hillsboro's Community Development Code, but with a variety of limitations. Some zones limit housing to upper stories, some allow housing on the ground floor only in certain locations, and some zones require a minimum amount of commercial space in mixed-use developments. These requirements pose several barriers to prospective housing developments, including higher construction costs associated with mixed-use development and weakening demand for new office and retail uses as a result of long-term macroeconomic trends.

Under this action, the City will make a set of code amendments to reduce these barriers and expand bonus incentives for affordable and accessible housing. These include:

- Reevaluate the requirement to include commercial uses with a residential development in some locations in the Mixed Use, Urban Center, and Station Community Commercial zones. Where requiring a commercial use is no longer a priority in these locations, the City will amend the code to allow standalone residential development, while continuing to apply minimum density standards to ensure an efficient use of land.
- Identify key areas or street frontages in the Commercial Zones (C-G and C-N) to allow for standalone residential development.
- Coordinating with Action 1.2, increase maximum density or replace with maximum FAR and increase maximum building height where recommended by the Housing Code Audit.
- Coordinating with Action 1.2, build on SB 8 legislation and refine existing affordable housing density and height bonus provisions in the CDC (§12.40.107.A and B) in order to encourage more affordable housing.
- Add the option for projects that include a certain number or percentage of units meeting accessibility criteria–such as Oregon building code's "Accessible Unit" standards, Universal Design standards, or Lifelong Housing Certification standards–to be eligible for the bonuses.
- Add criteria to incentivize 3-4 bedroom affordable housing multi-dwelling units.

Implementation Steps

- Consider conducting a market study of the demand for new commercial space in the mixed-use and commercial zones where these requirements apply in order to assess the market feasibility of commercial uses in these locations. This step is not required prior to drafting code amendments, but it may allow the City to make more informed

	choices about where to continue to require commercial uses as part of a housing development. ● Ensure alignment with Districts and overlapping Community Plans when making policy determinations. ● Determine if the maximum density increase will be implemented through increased dwelling units per acre or Floor Area Ratio. Prepare amendments to maximum height standards in specified zones. ● Calibrate eligibility criteria and density and height bonus provisions for projects that include affordable or accessible housing. ● Consider if amendments to other standards in the CDC are necessary to ensure there are no conflicting requirements or standards. ● Bring the package of code amendments for public input. ● Revise and prepare amendments for council adoption. ● Adopt a package of code amendments through a public hearing process.
Considerations	Administrative The City is required by state law to ensure there is adequate employment land to serve expected job growth under Statewide Planning Goal 9. Introducing residential uses to more commercial lands could affect the supply of land for employment. Consider and mitigate impacts to employment land while implementing this action. Fiscal The City applied for and was awarded a DLCD Housing Planning Assistance grant to assist with the implementation of this action.
Anticipated Impact	Housing Need Addressed This action will expand capacity and improve feasibility for multi-dwelling housing and other higher density housing types. This will address **overall housing need**. By expanding eligibility for density/height bonuses for accessible units, this action will directly address the needs of **people with disabilities and seniors**. By expanding eligibility for density/height bonuses for affordable units, this action will directly address the needs of **low-income households.** Supporting affordable housing production also indirectly helps priority populations that experience poverty, cost burden, and accessibility challenges at elevated rates and are therefore likely to represent an elevated share of the beneficiaries. Chapter 2 offers strong evidence that indirect beneficiaries will include **communities of color,** people with disabilities, seniors, and **people experiencing homelessness**. Affordability Targets This action targets production at **all affordability levels** but also targets **deeply affordable** and **affordable** housing through a bonus incentive offered for income restricted units. Tenure Targets This action targets production of multi-dwelling housing, corresponding most strongly with housing **for rent**, with a more modest impact on for sale units. Benefits and Burdens *Benefit*

This action will benefit populations across the income spectrum by easing standards for affordable and market-rate multi-dwelling projects alike. It will provide additional benefit to low-income households and marginalized populations that tend to have lower incomes with the density/height bonus in exchange for affordable housing. It will also provide additional benefits to protected classes such as seniors and people with physical disabilities with the inclusion of a density/height bonus in exchange for accessible housing.

Burdens

This action could increase rent or displacement-pressure burdens on low-income and marginalized populations if current commercial and mixed-use zones disproportionately fall in displacement-vulnerable areas or are currently home to naturally occurring affordable housing that may be susceptible to rapid rent increases or redevelopment. The Station Community Commercial – Downtown (SCC-DT) zone, which appears in Downtown and is applied in a portion of the City and County's only RECAP is the main concern for this action (see Zoning Map with RECAP highlighted in the Achieving Fair and Equitable Housing Outcomes Chapter). The City will mitigate for this possibility by:

- Building on the spatial analyses in the HPS and evaluating the spatial impact of these code amendments relative to the areas of vulnerability and opportunity that are identified as part of implementing Action 1.1. This spatial analysis should be conducted prior to implementing this action.
- If specific zone districts planned for removal of barriers to housing development or density increases are mapped to areas of vulnerability, such as the SCC-DT, the City will mitigate displacement risk. First, mitigation actions may include limiting density increases in these districts and focusing increased density in non-vulnerable areas or high opportunity areas. Second, any density increases within and near the RECAP will be coordinated with the implementation of Action 3.3, which calls for anti-displacement actions for the 10th Avenue/Avenida Diez area. Third, density increases within and near the RECAP will be complemented by significant bonus incentives to help ensure housing production there includes affordable, middle-income, and accessible housing units to support housing stability and affordability for current and future residents.

Magnitude of Impact

High impact. This action is estimated to increase the total zoned capacity of the mixed-use and commercial zones by 600-700 units. This represents a 20-30% increase over the zoned capacity of these zones estimated in the 2023 HNA. This estimate uses the same data and methodology for estimating housing capacity as the 2023 HNA but assumes that higher densities are possible in these zones as a result of code changes implemented under this action. The estimate assumes an increase in the maximum density of approximately 30-75% across the multi-dwelling zone in accordance with the recommended maximum density or FAR from the Housing Code Audit. This estimate also includes housing capacity in the commercial zones (C-G and C-N), which were not included in the 2023 HNA. By implementing the code changes under this action to allow standalone housing or improve the feasibility of mixed-use development, these zones can contribute to housing capacity.

Fiscal Impact: Low **Admin Needs:** Medium **Lead:** ECD Planning Division

Action 1.4: Refine middle housing development standards

Regulatory Actions

Timeline

Action Start: 2025

Adoption/Completion: 2026

Implementation: 2027-30

Impact: 2027-2030

Description

Overview: Refine development standards to provide more flexibility on whether middle housing units are attached or detached, allow more than one ADU on the same lot, and allow concurrent review of middle housing land divisions (MHLDs) and building permits.

Details: The CDC complies with previous state requirements to allow middle housing types in all zones that allow single detached units. The passage of HB 2138 in the 2025 Oregon Legislative Session impacts the state requirements that apply to middle housing, including allowing for detached plexes and attached cottage clusters. Under this action, the City will comply with the requirements of HB 2138 and subsequent rulemaking and will consider implementing additional amendments which would exceed minimum compliance with these state requirements.

In particular, there remain some barriers within the CDC to developing middle housing and, in many zones, larger and more expensive single-detached dwellings are sometimes more attractive to build. These barriers limit the development of duplexes, triplexes, fourplexes, and ADUs and limit the flexibility in the middle housing land division process. The City will adopt several code changes in line with its 2025 Housing Code Audit to address these barriers and any further changes to comply with HB 2138:

- Amend definitions of duplex, triplex, and quadplex to allow for attached or detached units, or remove the reference to attached units and specify that any configuration or attached or detached units is allowed.
- Amend cottage cluster standards to allow for a certain number of cottages to be attached after evaluating existing cottage cluster regulations to ensure viability of cottage cluster construction.
- Allow for concurrent review of the MHLDs and building permits in order to condense the overall review period for a MHLD. The City will allow for a MHLD to be submitted in advance of submission of a building permit, per HB 2138.

Implementation Steps

- Monitor DLCD rulemaking to implement HB 2138 to best align code language updates with State legislation.
- As recommended by the Housing Code Audit, conduct further analysis of existing minimum setback and maximum lot coverage standards in zones where middle housing is allowed and determine if modifications to these standards are needed to remove potential barriers to middle housing developments.
- Consider if amendments to other standards in the CDC are necessary to ensure there are no conflicting requirements or standards.
- Bring the package of code amendments for public input.
- Revise and prepare amendments for council adoption.
- Bring amendments through a public hearing process and adopt code amendments.

Considerations

Fiscal

This action will require dedication of staff time to participate in the work and implement the recommendations.

Anticipated Impact

Housing Need Addressed

This action will support middle housing production. It will directly address **overall housing need** and the need for more affordable homeownership, because middle housing types are more likely to offer lower cost homeownership options than single-unit dwellings.

Affordability Targets

This action targets production of **middle-income** and **market rate** housing. This action may also have a modest impact on **affordable** housing in projects that include middle housing units.

Tenure Targets

This action targets production of middle housing, corresponding with both housing **for sale** and **for rent**.

Benefits and Burdens

Benefits

This action will benefit populations across the income spectrum by easing standards for affordable homeownership and market-rate projects alike. Chapter 2 offers evidence suggesting that middle housing has played a special role in providing homeownership opportunities to **communities of color**, which means this action will provide an added indirect benefit to that priority population.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. While these code updates provide more flexibility for a variety of housing types and design options, they do not enable higher densities than allowed under the current CDC and they will apply broadly across many areas of the City with varying socioeconomic conditions. No sub-action to mitigate burdens is needed.

Magnitude of Impact

Medium impact. The American Community Survey (Table 25024, 5-year data) estimates that Hillsboro added on net 670 attached units between 2018 and 2022. By comparison, the City added over 1,700 units in larger apartment buildings with five or more units. While improving middle housing standards should meaningfully increase production, actions aimed at development standards for larger-scale buildings appear more likely to have a high impact.

Fiscal Impact: Low **Admin Needs:** Medium **Lead:** ECD Planning Division

Action 1.5: Streamline design standards

Regulatory Actions

Timeline

Action Start: 2027

Adoption/Completion: 2029

Implementation: 2030

Impact: 2031

Description

Overview: Modify existing design standards that apply to residential development in order to expedite housing production, reduce the cost of construction, and provide flexibility for a wider variety of design choices.

Details: Multiple members of the development community identified the City's residential design standards as raising development costs and preventing housing designs that would positively contribute to community character and meet consumer preferences. These design standards include the CDC's 12.50.710 Design Standards for All Residential Development and similar standards affecting certain zones and plan districts. Under this action, the City would refine and then continually evaluate its design standards as follows:

- Focus refinements on specific design standards found in the City's Housing Code Audit (2025) and the findings from City research conducted between 2019-2022 on past adjustment requests.
- Monitor requests for adjustments to the design standards (either as Major Adjustment under 12.80.156 or as a state-mandated adjustment under SB 1537).
- If design standards continue to be the subject to requests for adjustments following refinement, consider further modifications of the standard.

Implementation Steps

- Compare conforming amendments to other standards in the CDC to ensure there are no conflicting requirements or standards.
- Bring package of code amendments for public input.
- Revise and prepare amendments for council adoption.
- Adopt streamlined development standards via a public hearing process.

Considerations

Fiscal

An outside consultant may or may not be necessary for this project. In either case, this action will require dedication of staff time to participate in the work and implement the recommendations.

Anticipated Impact

Housing Need Addressed

This action will improve feasibility primarily for single-unit dwellings and middle housing. It will address **overall housing need**.

Affordability Targets

This action targets production at **all affordability levels**.

Tenure Targets

The design standards have greater impacts on single-unit dwelling and middle housing, corresponding most strongly with housing **for sale**, with a more modest impact on housing **for rent**.

Benefits and Burdens

Benefits

This action will benefit populations across the income spectrum by easing standards for affordable and market-rate multi-dwelling projects alike.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Low impact. If some of the recommended adjustments are successful in lowering the cost of construction and providing more flexibility, it could facilitate developers choosing to invest in housing development in Hillsboro over alternative locations and, in some cases, could result in more units being produced due to cost savings. However, these impacts are not certain to occur due to these modifications. Moreover, design standards overall are not a primary driver of housing underproduction and lower construction costs do not always translate to housing affordability.

Fiscal Impact: Low **Admin Needs:** High **Lead:** ECD Planning Division

Action 1.6: Adopt a user-friendly code

Regulatory Actions

Timeline

Action Start: 2029

Adoption/Completion: 2030

Implementation: 2031

Impact: 2031

Description

Overview: Reorganize and streamline the CDC to make it a more user-friendly document and reduce uncertainty and time costs associated with using the code to produce housing. Adopt an amended code in a manner consistent with previously adopted plans and policies, while making the code simpler, easier to use, and removing unnecessary or redundant regulations related to housing.

Details: The CDC is a complex set of regulations that may require substantial time for applicants, including housing developers, to navigate to identify applicable regulations. The City has an opportunity to improve the user experience of the code and promote housing production by streamlining the number of zones, plan districts, and/or overlays and taking other steps to reduce the complexity of the CDC. Any regulations that are similar but apply to different locations or uses–such as similar base zones or similar design standards applied across different Plan Districts and base zones–could be consolidated into a single regulation. In doing so, the City must decide which standard will apply: one of the current standards, a new standard that is roughly equivalent to both, or an entirely different standard that is more appropriate.

Unlike the code amendments identified in previous actions, the purpose of creating a user-friendly code is to implement relatively "policy-neutral" code changes. This means implementing amendments that simplify the code while not reversing or nullifying previously adopted plans and policies.

Implementation Steps

- Determine whether code amendments to streamline the code should be combined with other CDC amendments made as part of HPS implementation.
- Determine how to streamline the code and make it more user friendly while maintaining a "policy-neutral" approach (i.e. an approach generally consistent with previously adopted plans and policies).
- Develop a set of code amendments to reorganize and streamline the code to make it user friendly.
- Bring package of code amendments for public input.
- Revise and prepare amendments for council adoption.
- Adopt user-friendly code through a public hearing process.

Considerations

Administrative

- The City should identify which CDC chapters or sections are currently relatively easy to use and focus the streamlining effort on other sections.
- The City is at the end stages of a multi-year project to switch the online code administration due to poor navigability, and the final product should improve how the CDC is presented and navigated in the eCode system in addition to making textual changes.

- The City may consider implementing this goal in a phased manner over several years in order to leverage the most beneficial aspects of streamlining first, while not committing limited staff resources to streamlining efforts that are not as impactful.

Anticipated Impact

Housing Need Addressed

A more user-friendly code supports production of all housing types and therefore addresses **overall housing need**.

Affordability Targets

This action targets production at **all affordability levels**.

Tenure Targets

This action targets production of both **for rent** and **for sale** housing.

Benefits and Burdens

Benefits

This action will benefit populations across the income spectrum, though likely primarily middle- and high-income households that can afford to live in market-rate housing or build housing themselves.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Low impact. A user-friendly code could help grow the development ecosystem by creating a more predictable development environment that attracts and retains housing developers in the City. However, the user unfriendliness of the existing code likely does not deter sophisticated, large-scale developers from investing in Hillsboro, and those actors tend to build the most housing.

Fiscal Impact:	Low	**Admin Needs:**	High	**Lead:**	ECD Planning Division

Action 1.7: Identify and reduce development code and permitting process barriers

Regulatory Actions

Timeline

Action Start: 2026

Adoption/Completion: 2029

Implementation: 2030

Impact: 2031

Description

Overview: Identify and reduce process barriers, such as creating greater clarity in the review process while streamlining land use, plan review, permitting and inspection processes through an internal audit.

Details: Technical Advisory Committee members provided input indicating that some elements of the land use review and approval process can be time-consuming and add risk to the development process by pushing developers into discretionary reviews and negotiations. Some of the code amendments outlined under preceding actions could address the root causes of some of these process delays or uncertainty, but it is unknown if these amendments will resolve all of the inefficiencies that may result in extended review timelines.

The action will seek to identify additional process delays that occur due to issues that cannot be addressed by amendments to the CDC, such as issues of limited administrative resources or lack of coordination with other local governments and service providers. The City will conduct an audit of internal processes, such as building permit review, engineering review, and how land use decisions are made. The City will identify opportunities to be more effective, efficient, and cost reductive in those decisions. The internal process audit will evaluate policy related to the items listed below. The City will act on the findings of that evaluation to reduce process barriers. At a minimum, the audit will cover:

- The causes of projects undergoing multiple development review cycles, examining strategies and process improvements to reduce the number of review cycles.
- Which projects default to Type I, II or III review types, examining new approaches to allow more projects to be reviewed under a Type I or II procedure, or review zoning standards as part of the building permit review process
- Implementation of a decision deadline for engineering reviews as required by the passage of SB 974 (2025).

Implementation Steps

- Determine scope of processes to be included in the study, beyond the minimum described above. Determine what departments or divisions within the City should be consulted. The city will also comply with SB 974, which prohibited hearings for PUDs and Zone Changes starting July 2026.
- Conduct the internal process audit.
    - Consider having an external consultant conduct the audit.
- Implement the recommendations of the process audit.

Considerations

Fiscal

An outside consultant may or may not be necessary for this project. In either case, this project will require dedication of staff time to participate in the audit and implement the recommendations.

Anticipated Impact

Housing Need Addressed

Reducing process barriers and inefficiencies supports production of all housing types and therefore addresses **overall housing need**.

Affordability Targets

This action targets production at **all affordability levels**.

Tenure Targets

This action targets production of both **for rent** and **for sale** housing.

Benefits and Burdens

Benefits

This action will benefit populations across the income spectrum, though likely primarily middle- and high-income households that can afford to live in market-rate housing.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Low impact. The extent of process improvements and efficiencies available to the City to implement is unknown at this stage. However, if significant process barriers remain following Actions 1.4–1.6, then the magnitude of this action's impact could be larger because it will contribute to a more predictable development environment.

Fiscal Impact: Low **Admin Needs:** High **Lead:** ECD Administrative Division

Action 1.8: Adopt a local pre-approved housing plan for ADUs with universal design

Regulatory Actions

Timeline

Action Start: 2028

Adoption/Completion: 2030

Implementation: 2031

Impact: 2031

Description

Overview: Develop and adopt a local permit-ready ADU plan with universal design to target the needs of seniors and individuals with disabilities. Separate from this action, state implementation of HB 2258 will include developing pre-approved plans for the Oregon Homes program. DLCD will go through rulemaking and work with local governments to enable a plan through Building Codes Department (BCD) to be implemented across the state. A developer would go to BCD directly to use such plans. A pre-approved housing plan for an ADU with universal design is not planned to be covered by the work of BCD. Under Action 1.8, the City will supplement the pre-approved plans offered by the state with a local pre-approved plan for an ADU with universal design.

Details: Pre-approved plan sets are building designs that have been reviewed for compliance with the building code, compliance with any development standards regulating form and design, and are approved to build. Pre-approved plans would streamline permitting procedures, thereby reducing development timelines, uncertainty, and costs. Pre-approved plans would also reduce architectural costs and barriers to entry for less seasoned builders, such as homeowners.

The City will implement HB 2258 and facilitate the use of state permit-ready dwelling designs. In addition, the City will adopt a local pre-approved plan for an ADU with universal design. The design of the plan will seek to achieve the following goals:

- Minimize the costs of development and construction in order to encourage developers/homebuilders to use the plan for housing targeted to moderate or lower income households
- Meet or exceed the Oregon building code's "accessible unit" standard for accessibility and use universal design principles, targeting the needs of people with disabilities, seniors, and other populations with needs for more accessible units.
- Comply with all applicable building code regulations and engineering standards
- Comply with all applicable design and development standards of the CDC

All the plans will be published and available for use at no cost. Once established, the City will offer an expedited review timeline for projects that use the plans. The City will also consider offering reduced permitting fees for projects that use the plans.

Implementation Steps

- Per HB 2258, the Oregon Building Codes Division (BCD) will develop pre-approved plans for the Oregon Homes program. DLCD will go through rulemaking working with local governments to enable a plan through BCD to be implemented across the state. A developer would go to BCD directly rather than a local government.
- City will consult developers and general contractors that have built ADUs and other projects in the City to understand how to best create a local pre-approved ADU plan with universal design that will garner uptake and that general contractors will be most likely to use.

- Fund or secure funding to develop the pre-approved accessible ADU plan with architects and builders.
- Develop the local pre-approved ADU plan with universal design and associated policies for expedited permit review, discounted permitting fees, and other details of program administration.
- Advertise the local pre-approved ADU with universal design plan to property owners, contractors, and builders.
- Monitor the use of the local pre-approved ADU with universal design plan and solicit feedback from builders to assess if the plans or program policies need to be revised to increase adoption.

Considerations

Administrative

- Site plan review would still be required.
- Staff time will be required to manage development of the local pre-approved ADU plan with universal design and to establish policies and processes to administer the program.

Fiscal

- Funding may be required to hire an architecture and engineering team to develop the local pre-approved ADU plan with universal design. State grants may be available for this purpose.

Anticipated Impact

Housing Need Addressed

This action specifically promotes the production of ADUs meeting universal design standards. These units will directly address the need for accessible units for **people with disabilities** and **seniors**. The pre-approved ADU plans will also support production of units that address the needs of **middle-income households** because ADUs are smaller units that are often more affordable to households in that income range and above.

Affordability Targets

This action targets production of ADUs, corresponding most strongly with **market-rate** and **middle-income** housing.

Tenure Targets

This action targets production of ADUs, which are predominantly **for rent**. However, ADUs can indirectly help to improve the affordability of **for-sale** units by allowing homeowners to generate rental revenue, potentially offsetting a portion of mortgage payments.

Benefits and Burdens

Benefits

This action will directly benefit people with disabilities and seniors through its focus on pre-approved, accessible housing plans.

This action will also benefit populations across the income spectrum, though likely primarily middle- and high-income households that can afford to live in market-rate housing or build ADU housing themselves.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub-action to mitigate burdens is needed.

Magnitude of Impact

Low impact. Pre-approved plans could meaningfully help grow the development ecosystem by reducing barriers to entry for small-scale developers of ADUs. However, pre-approved plans are less likely to raise the activity of sophisticated, large-scale developers, who often have their own design teams or partners.

Fiscal Impact:	Medium	**Admin Needs:**	Medium	**Lead:**	ECD Building Division

LAND-BASED ACTIONS

Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing

Land-Based Actions

Timeline	Action Start: 2025 Adoption/Completion: 2028 Implementation: 2029 Impact: 2030
Description	Overview: Coordinate with public, private, and faith-based organizations to identify underutilized land potentially available for affordable housing and connect those organizations with affordable-housing development partners. Identify one or more suitable sites and facilitate the development of such sites for affordable housing. Details: Some mission-driven organizations or institutions have property that exceeds their long-term needs. They may also view income-restricted housing development and work benefiting homeless and very-low-income households as consistent with their missions and therefore be interested in partnerships with affordable housing developers to support housing development. Private property owners and developers may have land available for affordable housing. Parcels owned by institutions may have additional advantages, ranging from property tax exemptions to supportive legal provisions (ORS 227.500, SB 8 (2021)) to eligibility for specialized funding sources or fundraising mechanisms. In this action, the City will conduct outreach to continuing public sector partners, Metro and Washington County, and expand its outreach to include Tri-Met, Hillsboro School District, State of Oregon, private, and local faith-based organizations regarding the availability of excess land for affordable housing. The City anticipates conducting a minimum of 3 coordinating meetings per year through 2028 to identify land and support that land's development for affordable housing.
Implementation Steps	• Meet with public, private, and faith-based organizations to understand long-term plans for their sites and to encourage partnerships to meet housing needs. • Identify sites with strong potential for affordable housing development, conducting or assisting with due diligence regarding development feasibility • Offer technical support to help landowners understand housing-related zoning and infrastructure issues and pursue relevant grants. • Solicit development partners for viable projects or otherwise facilitate connections with developers that are interested in partnering to build affordable housing on underutilized sites. Assist with issuing an RFP or similar process to select a qualified partner. • If applicable, work with the City Attorney to outline the terms and conditions of any property transfer. • Provide information about eligibility and how to access any City-administered financial resources or technical assistance for affordable housing development (e.g. CDBGs, any new funding source created via Action 3.4). • Developer builds one or more projects on underutilized land.
Anticipated Impact	Housing Need Addressed This action aims to make land available for affordable housing and is most likely to impact multi-dwelling or middle housing production. Supporting affordable housing production directly targets and addresses the needs of **low-income households.**

Supporting affordable housing production will also indirectly help priority populations that experience poverty, cost burden, or related housing problems at elevated rates and are therefore likely to represent an elevated share of the beneficiaries. Chapter 2 offers strong evidence that indirect beneficiaries will include **communities of color, people with disabilities**, **seniors**, and **people experiencing homelessness**.

Affordability Targets

This action targets production of **deeply affordable** and **affordable** housing

Tenure Targets

This action targets production of multi-dwelling and middle housing, corresponding most strongly with housing **for rent**–though potentially also for sale housing depending on the partnership.

Benefits and Burdens

Benefits

This action seeks to identify underutilized land and use it to support the development of income-restricted housing. This directly benefits low-income households and indirectly benefits communities of color, people with disabilities, and people experiencing homelessness that represent a disproportionate share of low-income households.

Housing built through this action could also offer additional benefits to specific marginalized populations—such as communities of color, people with disabilities, or people experiencing homelessness— depending on the development program chosen for underutilized land. For example, culturally specific housing could provide added benefits to communities of color, and accessible and supportive housing—which the City intends to prioritize through Action 5.3—could provide added benefits to people with disabilities or people experiencing homelessness.

The City will maximize overall action benefits by using the vulnerability mapping from Section 2 and further spatial analysis of vulnerability and opportunity conducted under Action 1.1 to inform locational targeting of the City's outreach and coordination efforts. Specifically, the City will ensure its outreach and coordination efforts include landowners in neighborhoods in need of housing stability as well as in high opportunity neighborhoods. Applying this consideration to outreach and coordination activities will help secure the additional benefit of advancing key outcomes of fair housing, housing choice, and housing stability, while still advancing overall efforts to support robust affordable housing production.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Medium impact. This action aims to result in one or more new affordable housing developments that would not have otherwise been built, at relatively low cost to the City. In recent years, the City has actively facilitated the delivery of both affordable homeownership and rental projects. Assuming one of each type or project, this action's impact is estimated to be 100-150 affordable or deeply affordable units.

Fiscal Impact:	Low	**Admin Needs:**	Medium	**Lead:**	ECD Affordable Housing Team

Action 2.2: Identify and use City-owned land for affordable housing

Land-Based Actions

Timeline	Action Start: 2026 Adoption/Completion: 2028 Implementation: 2029-30 Impact: 2031
Description	Overview: Identify one or more City-owned suitable sites and facilitate the development of such sites for affordable housing. Details: OAR 271.330 enables local governments to relinquish a property title to a qualifying nonprofit if the property is used for low-income housing. The City maintains a list of City-owned remnant lands, which the ECD Affordable Housing Team periodically evaluates for sites that could support housing development. In this action, the City will expand its review beyond remnant lands and identify one or more suitable City-owned sites for affordable housing. The City will solicit a development partner through a request for proposals (RFP) process or similar process.
Implementation Steps	• Review–and update if needed–the inventory of City-owned lands. • Evaluate the sites' housing development potential and identify one or more sites suitable for development. • Issue an RFP or conduct a similar solicitation process to select a qualified partner to develop the site for affordable housing. • Provide information about eligibility and how to access any City-administered financial resources or technical assistance for affordable housing development (e.g. CDBGs, any new funding source created via Action 3.4).
Considerations	Administration Through Action 2.1, the City may come to own additional sites or have opportunities to pass other local governments' sites through to affordable housing developers. That work should supplement this action.
Anticipated Impact	Housing Need Addressed This action aims to make land available for affordable housing production, which is most likely to be multi-dwelling or middle housing. Supporting affordable housing production directly targets and addresses the needs of **low-income households.** Supporting affordable housing production also indirectly helps priority populations that experience poverty, cost burden, or related housing problems at elevated rates and are therefore likely to represent an elevated share of the beneficiaries. Chapter 2 offers strong evidence that indirect beneficiaries will include **communities of color, people with disabilities**, **seniors**, and **people experiencing homelessness**. Affordability Targets This action targets production of **deeply affordable** and **affordable** housing Tenure Targets This action targets production of multi-dwelling and middle housing, corresponding most strongly with housing **for rent** housing–though potentially also for sale housing depending on the sites identified and partners worked with.

Benefits and Burdens

Benefits

This action seeks to identify City-owned land and use it to support the development of affordable housing. This directly benefits lower-income households, and indirectly benefits communities of color, people with disabilities, and people experiencing homelessness that represent a disproportionate share of low-income households.

Housing built through this action could also offer additional benefits to specific marginalized populations depending on the development program chosen for the land. For example, culturally specific housing could provide added benefits to communities of color. Likewise, permanent supportive housing and accessible housing with services–which the City intends to prioritize through Action 5.3–could provide added benefits to people with disabilities or people experiencing homelessness.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

High impact. This action takes a tangible, valuable resource–City-owned land–and directly deploys it to support affordable-housing development. It aims to support the creation of dozens, if not hundreds, of new affordable housing units in the City.

Fiscal Impact: Medium **Admin Needs:** Medium **Lead:** ECD Affordable Housing Team

PARTNERSHIP ACTIONS

Action 3.1: Develop new strategic partnerships for state and federal advocacy

Partnership Actions

Timeline	Action Start: 2026 Adoption/Completion: 2028 Implementation: 2029-30 Impact: 2031
Description	Overview: Develop new strategic partnerships for coordinated advocacy on state and federal policy changes and funding, such as more funding for infrastructure and affordable and middle-income housing. Details: Continued state and federal funding and regulatory reform are needed to help cities meet their housing production targets. Through this action, the City would seek to form new partnerships to advocate for funding and regulatory reforms. Specifically, the City will seek to advance reforms that the City does not directly control or that are best handled at higher levels of government. For this 6-year HPS cycle, the City will form new partnerships and conduct its advocacy across three legislative sessions: the 2026 short session, the 2027 long session, and the 2028 short session. The City will focus on reforms that improve development feasibility across the affordability spectrum, such as by improving funding and financing options for housing production, housing preservation, infrastructure, and reducing the costs of construction. The City may support many more state and federal policy changes than just the examples given above. The City currently leverages partnerships with Washington County, cities within Washington County, Metro, the League of Oregon Cities, and the development community to conduct such work. In this action, the City will expand its advocacy activities by developing partnerships with additional organizations, such as Hillsboro School District, Universities, and local non-profits.
Implementation Steps	• Work with City Council on an annual basis to identify key issues to target for legislative lobbying efforts and policy direction. • Identify and develop new local, regional, and issue-based strategic partnerships for the purpose of lobbying the state Legislature. • Collaborate with state representatives to advocate for proposed changes.
Considerations	• Additional, targeted funding from the state or federal government would provide critical gap funds for the creation and preservation of affordable housing. • Additional funding for housing-supportive infrastructure could overcome a major cost barrier to unlock additional housing production at all income levels. • State level regulatory reform (e.g., stair and egress rules, sprinkler requirements) could unlock development activity previously stifled, enabling new housing types and greater flexibility to meet people's broad needs.
Anticipated Impact	Housing Need Addressed This action will help address the City's **overall housing need**. Affordability Targets This action targets production at **all housing affordability levels**.

Tenure Targets

This action targets production of both **for rent** and **for sale** housing.

Benefits and Burdens

Benefits

This action will benefit populations across the income spectrum, though it will depend on the positions the City advocates for and the outcomes of that advocacy.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Low impact. The magnitude of impact depends on which issues the City advocates for and the extent of new funding or regulatory changes from the state.

Fiscal Impact: Low **Admin Needs:** Medium **Lead:** ECD Administrative Division

Action 3.2: Continue and expand affordable and middle-income homeownership partnerships

Partnership Actions

Timeline	Action Start: 2026 Adoption/Completion: 2029 Implementation: 2030 Impact: 2031
Description	Overview: The City will support existing partnerships for affordable homeownership–as well as seek additional partnerships for middle-income homeownership. The City will facilitate at least two new affordable homeownership projects. Details: Promoting affordable homeownership is a priority for the HPS actions, supported by the Contextualized Housing Needs findings and echoed by the historically marginalized communities focus groups and City Council. The City has an ongoing partnership with Proud Ground, a community land trust, to support acquisition and rehabilitation of existing homes for affordable homeownership in Hillsboro. The City also partners with Habitat for Humanity, which has resulted in the recent development of Century Commons (18 homes) and Alder Commons (8 homes). These partners both focus on racial justice, with related values statements on their websites and outcomes detailed in their annual reports. In 2024, 69% of Proud Ground's new land trust homeowners were people of color. Likewise, in 2024, 72% of Habitat for Humanity Portland's homebuyers were people of color and 40% had a family member with a disability or long-term illness. In alignment with that, this action intends to benefit marginalized communities, including communities of color and people with disabilities. In this action, the City will continue to support those partnerships and seek new partnerships to assist with at least two new affordable homeownership projects. The City will issue a Request for Proposals (RFP) or Request for Qualifications (RFQ) for City resources (e.g. land, funds) to initiate and financially support projects as well as solicit responses from new potential partners. This aims to increase and diversify the pool of organizations working in Hillsboro to deliver this needed housing type.
Implementation Steps	• Continue to collaborate with and support existing partnerships with community land trusts and other affordable homeownership providers. • Issue an RFP for City resources such as land and financial support to initiate new affordable and/or middle-income homeownership projects and identify new potential partners. • Engage developers and service providers who respond to the RFP to understand and support their needs. • Award the RFP and City resources to the best suited project proposals. • Leverage incentive actions related to fees and taxes to provide deeper funding support for affordable and middle-income homeownership. • Pursue additional partnership opportunities, including with educational and outreach programming related to affordable and middle-income homeownership.
Anticipated Impact	Housing Need Addressed Expanding affordable homeownership partnerships will address the needs for housing production, stability, choice, and wealth generation for **low-income households.**

The City's focus on partnerships with track records serving homebuyers from **communities of color** and households with **people with disabilities** also helps ensure this action will directly address those priority populations' needs.

Affordability Targets

This action targets production of **affordable** and **middle-income** housing.

Tenure Targets

This action targets production of housing **for sale**.

Benefits and Burdens

Benefits

This action will directly benefit low- and middle-income households, as well as priority populations that are served at elevated rates by the City's partners. The amount of benefit can be maximized by pairing it with land resources (Actions 2.1 or 2.2) and new incentives for affordable and middle-income housing (e.g. Action 3.4).

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Medium impact. Paired with other actions (e.g., Actions 2.1, 2.2, 3.4), expanded partnerships and more development projects could yield dozens of additional units of a deeply needed and desired type: affordable ownership housing.

Fiscal Impact:	High	**Admin Needs:**	Medium	**Lead:**	ECD Affordable Housing Team

Action 3.3: Adopt and implement the 10th Avenue/Avenida Diez Equitable Development Strategy

Partnership Actions

Timeline	Action Start: 2025 Adoption/Completion: 2027 Implementation: 2028-2030 Impact: 2031
Description	Overview: Complete, adopt, and implement the 10th Avenue/Avenida Diez Equitable Development Strategy, which includes residential and commercial anti-displacement components, in partnership with the community and non-profits. Details: The Equitable Development Strategy is intended to assist the City and partners to navigate decision-making and avoid negative consequences within and adjacent to the 10th Avenue/Avenida Diez area. The City Downtown Urban Renewal Area (URA) Plan and Downtown Framework Plan lays out a need for infrastructure investments and has identified development opportunities in the 10th Avenue/Avenida Diez area. Goal 5 of the URA plan is "promote and support stable and sustainable residential neighborhoods for a range of household incomes." That goal corresponds with objectives to "assist with developing a range of new housing units… for a range of incomes" and "support preservation and improvements to existing residential structures." Those goals and objectives are implemented through a major project dedicated to "preserving and upgrading the existing housing stock and developing a range of new housing." The City's URA Plan—through the above goals, objectives, and projects—establishes a baseline legal and planning framework that identifies local housing needs and allows the City to consider using URA funds for related activities. The Equitable Development Strategy is needed to further guide these and other initiatives to ensure that 10th Avenue/Avenida Diez is a vibrant and welcoming place for diverse communities. Preventing and mitigating the involuntary displacement of residents and businesses is a central tenet of this work. This includes additional opportunities for rental and homeownership housing in this area. Specific anti-displacement actions to be taken will be identified further in the 10th Avenue/Avenida Diez Equitable Development Strategy project underway and as part of the implementation to follow. Finalization of the strategy and resulting implementation efforts will include exploration of the use of Urban Renewal Area funds to support mitigation efforts and housing production.
Implementation Steps	• Complete and adopt the 10th Avenue/Avenida Diez Equitable Development Strategy • Adopt Comprehensive Plan Amendments stemming from the 10th Avenue/Avenida Diez Equitable Development Strategy. • Implement residential displacement mitigation actions identified in the Equitable Development Strategy, including considering the use of Urban Renewal Area funds to support residential displacement mitigation efforts.
Considerations	This action is aimed at benefiting marginalized communities in the 10th Avenue/Avenida Diez area, which overlaps with the City and County's only federally recognized RECAP. This action is key to helping the City mitigate potential burdens identified for other HPS actions. The City should consider how to maintain strong coordination between the 10th Avenue/Avenida Diez Equitable Development Strategy team and other implementation teams working on HPS actions to ensure risks and burdens are maximally mitigated.

Anticipated Impact

Housing Need Addressed

Anticipated mitigation efforts mentioned above–such as anti-displacement actions or investments in housing–intend to meet the needs for housing stability and production in the 10th Avenue/Avenida Diez area as well as the RECAP census tract included within. This action will therefore directly address the housing needs of **low-income households** and **communities of color**.

Affordability Targets

Given the 10th Avenue/Avenida Diez area's income profile and elevated poverty rates, this action targets **deeply affordable** and **affordable** housing needs.

Tenure Targets

This action targets the need for both **for rent** and **for sale** housing.

Benefits and Burdens

Benefits

This action will directly benefit low- and middle-income households and communities of color, which are disproportionately represented in the 10th Avenue/Avenida Diez area. Benefits will stem from the City, its partners, and 10th Avenue/Avenida Diez community members successfully implementing the equitable development strategy, mitigating household displacement, promoting the production of needed housing, and improving the well-being, financial and otherwise, of marginalized populations in the district.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Medium impact. This action will support anti-displacement and housing production actions in a vulnerable area within the City. It is an important component of fair and equitable housing considerations included in the HPS.

Fiscal Impact:	Medium	**Admin Needs:**	Medium	**Lead:**	ECD Economic Development Division

Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production

Partnership Actions

Timeline	Action Start: 2027 Completion: 2029 Implementation: 2030 Impact: 2031
Description	Overview: Partner with Metro to support the creation of an ongoing Regional revenue source for affordable housing production. Details: The HNA found that the City will need 5,259 affordable housing units and 2,931 middle-income housing units over the next 20 years. While the market does build some middle-income housing units, it does not typically build affordable units without subsidy. Having a local revenue source to dedicate to affordable and middle-income housing will help more of those units get built and attract more state and federal funding to Hillsboro. In this action, the City will conduct a minimum of 3 coordinating meetings per year with Metro to discuss the creation of an ongoing regional revenue source for affordable housing production and participate in technical advisory committee meetings to shape this.
Implementation Steps	• If Metro asks voters and they approve of using regional Supportive Housing Services (SHS) funds on affordable housing with supportive services, the City will focus in the near term on accessing and deploying such funds in Hillsboro in alignment with Action 5.3's emphasis on supportive housing. • If SHS funds are not opened to use for affordable housing, work with Metro in coordinating and technical advisory committee meetings to identify additional specific revenue source options. • Work with Metro to help select which, if any, regional revenue source to pursue and support Metro's efforts to access that source. • Internally establish guiding principles for administration of a new regional revenue source, building upon guidance in Action 5.3 and the housing needs identified in the City's HNA and Section 2 of this report. • Administer funds when available
Considerations	Administrative Newly adopted revenue sources may require additional staff resources to administer in the long term, once enacted, similar to the City's administration of Metro Affordable Housing Bond funds.
Anticipated Impact	Housing Need Addressed This action focuses on partnering with Metro on the creation of an ongoing revenue source for **affordable** and **deeply affordable** housing, directly addressing those income levels' housing needs. A new regional revenue source for affordable and deeply affordable housing would also be guided by Acton 5.3, which will enact a City preference for inclusion of supportive housing and accessible housing in associated projects. Because of this, this action is expected to directly support the housing needs of three priority populations in need of those housing types: **people with disabilities**, **seniors**, and **people experiencing homelessness**. In addition, the action is expected to indirectly address the housing needs of priority populations that experience poverty, cost burden, or related housing problems at elevated

rates and are therefore likely to represent an elevated share of the beneficiaries of affordable and deeply affordable housing. Chapter 2 offers strong evidence that indirect beneficiaries will include the three priority populations mentioned above, as well as **communities of color.**

Affordability Targets

This action targets production of **deeply affordable and affordable** housing.

Tenure Targets

This action targets production of multi-dwelling and middle housing, corresponding most strongly with housing **for rent,** potentially for sale housing depending on the program design.

Benefits and Burdens

Benefits

This action will directly benefit very low and low-income households as well as people with disabilities, seniors, and people experiencing homelessness due to its connection to Action 5.3. The action will indirectly benefit priority populations that disproportionately fall into lower income brackets through funding of new income-restricted housing production.

Burdens

This action is not anticipated to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Medium impact. While a new regional revenue source would ultimately be highly impactful for the City's housing needs, selecting, advocating for, and administering such a revenue source is ultimately within Metro's rather than the City's purview. The City's action is initially limited to a partnership and support role, which makes a lower magnitude of impact more appropriate. In addition, the impact of this strategy will vary significantly depending on the extent of funds raised and the program rules—details that are not known at this time.

Fiscal Impact:	Low	**Admin Needs:**	High	**Lead:**	Affordable Housing Team

INCENTIVE ACTIONS

Action 4.1: Complete permit application fee study and consider fee structure adjustments

Incentive Actions

Timeline	Action Start: 2025 Adoption/Completion: 2028 Implementation: 2029 Impact: 2030
Description	Overview: Complete a City permit application fee study. Use the study's results to inform recommendations for fee structure adjustments including potential fee reductions or waivers. Design the adjustments to incentivize a variety of housing, including affordable and middle-income housing, and bring the recommendations to City Council for a decision. Details: The City levies plan review and permitting fees on new construction to help cover City administrative and program costs. With this action, the City will conduct a study to evaluate whether to adjust and/or forgo that fee revenue to incentivize needed housing. Informed by the study's analysis and results, the City will bring proposed fee adjustments to City Council for a decision. While fee amounts are small relative to overall development costs, fee adjustments can help projects on the edge of financial feasibility fill their final gap and break ground, getting more such housing produced and faster.
Implementation Steps	• Determine policy objectives for fee adjustments. • Conduct a comprehensive study of all City permit application fees. Use the study to evaluate potential fee adjustments, including adjustments that would support overall housing production. In addition, use the study to identify the kinds of housing projects that would be offered fee adjustments, understand the fiscal impacts of fee adjustments to the City, and understand cost and financial feasibility impacts of fee adjustments on housing development. • Based on the study, determine any fee structure adjustments and a recommendation on whether the City should adopt it. • Send the adjustments to Council for final decision. • Inform developers and owners of the opportunity, clarifying which fees are affected and how.
Considerations	• Consider speaking with developers of affordable and middle-income housing to quantitatively assess the impact of this foregone City revenue on their projects' feasibility. Assess their openness to adding affordability covenants, assuming they do not already apply them to their projects. • If City fiscal capacity remains a key constraint, analyze a program design that offers fee adjustments less often and only in cases in which they would "tip" a project from financially infeasible to feasible.
Anticipated Impact	Housing Need Addressed Making permit fee adjustments to incentivize needed housing production, including **affordable** and **middle-income** housing production, directly addresses the needs of households at those income levels.

Supporting affordable housing production also indirectly helps priority populations that experience poverty, cost burden, or related housing problems at elevated rates and are therefore likely to represent an elevated share of the beneficiaries. Chapter 2 offers strong evidence that indirect beneficiaries will include **communities of color, people with disabilities**, **seniors**, and **people experiencing homelessness.**

Affordability Targets

This action targets production of **affordable and middle-income** housing.

Tenure Targets

This action is targeted at production of multi-dwelling and middle housing, corresponding most strongly with housing **for rent**, though potentially also with ownership housing depending the extent of the action's impact on middle housing.

Benefits and Burdens

Benefits

This action will directly benefit low- and middle-income households, as well as indirectly benefit marginalized populations that disproportionately fall into lower income brackets. This action would provide this benefit through fee adjustments that reduce the fee burden faced by income-restricted developments that directly serve lower income households.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Medium impact. Fee amounts are modest relative to overall development costs, so fee adjustments would likewise have a modest impact on overall production. However, they would assist income-restricted projects with financial gaps and achieving feasibility faster.

Fiscal Impact:	High	**Admin Needs:**	Medium	**Lead:**	ECD Administrative Division

Action 4.2: Complete SDC study and consider adjustments to select SDCs

Incentive Actions

Timeline	Action Start: 2026 Adoption/Completion: 2028 Implementation: 2029 Impact: 2030
Description	Overview: Conduct a System Development Charges (SDCs) Study. Use the study to consider methods for adjusting select SDCs to align the fee amounts levied on housing development for the impact of construction and ongoing system impact. In addition, use the study to evaluate and reduce any foregone revenue impact to the City due to SDC adjustments. Based on the study's findings, make SDC adjustment recommendations and refer them to Council for a decision. Adjustments of select SDCs will require multi-jurisdictional coordination. Details: SDCs are a substantial upfront cost of housing development. The City levies sewer, water, parks, supplemental parks and supplemental transportation SDCs, Washington County levies a transportation development tax, and various other water or sewer service providers in Hillsboro levy SDCs on development within the City's boundaries. SDCs levied on development in Hillsboro are not all scaled to the expected impact of the development. For example, in the case of the County's Transportation Development Tax, large dwelling units pay the same amount as smaller dwelling units of the same housing type, despite the fact that the latter will typically produce lower impacts. Adjustments of select SDCs by the size of the unit (e.g., per square foot) could more fairly distribute the cost of SDCs across housing developments and support increased overall housing production. In addition, adjustments of select SDCs would incentivize developers to build more modestly sized units as a way to reduce their projects per-unit or even total costs. These smaller units tend to be more affordable to occupants, and more such units can fit on each individual site, serving to boost housing production at the project level.
Implementation Steps	Hillsboro will initiate a comprehensive study of its SDC rates. The analysis will include the following aspects: ● Identify methodologies for assessment and collection of SDCs, and adjustments of select SDCs (e.g., by square footage, by bedroom, by fixture) ● Evaluate the relative incentives and disincentives to housing production that would be created by each alternative ● Evaluate the fiscal impacts of each alternative to the City and partner jurisdictions ● Coordinate with overlapping jurisdictions, such as Washington County and Tualatin Valley Water District, to analyze the adjustments of select SDCs ● Explore ways to achieve fiscal balance within each alternative (e.g., raising some rates while lowering others) ● Audit the City's engineering and design standards to lower the financial obligations they place on the City, thereby increasing its ability to lower the select SDCs it levies on development ● Bring recommended changes of the study that are fiscally feasible to Council for consideration and final decision

Considerations

Fiscal

- May result in lower overall fee revenue, which could hinder key community investments. However, revenue shortfalls can be mitigated by planning for revenue neutrality and tailoring SDC rates accordingly, such as by adding a base fee (or increasing the existing base fee) or by raising the SDCs on larger units.

Administrative

- Recalibrating the fees will require staff time and interjurisdictional collaboration.
- Permitting system will need adjustments to collect information related to SDC tiers.

Anticipated Impact

Housing Need Addressed

Adjustment of select SDC costs to incentivize needed housing—in particular smaller, more affordable units—directly addresses **overall housing needs** via the production of middle housing and multi-dwelling housing.

By supporting the production of smaller, more affordable forms of housing to compete with the existing housing stock, the action will also indirectly help address the needs of **middle-income** and **low-income households**, as well as priority populations that experience poverty, cost burden, or related housing problems at elevated rates and are therefore likely to represent an elevated share of the beneficiaries. Chapter 2 offers strong evidence that indirect beneficiaries will include **communities of color, people with disabilities**, **seniors**, and **people experiencing homelessness**.

Affordability Targets

This action targets production at **all affordability levels**.

Tenure Targets

This action targets production of smaller units, corresponding most strongly with housing **for rent,** with a more modest impact on for sale units.

Benefits and Burdens

Benefits

This action will benefit populations across the income spectrum. In particular, it will provide benefits to low- and middle-income households by promoting the construction of more modestly sized units, which tend to be most affordable. Benefits to low-income households would likely correspond with indirect benefits to marginalized populations that represent a disproportionate share of low-income households.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Medium impact. This action will have a medium impact on housing production, with high potential for additional impact depending on how strongly the City is ultimately able to incentivize housing production in its SDC adjustments. The HPS Technical Advisory Committee felt that efforts by the City to reduce the SDC burden it levies on developers would significantly improve the attractiveness of adding housing in Hillsboro, helping demonstrate the upside if the policy is deployed to its fullest extent.

Fiscal Impact: Variable **Admin Needs:** Medium **Lead:** ECD Administrative Division

Action 4.3: Expand the use of the Vertical Housing Development Zone program to target middle-income housing

Incentive Actions

Timeline	Action Start: 2025 Adoption/Completion: 2028 Implementation: 2029-30 Impact: 2029-30
Description	Overview: Expand use of the Vertical Housing Development Zone (VHDZ) program to encourage the production of more middle-income, multi-dwelling housing units Details: The VHDZ program offers partial property tax exemptions for mixed-use residential development projects that include a ground-floor commercial component. In 2025, the Oregon legislature and Governor passed and signed into law House Bill 2074, which extended VHDZ projects' tax exemption sunset date through 2032. The City has used the VHDZ program in the past and is familiar with its mechanics. In this action, the City would use the tool to incentivize one or more development projects of middle-income, multi-dwelling housing with ground-floor commercial spaces.
Implementation Steps	● Establish policy objectives and parameters for the tax abatement program. ● Use spatial analysis findings in this HPS report as well as Action 1.1's forthcoming analysis of vulnerability and opportunity to inform the locations where VHDZ is deployed, supporting HPS fair and equitable housing outcomes. ● Identify one or more projects that would warrant the creation of a new VHDZ. ● Meet with overlapping taxing districts when needed to gather support. Overlapping taxing districts may opt out of VHDZ participation after being notified of the zone creation. ● Present the new VHDZ to support the project to City Council for consideration and adoption.
Considerations	Administrative ● The City should consider analyzing multiple incentives and investment actions at once, allowing them to adopt a financially calibrated package of policy changes. This would help avoid adopting one policy change only to unintentionally counteract its intended effect via a subsequent policy change. ● The impact of this strategy will depend on the number of taxing districts that participate.

Anticipated Impact

Housing Need Addressed

By supporting the development of middle-income and multi-dwelling housing, this action will directly address **overall housing need** and the needs of **middle-income** households.

Affordability Targets

This action targets production for **middle-income and above** affordability levels.

Tenure Targets

This action targets production of multi-dwelling housing, corresponding most strongly with housing **for rent**, with a more modest impact on for sale units.

Benefits and Burdens

Benefits

The VHDZ program will promote the development of multi-dwelling housing. The direct beneficiaries and future residents of that housing are likely to be middle-income and above.

The City will also work to maximize overall action benefits by using the vulnerability mapping from Section 2 and further spatial analysis of vulnerability and opportunity conducted under Action 1.1 to inform VHDZ program locational targeting. This will help direct the benefits of rent-restricted middle-income housing toward a mix of high opportunity areas and vulnerable areas. Applying this locational consideration will help this action secure the added benefit of advancing key outcomes of fair housing, housing choice, and housing stability.

Burdens

Hypothetically, this action could incentivize development activity that inadvertently promotes concentrated neighborhood change or displacement. The City is mitigating for that possibility by utilizing the spatial analyses in this HPS and forthcoming under Action 1.1 to inform locational targeting.

Magnitude of Impact

Low impact. This action will promote more middle-income, multi-dwelling housing production but is anticipated to have a lower impact than MUPTE because the City anticipates applying it on a site by site basis and the tax abatement is contingent upon the delivery of non-housing commercial space.

Fiscal Impact: Medium	**Admin Needs:** Medium	**Lead:** ECD Economic Development Division

Action 4.4: Adopt a MUPTE program to target middle-income and accessible housing

Incentive Actions

Timeline

Action Start: 2026

Adoption/Completion: 2028

Implementation: 2029-30

Impact: 2029-30

Description

Overview: Establish a Multi-Unit Property Tax Exemption (MUPTE) program to incentivize the creation of new middle-income, multi-dwelling housing, and accessible multi-dwelling housing.

Details: MUPTE is a state-enabled program that allows cities to incentivize the production of needed housing in specific locations and with specific features that provide a public benefit. Using MUPTE, jurisdictions may grant a property tax exemption on a multi-dwelling structure's improvement value for up to ten years. The property owner continues to pay taxes on the land value and any commercial portion of the property. The City may cap the total tax abatement available each year. The City plans to use MUPTE to incentivize the production of multi-dwelling housing with deed-restricted units for middle-income households and accessible units. A study will determine the MUPTE program's exact design and calibrate the public benefits developers must deliver in order to earn a tax exemption.

Implementation Steps

- Conduct a study to evaluate program design, policy tradeoffs, and fiscal impacts to the City and developers of MUPTE:
  - Determine the public benefits that developers will be required to deliver in order to earn a tax exemption under the MUPTE program, calibrating the requirements so the tax exemption offsets the developers' costs. That will include the:
    - Minimum percentage of housing units that must be deed-restricted for middle-income households
    - The minimum percentage of housing units that must be accessible, going beyond existing state and federal requirements
    - The standards for an accessible unit. Oregon's building code has standards for "Accessible Units" as well as less stringent "Type A" and "Type B" units, that are *already* required in various configurations depending on building factors, such as whether the building will have an elevator and whether its construction relies on public funding. Accessible housing can be defined by non-Oregon specific certifications, such as Universal Design or Lifelong Housing Certification.
    - The extent to which overlapping requirements for both middle-income deed-restrictions and accessible housing will be applied to receive the tax abatement.
  - Determine other program details and eligibility criteria for the program, such as target locations, tenure status, minimum unit number, and other public benefits to require. When determining locations to apply the program, use spatial analysis findings in this HPS report as well as Action 1.1's forthcoming analysis of vulnerability and opportunity to inform City decisions and support HPS fair and equitable housing outcomes.

	● Meet with overlapping taxing districts to gather support. In addition to gaining Council approval, MUPTE must be approved by the majority (over 50%) of taxing districts. ● Adopt the new MUPTE program at a public hearing. ● Following adoption, notify active and prospective developers of the opportunity.
Considerations	Fiscal ● MUPTE can be designed to only grant tax abatements in cases in which it would "tip" a project from financially infeasible to feasible. In other words, MUPTE can be set up to primarily support projects that would not be built in the near term without tax relief or another form of subsidy. This helps the program have a net positive impact on the City's tax base over time by minimizing foregone revenue dedicated to projects that would move forward regardless of tax relief. Consider building a third-party pro-forma review into the application fee and process, which the City can use to help determine if the project is not financially feasible but for the tax abatement. Administrative ● The City should consider analyzing multiple incentives and investment actions at once, allowing them to adopt a financially calibrated package of policy changes. This would help avoid adopting one policy change only to unintentionally counteract its intended effect via a subsequent policy change. ● If the City does not yet have a common accessibility standard it applies, it should weigh the state's building code against other certification options and adopt a common standard that will deliver meaningful benefits to residents at a cost for builders that can be offset by the MUPTE tax abatement. ● The impact of this strategy will depend on the number of taxing districts that participate. This should be part of the City's analysis in the point above.
Anticipated Impact	Housing Need Addressed The MUPTE program's incentives will support the production of deed-restricted middle-income and accessible multi-dwelling housing. This will directly address the needs of **middle-income households, people with disabilities,** and **seniors.** By supporting the production of deed-restricted multi-dwelling housing, this action also helps indirectly address the needs of Hillsboro's **communities of color**, which are currently more likely to experience renter cost burden. Affordability Targets This action supports housing production for **middle-income and above** affordability levels. Tenure Targets Because multi-dwelling housing is more likely to be for rent than for sale, this action is anticipated to have the highest impact on housing **for rent** and a moderate impact on multi-dwelling housing for sale. Benefits and Burdens *Benefits* The MUPTE program will promote the development of middle-income and accessible units within market-rate developments. This will benefit middle-income households as well as people with disabilities and seniors who need accessible housing.

The City will also work to maximize overall action benefits by using the vulnerability mapping from Section 2 and further spatial analysis of vulnerability and opportunity conducted under Action 1.1 to inform MUPTE program locational targeting. This will help direct the benefits of rent-restricted middle-income housing and accessible housing toward a mix of high opportunity areas and vulnerable areas. Applying this locational consideration will help this action secure the added benefit of advancing key outcomes of fair housing, housing choice, and housing stability. *Burdens*

This action could incentivize development activity that inadvertently promotes concentrated neighborhood change or displacement. The City is mitigating for that possibility by including an income-restriction on the MUPTE program and utilizing the opportunity and vulnerability spatial analyses in this HPS report and Action 1.1 to inform locational targeting.

Magnitude of Impact

Medium impact. This action will promote more multi-unit housing production, including production of middle-income and accessible housing with deed restrictions. and 10% of units produced are deed-restricted middle-income housing or accessible, this action would produce roughly 50-100 additional middle-income or accessible housing units.

Fiscal Impact:	High	**Admin Needs:**	Medium	**Lead:**	ECD Economic Development Division

Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing

Incentive Actions

Timeline	Action Start: 2026 Adoption/Completion: 2027 Implementation: 2028-30 Impact: 2031
Description	Overview: Adopt a property tax exemption for for-profit affordable housing citywide in addition to annually renewing the City's annual property tax exemption for non-profit affordable housing. Details: Oregon Revised Statute (ORS) 307.540-548 authorizes local governing bodies to adopt an ordinance that provides a property tax exemption for nonprofit-owned affordable housing properties. The exemption provides total relief of property taxes paid by the nonprofit and applies to the tax levy of all taxing districts if entities representing 51% of the total rate of taxation within the jurisdiction approves the exemption. ORS 307.515-537 authorizes a similar tax-exemption for for-profit-owned low-income housing, though with a few additional stipulations. These two exemptions directly reduce affordable-housing properties' operating expenses. This helps properties sustainably operate in the long term. It also improves up-front project feasibility and project benefits by, for example, helping developments safely cover debt and offer deeper affordability to tenants. Under this action, the City will adopt a for-profit affordable housing tax exemption citywide to support more developers seeking to build, own, and operate affordable housing in the City.
Implementation Steps	• Meet with and gather needed support from overlapping taxing jurisdictions. • Adopt the tax abatement for for-profit-owned affordable housing under ORS 307.515-537. • Inform developers and owners of the opportunity. • Renew the property tax exemption for non-profit affordable housing annually. • Administer the property tax exemptions for affordable housing properties on an ongoing basis in compliance with state statute. • Track annually the number of affordable housing properties in Hillsboro receiving a tax exemption, the total estimated value of exemption to both nonprofits and for-profits, and the estimated forgone revenue to City.
Considerations	Administrative The for-profit affordable housing tax exemption requires rent payments be shown to reflect the full value of the property tax exemption.
Anticipated Impact	Housing Need Addressed This action provides tax abatements for affordable housing. It will directly address the needs of **low-income households.**

Supporting affordable housing production also indirectly helps priority populations that experience poverty, cost burden, and other housing problems at elevated rates and are therefore likely to represent an elevated share of the beneficiaries. Chapter 2 offers strong evidence that indirect beneficiaries will include **communities of color**, **people with disabilities**, **seniors**, and **people experiencing homelessness**.

Affordability Targets

This action targets production and stability of **affordable** and **deeply affordable** housing.

Tenure Targets

This action targets production of **for rent** housing.

Benefits and Burdens

Benefits

This action will apply citywide—which includes the RECAP and surrounding 10th Avenue/Avenida Diez area as well as the City's highest opportunity neighborhoods. It will directly benefit low-income households by promoting the production of affordable housing. It will also indirectly benefit priority populations that experience poverty and cost burden at elevated rates, including communities of color, people with disabilities, seniors, and people experiencing homelessness.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Medium impact. This action will make Hillsboro attractive to a wider variety of affordable housing developers and support more affordable housing unit production. In 2023, most Low-Income Housing Tax Credit applications (4% credit) in the Metro area involved non-profit affordable housing developers or non-profit general partners. Less than five applications involved a for-profit developer alone. However, over a 3-year period to impact housing, this new City incentive could help it attract an additional project or two, resulting in an additional 100 units of affordable housing or more. The incentive will also support lower affordability levels in such projects.

Fiscal Impact: High **Admin Needs:** Medium **Lead:** ECD Affordable Housing Team

INVESTMENT ACTIONS

Action 5.1 Target strategic infrastructure investments to unlock housing production based on a development ready lands analysis

Investment Actions

Timeline

Action Start: 2026

Adoption/Completion: 2030

Implementation: 2031

Impact: 2031

Description

Overview: In 2024, the City initiated a citywide development ready lands analysis (to be finalized by 2027) to identify strategic infrastructure investments that would significantly improve the housing development potential of key sites. In fall 2025, the City received a Transportation Growth Management (TGM) grant from the State to complete a Hillsboro Tualatin Valley (TV) Highway Equitable Development Strategy and Transit-Oriented Development (TOD) Plan for the northern section of the corridor between SE 13th Avenue and Cornelius Pass Road, with work to be completed by spring 2029. In this action, the City will use those plans and analyses to target strategic infrastructure investments at select sites along the Hillsboro TV Highway corridor to quickly and cost effectively achieve full development readiness and unlock housing production.

Details: A common development challenge is maintaining financial viability while paying for infrastructure needed to service a site or district. Sometimes, the expense of needed infrastructure is too great for a single project to bear, requiring collective action (e.g., a Local Improvement District) or government intervention. The City's ability to fund new infrastructure to facilitate housing development is limited. This means the City must invest strategically to maximize its impact, determining which infrastructure projects unlock the most housing production per dollar spent (along with other City goals for infrastructure).

In this action, the City will complete a citywide development ready lands analysis by 2027 and the TV Highway Equitable Development Strategy/TOD Plan by spring 2029. The City will then use the analysis and plan to identify the opportunities to maximize housing production via strategic infrastructure investments near select sites along the TV Highway corridor, along with potential paths to fund them.

Implementation Steps

- Determine which lands are already development ready and which could be made development ready through strategic infrastructure investments by determining which parcels are:
    - Annexed and zoned to allow housing through clear and objective standards and procedures,
    - Readily served through the adjacent public facilities or identified for near term capital improvements; and
    - Not encumbered by local, state or federal protective regulations or have appropriate entitlements to prepare land for development.
- Using State awarded TGM grant funds, complete the Hillsboro TV Highway Equitable Development Strategy and TOD Plan.
- Identify strategic infrastructure investments for select sites along the TV Highway corridor to quickly and cost effectively make them fully development ready for housing production. Estimate the total housing developable on these key sites.
- Conduct outreach to affected landowners.

- Determine which investments unlock the most housing units per infrastructure dollar.
- Determine whether covering the infrastructure costs for those sites without outside government assistance is feasible.
- Coordinate across City departments and partner agencies to estimate the costs of infrastructure projects and understand which projects are already in the City's pipeline.
- Identify potential funding paths and work to secure funding if necessary. Otherwise, dedicate funding toward the most strategic investments.
- Regulatory Actions 1.1 and 1.3. as well as Land Actions 2.1 and 2.2 will support this Action's positive impact on housing production.

Considerations

There may be affordable housing projects in pre-development phases that would benefit from an infrastructure investment that helps the project achieve financial feasibility and compete for additional funding.

Anticipated Impact

Housing Need Addressed

This action will primarily address **overall housing need**.

Affordability Targets

This action targets production at **all housing affordability levels**.

Tenure Targets

This action targets production of both **for rent** and **for sale** housing.

Benefits and Burdens

Benefits

This action will benefit populations across the income spectrum by promoting overall housing production to expand housing supply.

Burdens

According to the spatial data in Section 2, the TV Highway corridor between 13th Avenue and Cornelius Pass Road appears to be a representative cross section of Hillsboro. It has fairly average levels of educational attainment, low-income households, communities of color, and renters. Yet, within that representative landscape, there are still some properties and communities vulnerable to change. The corridor has several manufactured home parks, as well as some properties assessed as having moderate redevelopment likelihood and displacement risk. Renter cost burden also appears to be more elevated than typical toward the western end of the corridor, which is roughly a half mile from the City's RECAP area and the 10th Avenue/Avenida Diez neighborhood.

Given this information, the corridor and its large, potentially developable parcels appear to be reasonable focuses for housing development from the standpoint of avoiding potential housing burdens. However, the City will still mitigate for any possible property-level risks by using the results of this HPS report's spatial analysis and Action 1.1's opportunity and vulnerability mapping to inform investment locations. Likewise, the City will mitigate for displacement pressures in its highest risk area—10th Avenue/Avenida Diez area—through the implementation of housing stabilization efforts under Action 3.3's Equitable Development Strategy.

Magnitude of Impact

Medium Impact. Spending limited infrastructure funds more effectively will accelerate and increase the scale of developments across a number of parcels with significant housing development potential. This could result in hundreds more housing units being built than would have been the case without this work.

Fiscal Impact:	High	**Admin Needs:**	Medium	**Lead:**	ECD Administrative Division

Action 5.2 Build a year-round homeless shelter

Investment Actions

Timeline	Action Start: 2025 Adoption/Completion: 2025 Implementation: 2026-30 Impact: 2026-30
Description	Overview: Build the City's first year-round homeless shelter. Details: To respond to the local needs of persons living unsheltered, the Hillsboro City Council approved acquisition of a property to be developed into the first year-round emergency shelter for single adults in Hillsboro and neighboring communities. This site, at the western entry to Hillsboro along TV Highway outside the downtown core and 10th Avenue/Avenida Diez area, has immediate access to frequently serviced bus line, employment opportunities, food, medical care and proximity to day center services. This has been included in the HPS because it addresses the immediate shelter needs of people experiencing homelessness along the housing continuum. Housing continuum refers to a spectrum of housing options ranging from temporary shelters to permanent housing, with homelessness falling at the portion of the spectrum where individuals lack stable housing within the continuum. Once operational, this site will provide 24/7, year-round, low barrier shelter to 75 adults. The site will offer both congregate and non-congregate, pod style shelter options to meet diverse needs. Shelter services will be coupled with housing navigation and supportive services provided by a qualified operator. Operational services will be funded through Supportive Housing Services resources, with Washington County as a close project partner. Amenities planned for the site include showers, laundry, meal prep and dining areas, pet areas, storage for belongings, bike parking, and spaces for co-location of services, such as case management and mental health supports. Amenities support participants towards permanent housing and employ trauma informed design and ADA access.
Implementation Steps	• Acquire site, conduct engagement, select design-build contractor • Shepard project through design and permitting • Assist with operator selection and collaborate on Good Neighbor Agreement prior to shelter opening for first guests
Considerations	Shelter is not housing, but it is a critical step on the way to housing and it offers a chance to link residents with services. The City has several opportunities, such as helping the shelter staff serve guests as effectively as possible by facilitating connections with affordable housing operators and non-profits active nearby.
Anticipated Impact	Housing Need Addressed The targets of this action do not relate to housing production. However, the action directly helps provide **people experiencing homelessness** an option at an important step along the housing continuum: low-barrier shelter with services for unsheltered populations. Affordability Targets The targets of this action do not relate directly to housing production, but will provide the services needed for **low-income homeless households**.

Tenure Targets

The targets of this action do not relate directly to housing production for either tenure.

Benefits and Burdens

Benefits

This action will primarily benefit very low and low-income households, people experiencing homelessness, and marginalized populations that disproportionately fall into lower income brackets and homelessness.

In Washington County specifically, communities of color are overrepresented among residents experiencing homelessness (see Chapter 2). That means shelter and access to services provided through this action will likely offer strong benefits to residents of color facing severe housing insecurity and homelessness. The City will likely need to lean on partners and conduct outreach to maximize benefits to all protected classes and ensure some aren't missed.

Burdens

This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Low impact. This project will not produce housing, but it will produce needed year-round shelter serving as a critical steppingstone to housing.

Fiscal Impact: Medium **Admin Needs:** Low **Lead:** City Manager's Office

Action 5.3 Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects

Investment Actions

Timeline

Action Start: 2025

Adoption/Completion: 2027

Implementation: 2028-30

Impact: 2028-30

Description

Overview: The City will approve criteria to include in affordable housing solicitations, adding preferences for projects that include supportive housing and accessible housing. The City will also support unit production of supportive housing and accessible housing types within two regional affordable housing bond-funded projects in coordination with Washington County. Details: Supportive housing is deeply affordable housing units with rental assistance and wrap-around services to serve individuals and families exiting homelessness. Supportive housing aims to provide housing stability, often for households with at least one member who has a disability. It is needed throughout the region and has been one of Metro's focuses in deploying the region's Affordable Housing Bond and Supportive Housing Services (SHS) measure.

The City will use its allocation of regional affordable housing bond funds to promote inclusion of supportive housing and accessible housing unit types within the Dolores housing project and the future Willow Creek affordable housing project. The City will also include preferences for supportive housing and accessible housing types in affordable housing solicitations of projects for potential City investment.

Implementation Steps

- Prioritize using already identified resources to promote inclusion of supportive housing and accessible housing:
    - Regional affordable housing bond funds
    - SHS regional long-term rental assistance subsidies
    - Any other state, regional, county, or federal funds or vouchers the City can access
- Coordinate with affordable housing developers and Washington County to help secure rental subsides for supportive housing units.
- Include preferences for supportive housing and accessible housing types in affordable housing solicitations of projects for potential City investment.
- This will include preferences for "Type A" accessible Units, "Type B" units which can be more easily converted to become accessible, as well as units incorporating Universal Design features.
- The City will also encourage owners of existing City-funded affordable housing in Hillsboro to coordinate with Washington County and local service providers to consider applicants with tenant-based rent-assistance and wrap around support services
- Track the number of additional supportive housing and accessible units produced.

Considerations	• Consider conducting a meeting with organizations such as the Housing Development Center, whose consultants may be able to help identify uncommonly used federal funding sources to enable more supportive housing production or service provision. • Leverage Hillsboro's uniquely strong business and corporate sector and their interest in reducing unsheltered homelessness • Consider how a focus on supportive housing could shape the City's efforts when partnering with Metro on a new Regional ongoing revenue source for affordable and middle-income housing production (Action 3.4)
Anticipated Impact	Housing Need Addressed Promoting inclusion of supportive housing and accessible unit production will directly address the needs of **low-income households** as well as priority populations that strongly benefit from housing with wrap-around services, including **people experiencing homelessness** and **people with disabilities**. The City has also already created partnerships with Bienestar, Hacienda CDC, and the Immigrant and Refugee Community Organization for implementation of the Nueva Esperanza, Dolores, and Willow Creek projects. Promoting the inclusion of supportive housing and accessible unit production in affordable housing projects completed in partnership with these culturally-specific community-based organizations will also help this action directly address the needs of **communities of color** as well as immigrants and refugees. Affordability Targets This action targets production of **deeply affordable** housing. Tenure Targets This action targets production of deeply affordable multi-dwelling housing, which corresponds with housing **for rent**. Benefits and Burdens *Benefits* This action will primarily benefit very low and low-income households, as well as priority populations that strongly benefit from housing with wrap-around services, including people experiencing homelessness and people with disabilities. The action will also benefit communities of color, immigrants, and refugees through the City's ongoing Dolores and Willow Creek projects, which feature partnerships with community-based organizations experienced at serving those communities. Finally, like with the Nueva Esperanza project, this action's Dolores and Willow Creek projects will provide the benefit of supporting fair and equitable housing outcomes by adding affordable and supportive housing in the Tanasbourne and Willow Creek neighborhoods. These neighborhoods in the City's northeastern quadrant have a low presence of households earning under $50,000 per year and have experienced significant rent increases in recent years, likely pricing many lower-income households out. Adding affordable and supportive housing to these neighborhoods directly counters that trend, providing housing choice and stability there and furthering fair housing. *Burdens* This action is unlikely to increase burdens experienced by marginalized populations. No sub action to mitigate burdens is needed.

Magnitude of Impact

Medium impact. Unless new funding sources are identified and accessed (such as via Action 3.4), this action may not raise the overall production of affordable housing in the City. However, the action will raise the *proportion* of affordable housing that is deeply affordable with supportive housing and accessible units. In this way, the action can have a significant positive impact on priority populations and help advance multiple fair and equitable housing outcomes.

Fiscal Impact: High **Admin Needs:** Low **Lead:** ECD Affordable Housing Team

6. Achieving Fair and Equitable Housing Outcomes

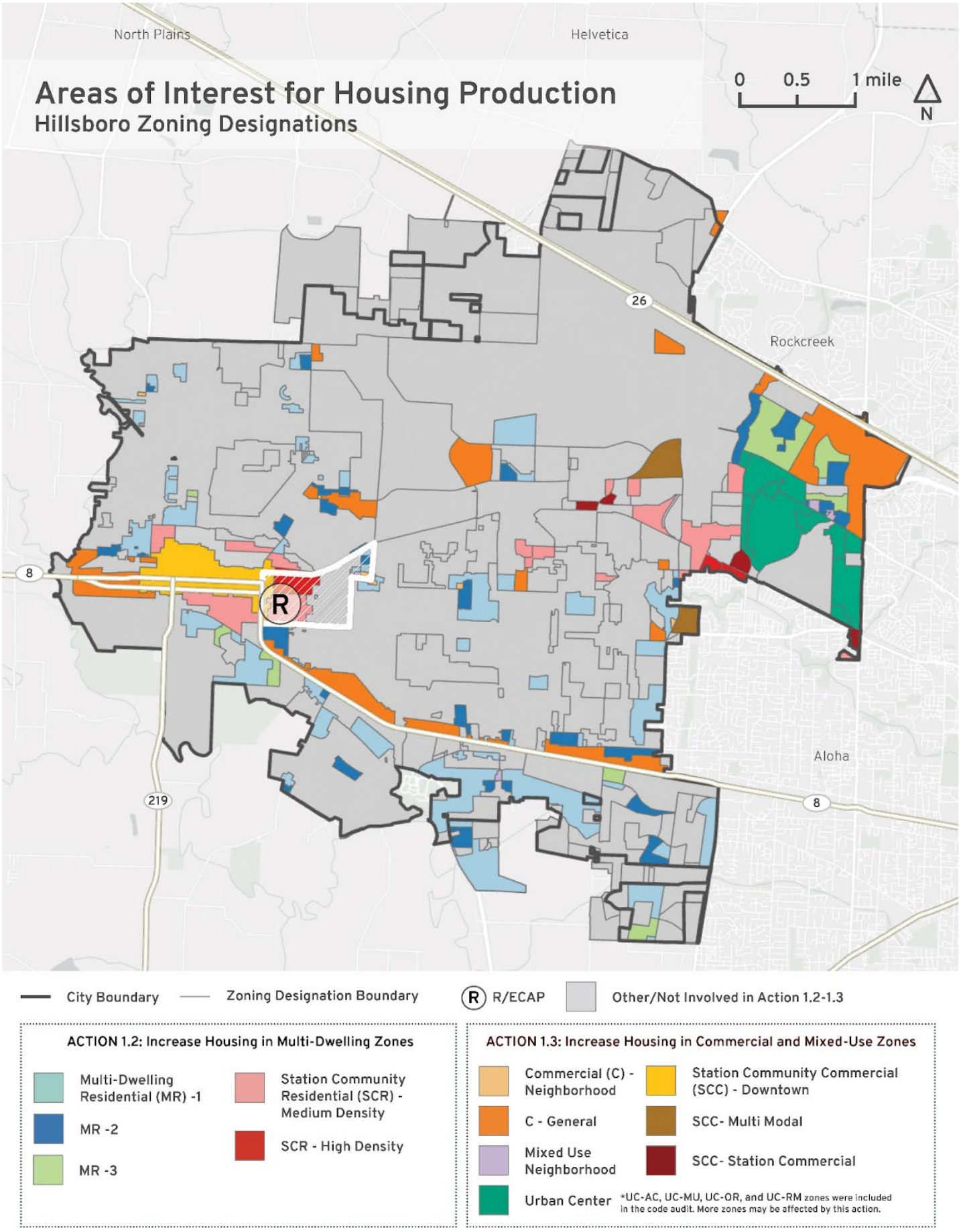
Evaluation of Actions Across Fair and Equitable Housing Factors

According to Oregon Administrative Rules, a city's Housing Production Strategy report must include an analysis that demonstrates how the city's strategies for facilitating housing production will achieve fair and equitable housing outcomes (OAR 660-008-0050). The state rules require special attention to be paid to low-income communities, communities of color, people with disabilities, and other protected classes, as these often represent the most vulnerable populations with significant needs related to housing affordability, stability, and choice. Populations with the greatest needs are often spatially concentrated in specific areas of a city.

ECONorthwest's 2022 "Displacement and Gentrification Risks and Potential Mitigations" Memorandum described in Chapter 2: Overview of Hillsboro's Contextualized Housing Needs, identified a cluster of lower-income households, people of color, cost-burdened renters, individuals without four-year degrees, and manufactured housing on Hillsboro's southern and western sides. Southwestern Hillsboro is also home to the County's only RECAP, as reported in Washington County's Consolidated Housing Plan. ECONorthwest's memo includes an analysis showing higher levels of resident vulnerability to economic pressures and displacement in southern and western Hillsboro. These neighborhoods warrant priority for actions related to housing stability and careful deployment of strategies related to housing production. The SCR-High Density and SCC-Downtown zones are both predominantly concentrated in and around these neighborhoods and the RECAP, indicating caution with those two zones in particular is merited.

In contrast, ECONorthwest's memo also found that households in Hillsboro's northeastern neighborhoods tend to have higher incomes, higher levels of educational attainment, and lower displacement vulnerability. Those neighborhoods have also seen rapid rent appreciation, which suggests their attractiveness and perhaps growing exclusivity. These may be high opportunity neighborhoods—a topic the City will study further as part of Action 1.1. They will be important neighborhoods to provide housing choice for middle-income, low-income, and the protected classes mentioned above to ensure they have fair access to opportunity.

The subsections below address how the HPS actions will respond to these spatial and demographic conditions in order to provide for housing choice, stability, and affordability.


North Plains
Helvetica
Areas of Interest for Housing Production
Hillsboro Zoning Designations
0
0.5
1 mile
N
26
Rockcreek
8
R
Aloha
219
8
City Boundary
Zoning Designation Boundary
R/ECAP
Other/Not Involved in Action 1.2-1.3
ACTION 1.2: Increase Housing in Multi-Dwelling Zones
Multi-Dwelling Residential (MR) -1
MR -2
MR -3
Station Community Residential (SCR) - Medium Density
SCR - High Density
ACTION 1.3: Increase Housing in Commercial and Mixed-Use Zones
Commercial (C) - Neighborhood
C - General
Mixed Use Neighborhood
Urban Center
Station Community Commercial (SCC) - Downtown
SCC- Multi Modal
SCC- Station Commercial
*UC-AC, UC-MU, UC-OR, and UC-RM zones were included in the code audit. More zones may be affected by this action.

As a collection, the actions included in the HPS will achieve equitable outcomes across all six fair and equitable housing factors described in OAR 660-008-0050.

Location of Housing

OAR Definition

How the city is striving to meet statewide greenhouse gas emission reduction goals, established under Executive Order No. 20-04, by creating compact, mixed-use neighborhoods available to people part of state and federal protected classes.

Impact of Actions

The HPS outlines multiple actions that will help Oregon meet its statewide greenhouse gas emissions reductions goals and create compact, mixed-use communities. The HPS directly supports the creation of more compact, mixed-use neighborhoods through actions to increase housing allowances and permitted densities in mixed-use, commercial, and multi-dwelling zones (Actions 1.2, 1.3). The HPS also includes several actions to facilitate more compact neighborhoods through the production of middle housing throughout the City, from code revisions to adopting pre-approved building plans (Actions 1.4, 1.8). These efforts will be further supported by transit-oriented development planning and strategic infrastructure investments near sites with high housing potential along TV Highway (Action 5.1).

The HPS also supports mixed-use and compactness through its action to use Vertical Housing Development Zones, which will require ground-floor commercial within a mixed-use and mixed-income residential building in exchange for a tax abatement (Action 4.4).

Finally, the HPS commits to zoning map changes to allow dense, multi-unit housing in more places, particularly in high opportunity, high amenity, and transit-oriented places (Action 1.1). Not only can this action improve housing production in such areas, but it can help target the effects of actions mentioned in other subsections—to promote affordable and accessible housing, increase housing choice, and avoid displacement—toward Region 2040 centers and other high opportunity areas.

Collectively, these actions set the City's course toward a more compact, mixed-use built form with more attached and dense housing and smaller distances between homes and businesses. That built form will offer per capita greenhouse gas emissions reductions both in the form of improved energy efficiency via attached housing and reduced vehicle miles traveled.

While other actions indirectly assist in fulfilling this fair and equitable housing goal, the actions that most directly promote the goal are:

- Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multi-unit housing capacity
- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.4: Refine middle housing development standards
- Action 1.8: Adopt a local pre-approved housing plan for ADUs with universal design
- Action 4.3: Expand the use of the Vertical Housing Development Zone Program to target middle-income housing

- Action 5.1: Target strategic infrastructure investments to unlock housing production based on a development ready lands analysis

Fair Housing

OAR Definition

How the city is affirmatively furthering fair housing for all state and federal protected classes. Affirmatively furthering fair housing means addressing disproportionate housing needs, patterns of integration and segregation, racially or ethnically concentrated areas of poverty, and disparities in access to housing opportunity.

Impact of Actions

The HPS includes three types of actions that assist in affirmatively furthering fair housing.

The first type of actions change where various housing types are spatially allowed. These actions reduce barriers to building the most affordable forms of housing (multi-unit and middle housing) and allow them to be built in more areas, including in more high opportunity areas (Actions 1.1, 1.4). Reducing these barriers directly facilitates the production of more affordable housing in those areas, countering disparities in access to opportunity and patterns of segregation.

The first type of actions works in tandem to further fair housing with the second type: actions that deploy incentive, investment, partnership, and land tools to support more affordable housing. The way it works is this: the first set of actions allows the most affordable forms of housing in more high opportunity locations and then the second set of actions meaningfully supports the production of more affordable housing there. Because many protected classes disproportionately fall into the lower end of the income spectrum, actions to support these outcomes for lower-income households tend to benefit many protected classes, including communities of color and people with disabilities.

Several of the land, incentive, and investment actions fall into this typology. Most notably, Actions 2.1, 4.3, and 4.4 will each seek to provide land and tax relief for rent-restricted affordable and middle-income housing, with an emphasis on high opportunity areas. Action 3.3 will support housing stability and investment in an area of concentrated poverty and disproportionate housing need: the City's 10th Avenue/Avenida Diez neighborhood. And Action 5.3 commits to two affordable housing projects—which include permanent supportive housing units—in Northeast Hillsboro neighborhoods with low rates of low-income households and rapid rent appreciation, strongly countering segregation there, providing access to opportunity, and breaking down patterns of concentrated poverty.

The third type of action are those that directly commit to addressing disproportionate housing needs. For example, Actions 1.2, 1.3, 1.8, 4.4, and 5.3 all directly support the production of accessible housing units and have targeted benefits for protected classes like people with disabilities and seniors. In addition, Action 3.2 will create affordable and middle-income homeownership opportunities and target benefits at Communities of Color..

Collectively, this is how the HPS actions affirmatively further fair housing.

While other actions indirectly assist in fulfilling this fair and equitable housing goal, the actions that most directly promote the goal are:

- Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multi-unit housing capacity

- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.4: Refine middle housing development standards
- Action 1.8: Adopt a local pre-approved housing plan for ADUs with universal design
- Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing
- Action 2.2: Identify and use City-owned land for affordable housing
- Action 3.2: Continue and expand affordable and middle-income homeownership partnerships
- Action 3.3: Adopt and implement the 10th Avenue/Avenida Diez Equitable Development Strategy
- Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production
- Action 4.1: Complete permit application fee study and consider fee structure adjustments
- Action 4.3: Expand the use of the Vertical Housing Development Zone program to target middle-income housing
- Action 4.4: Adopt a MUPTE program to target middle-income and accessible housing
- Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing
- Action 5.3: Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects

Housing Choice

OAR Definition:

How the city is facilitating access to housing choice for communities of color, low-income communities, people with disabilities, and other state and federal protected classes. Housing choice includes access to existing or new housing that is located in neighborhoods with high-quality community amenities, schooling, employment and business opportunities, and a healthy and safe environment.

Impact of Actions

The HPS takes two sets of coordinated actions to grow housing choice for low-income communities, communities of color, people with disabilities and other protected classes.

First, the HPS plans for actions to ease regulatory hurdles that make it difficult to build the most affordable forms of housing (multi-unit housing and middle-income housing) in high opportunity, high amenity areas. Those actions include code changes and a commitment to making zoning map changes to allow denser forms of housing in more places, including high opportunity areas (Actions 1.1, 1.4). Doing this directly facilitates the production of more affordable housing in those areas, countering disparities in access to opportunity and promoting housing choice.

Second, the City will take action to implement investments and incentives to support the financial feasibility of building affordable and accessible housing. Because of the first set of actions, this housing can be built in more places, including more high opportunity areas. Allowing and financially supporting affordable and accessible housing in those locations directly improves housing choice and access to opportunity for households that need those specific housing types. That includes people with disabilities and seniors in the case of accessible housing units. And in the case of affordable units, it includes low-income households,

which disproportionately include communities of color, people with disabilities, and other protected classes that tend to have lower incomes. The City commits to the following investment and incentive actions for affordable housing: density bonuses for affordable housing (Actions 1.1, 1.2), a new tax abatement for for-profit affordable housing developers (Action 4.5), fee adjustments to support affordable housing (Action 4.1), expanded partnerships for affordable homeownership projects and regional affordable housing funding (Actions 3.2, 3.4), MUPTE and VHDZ programs to incentivize units restricted for middle-income households (Actions 4.3, 4.4), and the direct use of City land for affordable housing (Action 2.1). The City's commits to the following investment and incentive actions to promote accessible housing within multi-unit buildings: density bonuses and MUPTE tax incentives for accessible units (Actions 1.2, 1.3, 4.4), as well as a commitment to prioritizing projects with supportive housing when soliciting development projects and partners (Action 5.3). Last, the City commits to being also be direct in applying spatial considerations to actions to invest in and incentivize affordable and accessible housing. Action 2.1 will seek land for affordable housing with an emphasis on high opportunity areas. Action 4.4 will provide tax relief in exchange for accessible housing units with an emphasis on high opportunity areas. And Action 5.3 will bring affordable and permanent supportive housing units to Northeast Hillsboro neighborhoods with low rates of low-income households and rapid rent appreciation, providing access to opportunity and housing choice there.

While other actions indirectly assist in fulfilling this fair and equitable housing goal, the actions that most directly promote the goal are:

- Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multi-unit housing capacity
- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.4: Refine middle housing development standards
- Action 1.8: Adopt a local pre-approved housing plan for ADUs with universal design
- Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing
- Action 2.2: Identify and use City-owned land for affordable housing
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production
- Action 4.1: Complete permit application fee study and consider fee structure adjustments
- Action 4.3: Expand the use of the Vertical Housing Development Zone program to target middle-income housing
- Action 4.4: Adopt a MUPTE program to target middle-income and accessible housing
- Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing
- Action 5.3: Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects

Housing Options for Residents Experiencing Homelessness

Definition:

How the city is advocating for and enabling the provision of housing options for residents experiencing homelessness and how the city is partnering with other organizations to promote services that are needed to create PSH and other housing options for residents experiencing homelessness

Impact of Actions

The HPS includes actions to provide housing and service options for residents experiencing homelessness. At the broadest level, the HPS actions collectively act to increase housing production and reduce scarcity, which research suggests correlates with lower rates of rent increases and homelessness.[1]

More specifically, the HPS plans actions to provide affordable housing options, which can end someone's homelessness. The HPS actions to provide affordable housing are described in depth in the "Affordable Homeownership and Affordable Rental Housing" section but include actions such as providing technical assistance to owners of underutilized land that could be developed for affordable housing (Action 2.1), using City land for affordable housing development (Action 2.2), partnering with Metro to identify a new regional source of affordable housing funding (Action 3.4), creating adjustments to development fees to promote a variety of housing including affordable housing (Action 4.1), and offering a new tax abatement for for-profit affordable housing developers (4.5). The City recognizes that housing exists on a continuum, and for that reason includes two additional actions that bridge the gap between homelessness and housing. The HPS includes the action of building the City's first year-round shelter, which provides a critical stabilizing safety net and connection point to services and housing (Action 5.2). The HPS also includes an action to prioritize PSH and other affordable and accessible housing with services (which many residents experiencing homelessness need) when administering housing bond funds and soliciting development partners to use City land or resources (Action 5.3).

While other actions indirectly assist in fulfilling this fair and equitable housing goal, the actions that most directly promote the goal are:

- Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing
- Action 2.2: Identify and use City-owned land for affordable housing
- Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production
- Action 4.1: Complete permit application fee study and consider fee structure adjustments
- Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing
- Action 5.2: Build a year-round homeless shelter
- Action 5.3: Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects

Affordable Homeownership and Affordable Rental Housing

OAR Definition

How the city is supporting and creating opportunities to encourage the production of affordable rental housing and the opportunity for wealth creation via homeownership, primarily for state and federal protected classes that have been disproportionately impacted by past housing policies.

Impact of Actions

The HPS supports the production of affordable rental housing and homeownership opportunities through nearly all of its actions. Specifically, there are three main types of actions present in the HPS that support affordable housing.

1. The HPS plans a suite of regulatory actions to support the production of the most affordable types of rental and ownership housing: multi-unit housing and middle housing (Actions 1.1, 1.2, 1.3, 1.4). In addition to naturally being more affordable due to their efficient use of land and infrastructure, these two types of housing are most likely to earn subsidy and be income-restricted, helping low-income households—and protected classes that tend to be lower-income—afford their rent or mortgage.
2. The HPS builds upon those regulatory changes by committing to incentives and investments to both encourage the production of affordable ownership housing (Action 2.2, 3.2) and affordable rental housing (Actions 1.2, 1.3, 2.1, 2.2, 3.4, 4.1, 4.5, and 5.3). These incentives and investments can support developments that are fully income-restricted as well as mixed-income developments. Many of these actions have explicit provisions for how they will target benefits at protected classes, such as communities of color and people with disabilities.
3. The HPS plans several actions for the City to identify partnerships and outside resources (e.g., funding, land) to assist in producing affordable housing (Actions 2.1, 3.1, and 3.4). Such partners include local landowning organizations and the regional and state governments.

While other actions indirectly assist in fulfilling this fair and equitable housing goal, the actions that most directly promote the goal are:

- Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multi-unit housing capacity
- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.4: Refine middle housing development standards
- Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing
- Action 2.2: Identify and use City-owned land for affordable housing
- Action 3.1: Develop new strategic partnerships for state/federal advocacy
- Action 3.2: Continue and expand affordable and middle-income homeownership partnerships
- Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production
- Action 4.1: Complete permit application fee study and consider fee structure adjustments
- Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing
- Action 5.3: Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects

Gentrification, Displacement, and Housing Stability

Definition

How the city is increasing housing stability for residents and mitigating the impacts of gentrification, as well as the economic and physical displacement of existing residents resulting from investment or redevelopment.

Impact of Actions

Prior to the HPS, the City collaborated with ECONorthwest in 2022 to map and better understand the vulnerability to gentrification and displacement experienced in the City's different neighborhoods. That work is discussed at the beginning of this Chapter as well as Chapter 2: Overview of Hillsboro's Contextualized Housing Needs. It identified heightened vulnerability to displacement in southern and western Hillsboro. That risk appears greatest in and around the 10th Avenue/Avenida Diez area, which the Washington County Consolidated Housing Plan identified as containing a federally recognized RECAP.

The HPS itself plans three sets of actions to increase housing stability and mitigate displacement.

The first set of HPS actions aim to raise housing stability in cases when market-rate housing is constructed. Actions 1.2 and 1.3 commit to density bonuses for affordable housing units, including in mixed-income developments. Actions 4.3 and 4.4 commits to implementing VHDZ and MUPTE programs that incentivize the creation of units restricted for middle-income residents. And Action 5.1 commits to considering the spatial distribution of vulnerability when making strategic infrastructure investments along TV Highway corridor. These actions promote the creation of income-restricted housing options simultaneously with market-rate options or promote special care related to potential market rate housing development. These restricted units should act as stabilizing forces for changing neighborhoods.

The second set of HPS actions aim to support affordable housing more broadly. These include Actions 2.1 and 2.2 to use City land and identify underutilized land for affordable housing, Action 3.2 to partner to deliver at least two affordable homeownership projects, Action 3.4 to identify new regional affordable housing funding, Action 4.1 to adjust the City's fee structure to support affordable and other housing types, and Action 4.5 to offer tax abatements to additional affordable housing developers. Promoting affordable housing more broadly is not targeted specifically at high displacement risk areas. However, it does support a bigger pipeline of affordable projects overall, which raises the chances of affordable projects being able to stabilize communities when neighborhoods need it.

The third set of HPS actions aim to directly reduce displacement and increase housing stability in vulnerable areas, particularly an area already known to be vulnerable: the City's 10th Avenue/Avenida Diez area. The HPS includes Action 3.3 to adopt and implement an equitable development strategy for that neighborhood. That Action plans anti-displacement actions and builds on an already adopted URA Plan, which aims to "promote and support stable and sustainable residential neighborhoods for a range of household incomes" through "preserving and upgrading the existing housing stock and developing a range of new housing." The HPS also includes provisions to consider vulnerability to displacement when making code changes (Actions 1.1, 1.2, 1.3), when conducting outreach to identify land for affordable housing (Action 2.1), and when targeting tax incentives for rent-restricted housing (Actions 4.3, 4.4). Collectively, these spatially targeted actions will strongly assist the City in combating displacement and providing housing stability.

While other actions indirectly assist in fulfilling this fair and equitable housing goal, the actions that most directly promote the goal are:

- Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multi-unit housing capacity
- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units

- Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing
- Action 2.2: Identify and use City-owned land for affordable housing
- Action 3.2: Continue and expand affordable and middle-income homeownership partnerships
- Action 3.3: Adopt and implement the 10th Avenue/Avenida Diez Equitable Development Strategy
- Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production
- Action 4.1: Complete permit application fee study and consider fee structure adjustments
- Action 4.3: Expand the use of the Vertical Housing Development Zone program to target middle-income housing
- Action 4.4: Adopt a MUPTE program to target middle-income and accessible housing
- Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing

7. Measuring Progress

Per OAR 660-008-0060, Hillsboro will track progress on implementing the actions detailed in the HPS. By December 31st, 2027, three years after adopting the original HPS, the City will submit a narrative report to DLCD summarizing its progress on implementation. The report must include a summary of the steps already taken by the City to implement the actions included in the HPS. If the City has not implemented actions on the schedule specified in the HPS, an explanation of the conditions that posed a barrier to implementation and a plan for addressing the identified need that the strategy targeted must be provided. Additionally, the report will include an assessment of the relative efficacy of implemented actions as well as a reflection on actions taken in response to achieving fair and equitable housing outcomes.

In anticipation of this reporting requirement, the methods and performance metrics the City will use for monitoring progress on HPS actions are listed below. The quantity of housing permitted and produced, both Citywide and in areas targeted by actions, should be tracked on an annual basis. The City already tracks number of dwelling units permitted each year. These data will be compared to data from before actions were implemented to monitor the effects of the changes on total production, type of production, and location of production. More specific metrics for measuring progress are included below for each action group.

Type	Methods	Metrics
Regulatory Actions	Progress on implementation of regulatory-based actions can be indicated by the following: • Build upon the spatial analyses included in this HPS to refine the City's understanding of the geography of vulnerability and opportunity • Adopting one or more packages of regulatory changes that rezone parts of the City to allow more housing, increase housing potential in multi-dwelling zones, commercial zones, and mixed-use zones, make middle-housing related code amendments, and streamline design standards • Adopting streamlined design standards • Evaluating options for reorganizing and streamlining the code and making the code more user friendly. • Evaluating the local pre-approved housing plan for ADUs with universal design • Collecting periodic feedback from local developers to gain additional information about the efficacy of various	Many of these metrics will benefit from the comparison with data from the years prior to the HPS and peer jurisdictions • # of areas rezoned where additional multi-unit housing capacity would be permitted and encouraged • # of housing units permitted and produced • # of middle housing units permitted and produced • # of affordable housing units permitted and produced • # of accessible housing units permitted and produced • # of units produced in multi-dwelling zones • # of units produced in commercial and mixed-use zones • % of City land zoned for multi-unit housing • # of pre-approved plans available through the city and # of units produced using pre-approved plans • # (average) days from application submittal to approval, by housing type

	regulatory changes and how well they are facilitating increased housing production	• % of housing units approved that required at least one discretionary approval
Land Based Actions	Progress on implementation of land-based actions can be indicated by the following: • Engaging with key private and faith-based landowners and maintaining a list that tracks which owners may currently have surplus land or may have surplus land in the future they may wish to use for housing • Partnering with agencies such as Washington County, Metro, Tri-Met, Hillsboro School District, State to identify any underutilized land • Use City owned land for affordable housing production • Identifying sites for affordable housing production and facilitating their development	• # of outreaches per year • # of affordable units (0-80% AMI) produced on underutilized land or parcels
Partnership Actions	Progress on implementation of partnership actions can be indicated by the following: • Staff reporting of City activities related to state and federal lobbying on housing production • Posting of competitive RFPs for affordable homeownership projects • Staff reporting on existing and new partnerships established with developers and service providers working in the affordable homeownership space • Adoption and implementation of the 10th Avenue/Avenida Diez Equitable Development Strategy and status updates on outcomes achieved • Evaluation of partnership with Metro to support the creation of an ongoing revenue source for affordable housing production	• # of pro-housing legislative proposals developed in collaboration with partners and state representatives • # of pro-housing legislative proposals formally supported alongside partners and state representatives • # of affordable ownership units (0-80% AMI) produced by affordable homeownership partners • # of middle-income ownership units (80-120% AMI) produced by affordable homeownership partners
Incentive Actions	Progress on implementation of incentive actions can be indicated by the following: • Completion of permit application fee and SDC rate studies	Many of these metrics will benefit from the comparison with data from the years prior to the HPS and peer jurisdictions • # of eligible projects and units produced using one or more incentive programs, broken out by program, housing type, tenure and affordability level

	• Adjustments to permit application fee structures and SDC rates made as the result of the studies • Evaluation and availability of property tax abatements for middle-income housing • Adoption of a Multi-Unit Property Tax Exemption (MUPTE) program to target middle income and accessible housing • Expansion of the Vertical Housing Development Zone (VHDZ) program to target middle income	• # of eligible properties and # of units preserved using tax abatement programs, by housing type, tenure and affordability level • Total estimated value of exemption to for-profit affordable housing developers • Estimated forgone revenue to the City
Investment Actions	Progress on implementation of investment actions can be indicated by the following: • Identification of sites with high housing development potential • Reporting on year-round homeless shelter beds • Work with jurisdictional and developmental partners to measure supportive and accessible housing provided within projects, including tenant-based and project-based support	• Amount of funds secured or dedicated toward strategic infrastructure investments and anticipated amount of housing unit potential unlocked • # year-round shelter beds added • # of permanent shelter guests served • # units of supportive and accessible housing produced

Appendix A: Pre-HPS Survey (ORS 456.586)

#	Strategy	Encourage needed housing (Y/N)	Increase affordability (Y/N)	Reduce Rent Burden (Y/N)	Any Additional Comments
Category A: Zoning and Code Changes					
A01	Ensure Land Zoned for Higher Density is not Developed at Lower Densities	Y	N	N	Community Development Code already requires a minimum density for all zones, prohibits new detached single dwellings in high density zones, and requires single detached dwellings in medium density zones meet minimum density.
A02	Zoning Changes to Facilitate the Use of Lower-Cost Housing Types	Y	Y	N	Manufactured Housing code section was updated in 2022 with Housing Hillsboro to allow manufactured housing below 1,000 square feet. ADU code was also updated to reduce barriers that existed in the code. CDC has provisions for temporary housing placement and construction.
A03	FAR, Density, or Height Bonuses for Affordable Housing	Y	N	N	SB8 was adopted into code in 2022, Witch Hazel Village South Plan District includes automatic density and height bonuses beyond requirements of SB8.
A04	Housing Rehabilitation Codes				
A05	Code Provisions for ADUs	Y	Y	N	Community Development Code was amended to ease architectural standards and remove the off-street parking requirements.
A06	Broaden the Definition of Housing Type				
A07	Allow for Single Room Occupancy in Residential Zones	Y	Y	Y	Community Development Code allows SROs up to 8 bedrooms in all standard residential zones. Multi-Dwelling residential zones allow group living outright.
A08	Promote Cottage Cluster Housing	Y	N	N	Added to Community Development Code to address HB 2001 in 2022.
A09	Short-Term Rentals Regulations	N	Y	N	Community Development Code amendment underway for STR regulations, City Council hearing scheduled for 2/20.
A10	Inclusionary Zoning				
A11	Add Restrictive Covenants to Ensure Affordability	Y	Y	Y	City has executed restrictive covenants/regulatory agreements on affordable housing projects
A12	Align Lot Division Density with Zoning Density	Y	N	N	Lot divisions require applicants to show that minimum density will be met during housing construction.
A13	FAR & Density Transfer Provisions				
A14	Re-examine Requirements for Ground-floor Retail/Commercial				
A15	Encourage Diverse Housing Types in High-Opportunity Neighborhoods				
A16	Manufactured Housing Community Preservation Zone				
A17	Small Dwelling Unit Developments				
A18	Increase Density near Transit Stations and Regional Multi-use Trails				
A19	High Density Requirements for to-be- Annexed Land				
A20	Pre-Approved Plan Sets for Middle Housing Typologies				
A21	Pre-Approved Plan Sets for ADUs				

A22	Mixed Housing Types in Planned Unit Developments				
A23	Accessible Design	Y	N	N	Witch Hazel Village South includes outright setback reductions for visitable units to encourage single story design or visitable units with zero rise entries and bedroom/bathroom on main story.
A24	Legalize Alternative Housing Types on Wheels and in Parks				
A25	Legalize and Encourage Tiny Homes and Villages				

Category B: Reduce Regulatory Impediments					
B01	Remove or Reduce Minimum Parking Requirements	Y	Y	N	Hillsboro reduced parking standards for affordable housing to 1 space per unit (80% AMI and below) citywide and 0.85 space per unit within a quarter-mile of high-frequency transit.
B02	Remove Development Code Impediments for Conversions	Y	Y	N	Conversion of single dwelling to plex requires a "Type 0"/alternative review which has no public notice and 21 day review period. Low-cost application and checklist based.
B03	Expedite Permitting for Needed Housing Types				
B04	Expedite Lot Division for Affordable Housing	Y	N	N	While the regulatory timeframe for these is 120-days, Hillsboro has a typical review timeframe of 4-6 weeks which is much faster than regulatory requirement.
B05	Reduce Regulatory Barriers to Lot Division				
B06	Streamline Permitting Process	Y	N	N	Hillsboro's permit review timelines are very short compartively to other jurisdictions. Our permits have a 2-week first review cycle and 1-week cycles after that for any needed revisions. Permitting is all done through online review system which provides real time transparency to applicants.
B07	Flexible Regulatory Concessions for Affordable Housing				
B08	Waive Off-Site Infrastructure Requirements for Needed or Affordable Housing				
B09	Capital Improvements Programming (CIP)				
B10	Public Facility Planning				
B11	Pro-Housing Agenda	Y	Y	Y	Demonstrated in the Hillsboro 2035 Community Plan, 2020–2024 Washington County Consolidated Plan and the Hillsboro Comprehensive Plan.
B12	Pro Affordable Housing Agenda	Y	Y	Y	Demonstrated in the Hillsboro 2035 Community Plan, 2020–2024 Washington County Consolidated Plan and the Hillsboro Comprehensive Plan and the Affordable Housing Policy and Action Plan. Addressing Affordable Housing and Homelessness is an ongoing City Council priority.
B13	Align Bike Parking Requirements with Actual Use	N	N	N	Multi-dwelling residential requires 0.25 spaces per unit.
B14	Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan	Y	Y	Y	Comprehensive Policy H 2.7: Employ strategies that support the Fair Housing Act and affirmatively further fair housing. Policy H 2.9: Employ strategies that support the Fair Affordable housing partnerships. Partner with nonprofit housing developers and other agencies to create the opportunity to provide moderate- and low-income housing and rehabilitation activities in Hillsboro.
B15	Reduce the Power of NIMBYism to stop, slow, change, or reduce affordable housing				
B16	Holistic Planning to Distribute New Density More Equitably				
B17	Reduce on-site Common/Active Open Space Requirements				

B18	Prioritize Home Ownership	Y	Y	Y	Demonstrated in the 2020–2024 Washington County Consolidated Plan and the CDBG Annual Action Plan and the Hillsboro Comprehensive Plan and the Affordable Housing Policy and Action Plan. Addressing Affordable Housing and Homelessness is an ongoing City Council priority.
B19	Survey Applicants on Development Program Decision-Making				

Category C: Financial Incentives					
C01	Reduce or Exempt SDCs for Needed Housing				
C02	Modify SDC fee schedules	Y	Y	Y	On a case-by-case basis, the City has modified/deferred collection of City-controlled SDCs
C03	Reduce or Exempt SDCs for ADUs	Y	Y	Y	ADUs are not charged SDCs in Hillsboro.
C04	Incentivize Manufactured and Modular Housing				
C05	Waive or Finance Park Impact Fees for Affordable Housing				
C06	Publicly Funded Infrastructure Improvements				
C07	Reconsider Applying Park SDCs				
C08	Transportation SDCs Tied to Parking				

Category D: Financial Resources					
D01	Community Development Block Grant (CDBG)	Y	Y	Y	Hillsboro CDBG funds are used to support affordable homeownership, housing rehabilitation, public facility improvements, fair housing awareness, and emergency assistance.
D02	Low Income Housing Tax Credit (LIHTC)	Y	Y	Y	A number of affordable housing projects in Hillsboro have leveraged LIHTC equity funding
D03	Housing Trust Funds				
D04	Operating Subsidies for Affordable Housing Developments				
D05	Employer - Assisted Housing Programs				
D06	HOME Program	Y	Y	Y	Partnership with Washington County.
D07	Dedicated Revenue Sources for Affordable Housing	Y	Y	Y	Includes General Fund resources and Metro Housing Bond funding
D08	Demolition Taxes				
D09	Construction Excise Tax (CET)				
D10	Tax Increment Financing (TIF) Set- Aside				

D11	Flexible Use of Housing Choice Vouchers				
D12	Targeted Vouchers	Y	Y	Y	Partnership with Washington County.
D13	Low-Interest Loans / Revolving Loan Fund	Y	Y	N	Hillsboro contributes since the early 2000's to Community Housing Fund, that funds loans for land acquisition and predevelopment costs.
D14	Eviction Prevention Programs	Y	Y	Y	Hillsboro funded an Emergency Rent Assistance program withCDBG-CV funds in 2020 through 2023
D15	Bond - for Resident Support Services and Permanent Supportive Housing Services	Y	Y	Y	Metro Housing Bond funds allocated to Hillsboro
D16	General Obligation Bonds – for Affordable Housing	Y	Y	Y	Leveraged City general funds and Metro bond funds to support affordable housing projects, specifically $300K in general funds to Willow Creek Crossing Apartments and $17M in Metro bond funds to Nueva Esperanza.
D17	Use IHBG funds for Urban Native Americans				
D18	Weatherization Funds through Community Action Agencies				
D19	Transit-Oriented Development Grants				
D20	Local Innovation and Fast Track (LIFT) Program for Affordable Rental Housing Development	Y	Y	Y	OHCS set-aside for Hillsboro - $2.4 Million in LIFT funds
D21	Mental Health Trust Fund Awards				
D22	Foundations Awards				
D23	State of Oregon Debt				
D24	State of Oregon Debt Support				
D25	Luxury Tax for Equitable Housing				
D26	Reallocate Health and Public Safety Resources to Housing				
D27	Georgist Land Tax				

Category E: Tax Exemption and Abatement **These are a list of tax exemption and abatement programs that are intended to encourage developers to produce housing.**					
E01	Nonprofit Low-Income Rental Housing Exemption	Y	Y	N	Adopted property tax exemption for non-profit affordable housing.
E02	Property Tax Exemption for Affordable Housing Tied to Level of Affordability				
E03	Vertical Housing Development Zone Tax Abatement	Y	N	N	
E04	Multiple Unit Property Tax Exemption (MUPTE)				
E05	Multiple Unit Limited Tax Exemption (MULTE)				

E06	Homebuyer Opportunity Limited Tax Exemption Program (HOLTE)				
E07	Homestead Tax				
E08	Property Tax Relief for Income-Qualified Homeowners				
E09	Investing into Federal Opportunity Zones (OZ)				
E10	Delayed Tax Exemptions				

Category F: Land, Acquisition, Lease, and Partnerships					
F01	Land Banking	Y	Y	N	The city has partnered with Proud Ground for several years.
F02	Joint Development Agreements				
F03	Community Land Trusts	Y	Y	Y	The City partners with Proud Ground to support acquisition and rehabilitation of existing homes for affordable homeownership.
F04	Public/Private Partnerships (P3)	Y	Y	Y	
F05	Preserving Low-Cost Rental Housing to Mitigate Displacement	N	Y	Y	Rehab work supported through CDBG & HOME funds.
F06	Preserving Safe, Affordable Manufactured Homes				Rehab work supported through CDBG
F07	Providing Information and Education to Small Developers				
F08	Conversion of Underperforming or Distressed Commercial Assets				
F09	Enhanced Use Lease of Federal Land				
F10	Prioritize Housing on City/County Owned Land	Y	Y	Y	Conveyed/Donated two city-owned properties totaling nearly 10 acres for the development of affordable housing.
F11	Combine Community Land Trust with Limited Equity Cooperative Model				
F12	Surplus Land for Affordable Housing	Y	Y	Y	See F10
F13	McKinney-Vento Federal Surplus				
F14	Right of First Refusal for Land Purchase				
F15	Ordinances that Address Zombie Housing				
F16	Regulatory Agreement	Y	Y	Y	
F17	Designated Affordable Housing Sites				

F18	Utilize Surplus Land Owned by Faith-Based Organizations for Affordable Housing				
F19	Affordable Housing Preservation Inventory	N	N	Y	City maintains list of total existing regulated units.
F20	Fair Housing Education, Referral, and Other Services	Y	Y	Y	Work carried out through CDBG including sponsored Fair Housing events.
F21	Public or Mission-Driven REITs and Turn-Key Delivery				

Category Z: Custom Options					
Z01	TBD				

Appendix B: Public Communications and Engagement Plan

Housing Production Strategy
Draft Public Communications and Engagement Plan (PCEP)

1. Introduction

The City of Hillsboro is a diverse community of more than 110,000 residents. House Bill 2003 requires cities with a population over 10,000 create a Housing Production Strategy (HPS). The HPS is a guiding planning document that will contain specific and meaningful plans, tools, actions, and policies to address housing needs identified in the 2023 Hillsboro Housing Needs Analysis (HNA). The HPS will include a timeline for adopting and executing each strategy.

The HPS builds upon the work undergone by the City for the HNA. The HNA is an important document that assesses whether Hillsboro has an adequate supply of housing for all household income levels for the next 20 years. Housing can take many forms to meet the community's needs. A housing supply that meets community needs typically offers people a range of places to live and a variety of housing types to choose from that do not overburden the financial resources of any group. An HNA provides the data basis a city needs to develop its approach to meeting the housing needs of its resident and will inform the policies and strategies highlighted in the HPS.

The HPS is estimated to take place between January and December 2024. The City has contracted with consulting firm Cascadia Partners to assist with this work and draft the HPS document.

The HPS final deliverable is a document consistent with Statewide Goal 10 and associated state administrative statutes and administrative rules. The approach will include synthesizing work and data collected in the HNA, Hillsboro Local Implementation Strategy for Metro Housing Bond, Hillsboro Affordable Housing Tools Reports, Hillsboro Displacement and Gentrification Risks and Potential Mitigations Memo, Hillsboro 2035 Community Plan, Hillsboro Comprehensive Plan, and the Washington County Consolidated Plan. Outreach and engagement will include convening Technical Advisory Committee, focus groups, and multiple meetings with City leadership along with informing the public at large of this next phase in City housing-related work.

2. Project Background

City Council for years has included housing in its annual list of priorities. When providing input on multiple land use planning projects involving housing, the Council has expressed interest in a holistic analysis to increase housing production. The City undertaking an HPS also responds to the state requirement to complete this work.

The HPS Report will include a detail description of the contextualized housing needs and development ready lands, summaries of existing measures and final proposed strategies and

new measures, and how the City's existing measures and final proposed strategies and new measures help to achieve fair and equitable housing outcomes, affirmatively further fair housing, and overcome discriminatory housing practices and racial segregation.

The final chapter of the HPS Report will detail a qualitative assessment of how the strategies and measures collectively address the contextualized housing needs identified in both the HNA and HPS and will include a discussion of how the proposed actions, taken collectively, will increase housing options, especially for historically marginalized communities. The final chapter will explore how the City's existing and proposed strategies and measures will affirmatively further fair housing and provide access to areas of opportunity. This chapter will also address needs for people facing homelessness and explore ways to create opportunities for rental housing and homeownership. The HPS will also include the City's plan for monitoring progress on the housing production strategies.

3. Public Engagement Program Overview

The International Association for Public Participation (IAP2) developed The Spectrum of Public Participation to help organizations define the public's role in any public engagement process. The Spectrum is a tool to help project leaders identify the level of influence community members will have over the final decisions being made. The Spectrum includes five levels are that includes Inform, Consult, Involve, Collaborate, and Empower. The Public Communications and Engagement Plan focuses on three levels of engagement: **Inform, Consult, and Involve**.

Inform: To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.

Consult: To obtain public feedback on analysis, alternatives and/or decisions.

Involve: To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.

The City will engage the general public at the **Inform** level through a project website, social media posts, and promoting in City publications. The project website will include a comment box that will be checked regularly by staff and staff contact information. The City will be pursuing an HPS informational video in multiple languages and keep the public at-large informed of key project milestones and importance adoption dates.

The City will **Consult** with historically marginalized communities through focus groups. The City will conduct two focus groups in English and two in Spanish. At the Consult level of engagement, members of the focus groups can expect to be informed of project updates, provide input to the City, and to receive a report back how their input was incorporated into the overall HPS.

The City will also engage individually with housing stakeholders at the **Consult** level of engagement on the HPS through individual stakeholder discussions.

The Technical Advisory Committee (TAC) will be engaged at the **Involve** level, meeting with the City directly at a regular basis through the project timeline. TAC members will have an opportunity to voice concerns and opinions in the draft housing production strategies developed and the City will share why select input is not integrated into the final housing production strategies.

TAC members will include:

- Becky Coutinho, Senior Planner
- Dan Rutzick, Long Range Planning Manager
- Chris Hartye, Senior Project Manager
- Omar Martinez, Project Coordinator
- Dan Dias, Economic and Community Development Director
- 4 Market Rate Housing Developer Representatives
- 2 Affordable Housing Developer Representatives
- 2 Community Residents Interested in Housing
- Residential Property Manager Representative
- Residential Real Estate Representative
- Permanent Supportive Housing Representative
- School District Representative
- Large Employer Representative
- 2 Planning Commission members

Public Engagement Goal: *Commit to an open and transparent community engagement process focused on input from housing professionals, informing the public, and conducting targeted outreach to underrepresented communities and key stakeholders throughout the development of the HPS.*

Public Engagement Principles:

1. Ensure the public engagement process offers opportunities that are equitably provided across the spectrum of community members.
2. Provide information to the public in accessible and easy to understand formats, including multiple languages where appropriate.
3. Design public engagement activities in a manner that identifies and addresses participatory barriers such as language and availabilities of technology.
4. Inform and include stakeholders at key decision-making points/milestones throughout the process.
5. Delineate topics for which the City requires and/or desires input and feedback.
6. Establish two-way communications processes with stakeholders to ensure maximum transparency while providing timely feedback.
7. Work to build lasting community relationships and lay the groundwork for development of private/public partnership opportunities.

8. Provide a hospitable and welcoming environment to all participants.
9. Create opportunities to bridge issues, communities, and neighborhoods, building upon common values.

Housing Professionals

Market-rate developers, affordable housing developers, property managers, and realtors will have multiple opportunities to voice ideas and concerns through participation in the TAC.

Historically Marginalized Community Members

Historically marginalized community members will be invited and encouraged to participate in the focus groups, where they can voice ideas and concerns for housing that meets their needs.

Hillsboro Community

The Hillsboro community includes but is not limited to renters, homeowners, property owners, historically marginalized communities, public agencies, social service providers, civic organizations, businesses, special interest groups, faith-based organizations, and others in the community. The Hillsboro community and housing stakeholders will have opportunities to voice ideas and concerns during this project by attending the TAC and focus group meetings, reaching out directly to City staff, and providing feedback on the project website via a comment box.

Public Agencies

Public agencies such as the Department of Land Conservation and Development, Washington County, the Hillsboro School District, and Metro will be invited to provide comment on the HPS Draft Report and supporting documents.

Public Engagement Committee

Information will be shared during the project with the Public Engagement Committee so members can spread awareness through their networks.

Planning Commission

Two Planning Commissioners will serve on the TAC to provide overall guidance on of this projects. The HPS will also go before the Planning Commission at two work sessions to provide project updates. Because the HPS Report approval is not a land use decision, it will not be going to a Planning Commission public hearing for recommendation to City Council.

City Council

City Council work sessions will be held 4-5 times over the course of the project and lead up to the Council final decision-making process and adoption of the proposed HPS Report.

Project Manager

The City's HPS Project Manager is Senior Planner Becky Coutinho. The Project Manager is charged with keeping the project moving forward and on schedule, as well as leading project public engagement for the historically marginalized community focus groups. The City's Project Manager will work closely with the Project Consultants to develop and deliver the HPS and

other project deliverables on time. The City's Project Manager will also meet to coordinate tasks, problem-solve, and provide operational guidance for the project.

Project Consultants

The lead project consultant is Cascadia Partners, and the Consultant's Project Manager is Alex Joyce who is charged with keeping the project moving forward and on schedule, as well as leading and managing the TAC, drafting the HPS document, and other aspects of the project as identified in the project's scope of work.

4. Implementation

The following is a draft schedule of public engagement that will provide opportunities to inform the public and to seek feedback:

January 2024	**Project Kick-Off with Consultants**
	Public Engagement Committee Meeting Input on the draft Public Engagement Plan
	Technical Advisory Committee Recruitment
March 2024	**TAC Meeting #1** Introduction to HPS/Project Overview and Next Steps
	Council Work Session #1 Introduction to HPS/Project Overview
	Planning Commission Work Session #1 Introduction to HPS/Project Overview
April 2024	**TAC Meeting #2** Initial discussion to develop project goals and policies
	Focus Groups (English and Spanish) #1 Introduction to HNA/Project Overview
May 2024	**Council Work Session #2** Update on TAC and focus groups input, receive input on HPS options

June 2024	**TAC Meeting #3** Discussion refining draft strategies and policies
July 2024	**Focus Groups (English and Spanish) #2** Discussion on draft, goals, policies, and strategic actions **Council Work Session #3** Update on TAC and focus groups input, receive input on HPS options
September 2024	**TAC Meeting #3** Report back from focus groups and Council, discussion of draft policy recommendations **City Council Work Session #4** Receive input on HPS options
October 2024	**Planning Commission Work Session #2** Report back from focus groups, TAC, and Council, discussion of policy recommendations **Council Work Session #5** Present final draft HPS and policy recommendations
December 2024	**City Council Meeting** HPS Resolution – 1st Reading **City Council Meeting** HPS Resolution – 2nd Reading/Approval

5. Communication Tools (or Public Awareness Activities)

- **Project Webpage:** Set up a project webpage on the City web site. Post regular project news, updates, upcoming public engagement activities, events, agendas, and background materials. Web materials will also be created and maintained to facilitate automated translation into languages other than English.

- **City Views Newsletter**

- **Social Media:** Utilize the @CityofHillsboro Twitter account, and both the English and Spanish language City Facebook page to publicize upcoming Planning Commission and City Council workshops and public hearings.

- **E-newsletters:** Spanish-language *Creciendo Juntos* Newsletter, and bi-monthly *Happening in Hillsboro* articles (timed with public hearings).

- **Engage Hillsboro:** Online engagement platform

- **HPS Video:** Informational video in multiple languages and keep the public at-large informed of key project milestones and importance adoption dates.

- **Translation:**
    - Produce an HPS executive summary and other content in Spanish and post to the project webpage and Engage Hillsboro webpage.
    - Consider translation style that is informal and easy to understand.

6. Assessment

Periodic assessment will allow staff to improve engagement. This section details plans and expectations for assessment.

Overall indicators and metrics of outreach

Staff will periodically examine key indicators and metrics to help determine the overall performance of the project public engagement program and help illustrate what areas need additional attention or improvement. There are many metrics that can be helpful, but at a minimum, staff intends on tracking the following information about the project on an ongoing basis:

General Participation	• Frequency of people visiting webpage (number of "touches") • Share of repeat webpage participants
Project Engagement	• Attendance at TAC meetings • Attendance at focus groups
Input Characteristics	• Number and means of comments (written, online, email, meetings, etc.) • Overall topic mix of comments
Improvement Opportunities	• Number and frequency of requests for assistance in locating project resources

Assessment outcomes and deliverables

Assessment data, such as the successes and challenges of project public engagement, revisions, or refinements to the PCEP, and specific metrics, will be shared with the Public Engagement Committee in summary form following project completion.

Appendix C: Technical Advisory Committee Meeting Materials

Staff members:

- Becky Coutinho, Senior Planner
- Dan Rutzick, Long Range Planning Manager
- Chris Hartye, Senior Project Manager
- Dan Dias, Economic and Community Development Director

Cascadia Partners:

- Paul Runge, Senior Associate
- Alex Joyce, Principal
- Rachel Cotton, Senior Associate
- Lanier Hagerty, Associate

TAC members:

- 4 Market Rate Housing Developer Representatives
    1. Chamber Representative: Brad Smith, Windsor Properties
       brad@windsorproperties.com

    2. Homebuilder Representative: Marc Farrar
       marc@metlandgroup.com

    3. Multi-Dwelling: Zach Pyle
       zacharyp@pahlisch.com

       Adam Blum (alternate)
       adamb@pahlisch.com

    4. Small Home Developer: Matt Newman, NW Engineers
       mattn@nw-eng.com

- 2 Affordable Housing Developer Representatives
    1. Lydia Slocum, NW Housing
       slocum@nwhousing.org

    2. Pooja Dalal
       poojagdalal@gmail.com

- Civic Leadership Academy Representative
    1. Cadell Chand
       cadellchand@outlook.com

- Residential Real Estate Representative
    1. Dirk Knudsen
       calldirkgmail.com

- Permanent Supportive Housing Representative
    1. Marcia Hille, Sequoia Mental Health Services
       mhille@sequoiamhs.org

- Hillsboro School District Representative
    1. Brooke Nova, Assistant Superintendent for Academic Services
       novab@hsd.k12.or.us

- Large Employer Representative
    1. Jenn Klotz, Genentech
       jenniflk@gene.com

- 2 Planning Commission members
    1. President Anne Thrall Nash
       annethrallnash@yahoo.com

    2. Mujidat Saaka
       abim09@yahoo.com

City of Hillsboro
Housing Production Strategy

Technical Advisory Committee Meeting #1

05.16.2024

CASCADIA
PARTNERS

OUR TEAM: 17 PARTNERS & STAFF, PRIOR HPS EXPERIENCE

CASCADIA PARTNERS

PARTNERS

ALEX JOYCE

IRENE KIM

JAMIN KIMMELL

ALEX STEINBERGER

SACHI ARAKAWA

ASSOCIATES

SYLVIA LEON GUERRERO

RACHEL COTTON

VICTOR TRAN

RHEY HAGGERTY

PAULINE RUEGG

ANGELICA MARTINEZ SULVARAN

PAUL RUNGE

LYDIA NESS

AYANO HEALY

TARA SORRELS

SARA GOLDSTEIN

LANIER HAGERTY

Introductions

- Name
- Title and organization
- Perspective you bring to housing
  - Whether you are mostly a consumer or producer of housing
  - Why housing matters to you or those you represent
  - Expertise you bring and we can lean on you for

AGENDA

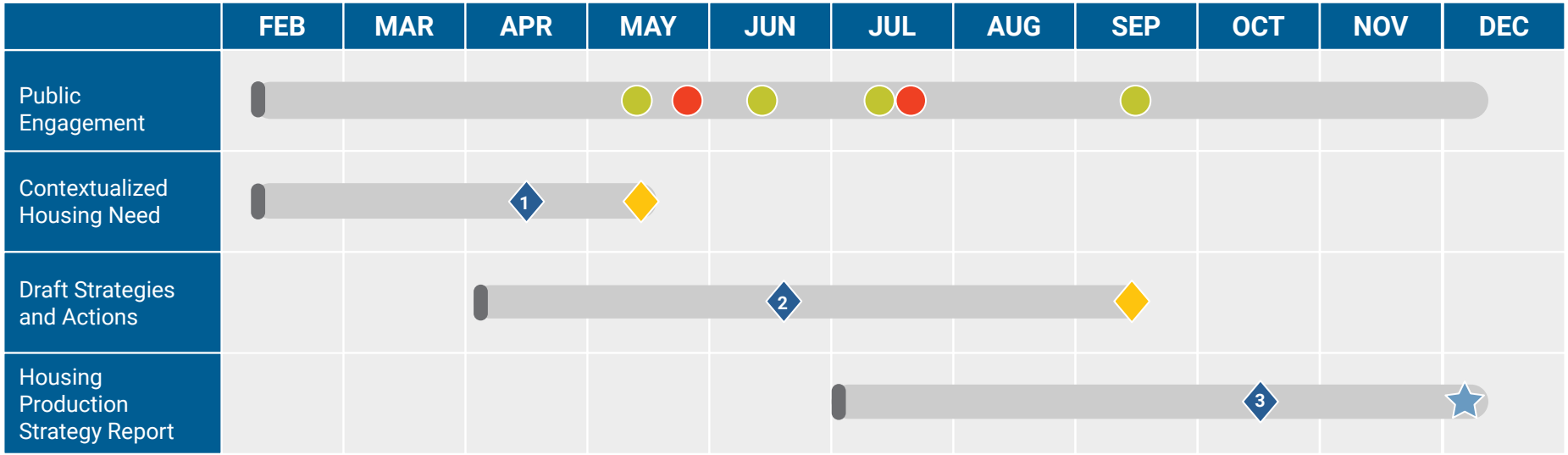
0	Introductions	15 min
1	Project Background	5 min
2	Contextualized Housing Need	10 min
3	Goal Setting	15 min
4	Policy Framework for the Housing Production Strategy & Discussion	45 min

Project Background

The HPS will provide a work program to be implemented over the next 8 years.

- The HPS…
  - is a new **state requirement** for all cities in Oregon with a population over 10,000
  - must be updated each time the Housing Needs Analysis (HNA) is **updated, every 6-8 years**.
  - must identify **strategies and actions** the city will take to facilitate development of needed housing from the HNA
  - will be used **to identify potential funding sources, prioritize actions, and plan a timeline**
- The city must commit to an implementation timeline for actions and report progress to the state every 4 years. If an action isn't implemented, alternatives must be identified and implemented.

Project timeline: One year to create an HPS, strategy deep dive in June



ENGAGEMENT & WORKSESSIONS

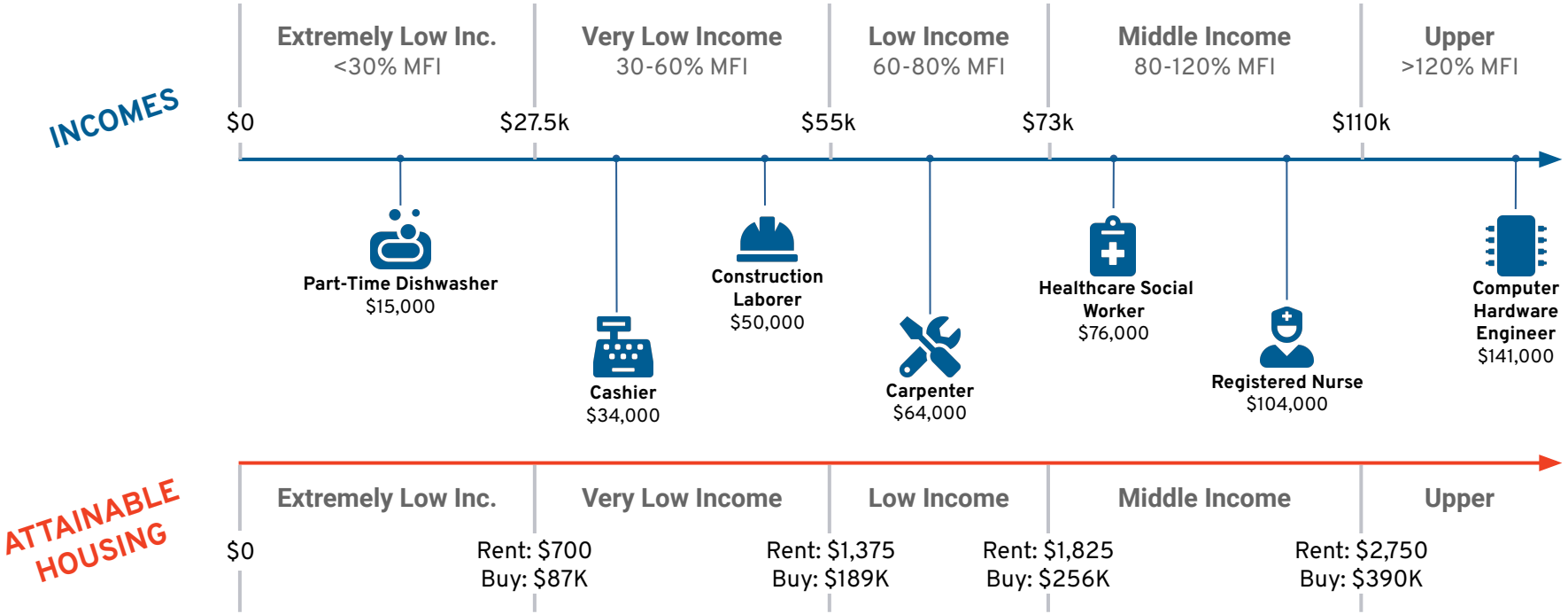
- Technical Advisory Committee Meetings
- Historically Marginalized Communities Focus Group
- City Council Worksessions
- Planning Commission Worksessions
- City Council Adoption Hearing

Technical Advisory Committee (TAC): Role

- Inform how to set up conversations with Council about potential housing production strategies and tools
- Identify pros and cons for each strategy and tool
- Set up evaluation criteria to determine how tools and strategies fit into the HPS vision

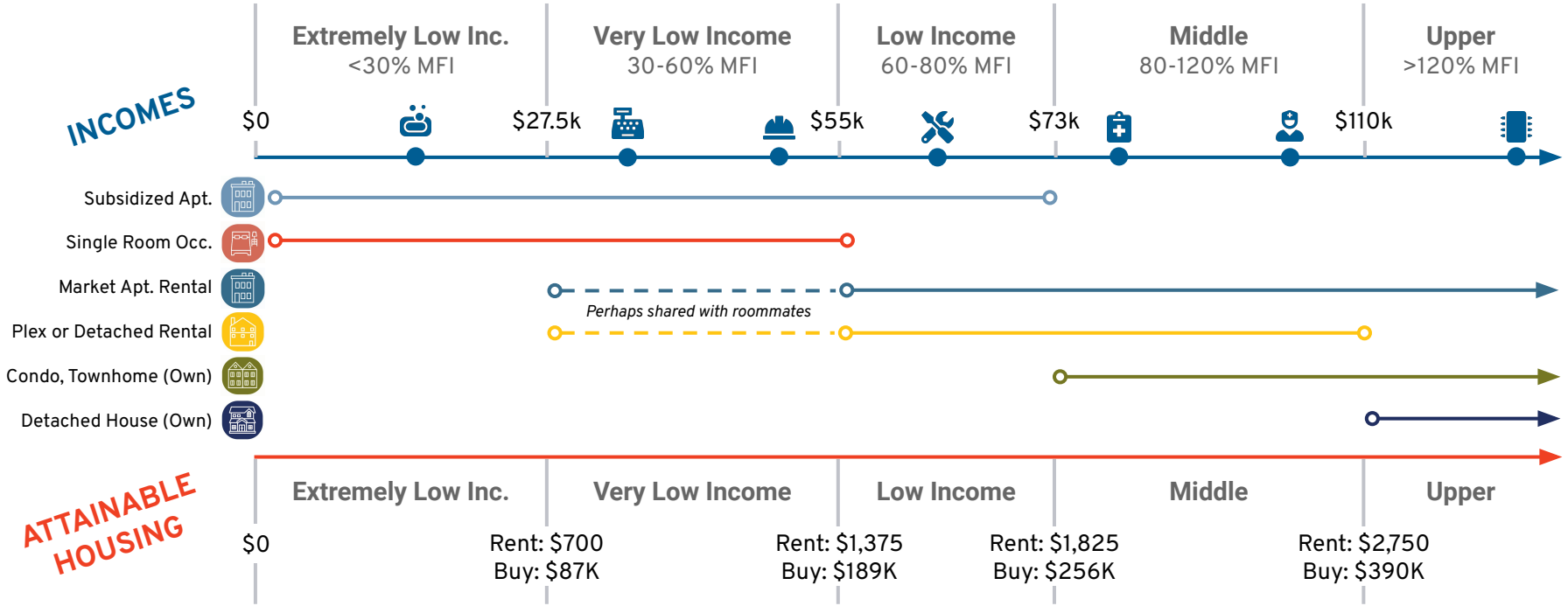
Adding Context to Hillsboro's Housing Need

Income determines each household's "attainable housing" pricepoint.



Bureau of Labor Statistics modeled wage estimates for Oregon (2022), assuming 40 hours per week is full time. Income levels are from the City of Hillsboro's Housing Needs Analysis (Adopted 2024) and are based on OHCS guidelines for avg. Hillsboro household size of 2.64 persons.

A variety of housing types are needed to serve different incomes.

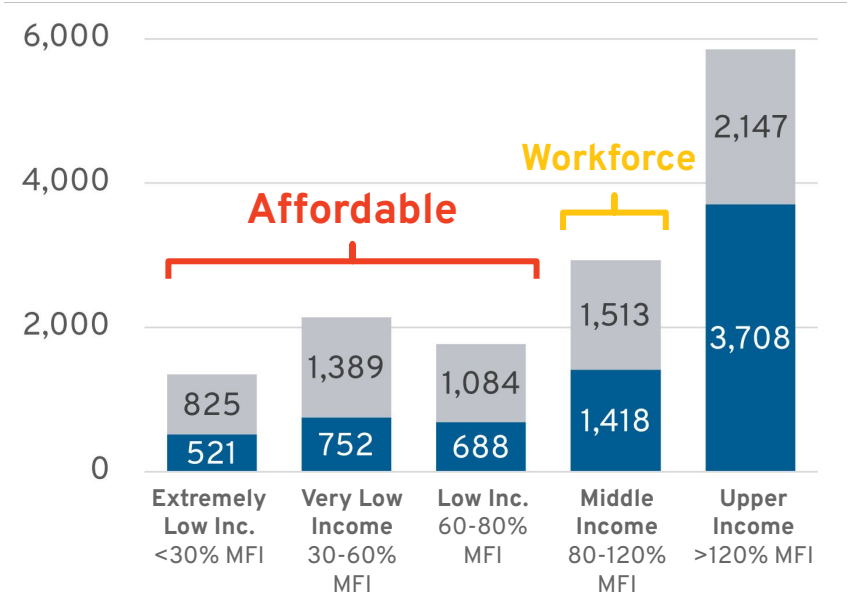


Bureau of Labor Statistics modeled wage estimates for Oregon (2022), assuming 40 hours per week is full time. Income levels are from the City of Hillsboro's Housing Needs Analysis (Adopted 2024) and are based on OHCS guidelines for avg. Hillsboro household size of 2.64 persons.

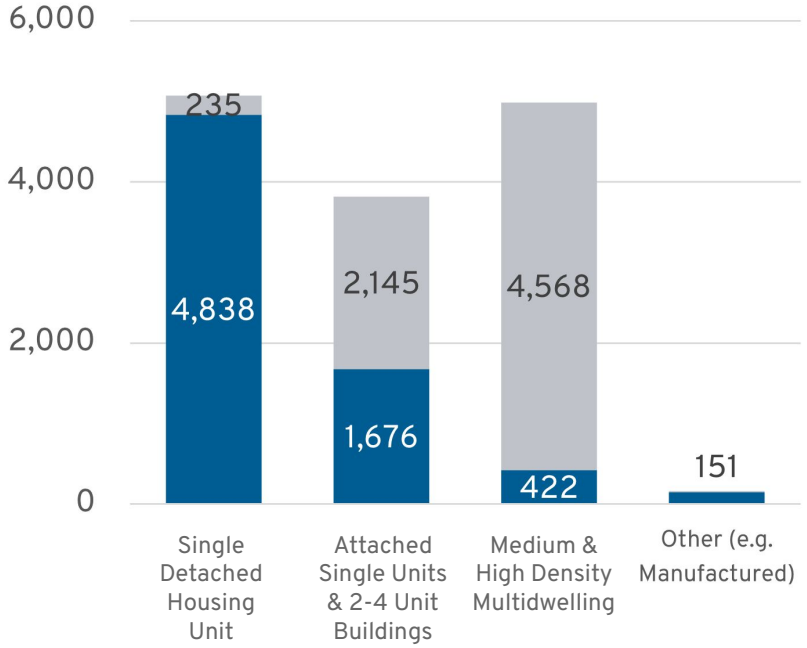
HNA says 14,046 units needed over 20 years, including 5,259 affordable

Ownership | Rental

Housing units needed by income level

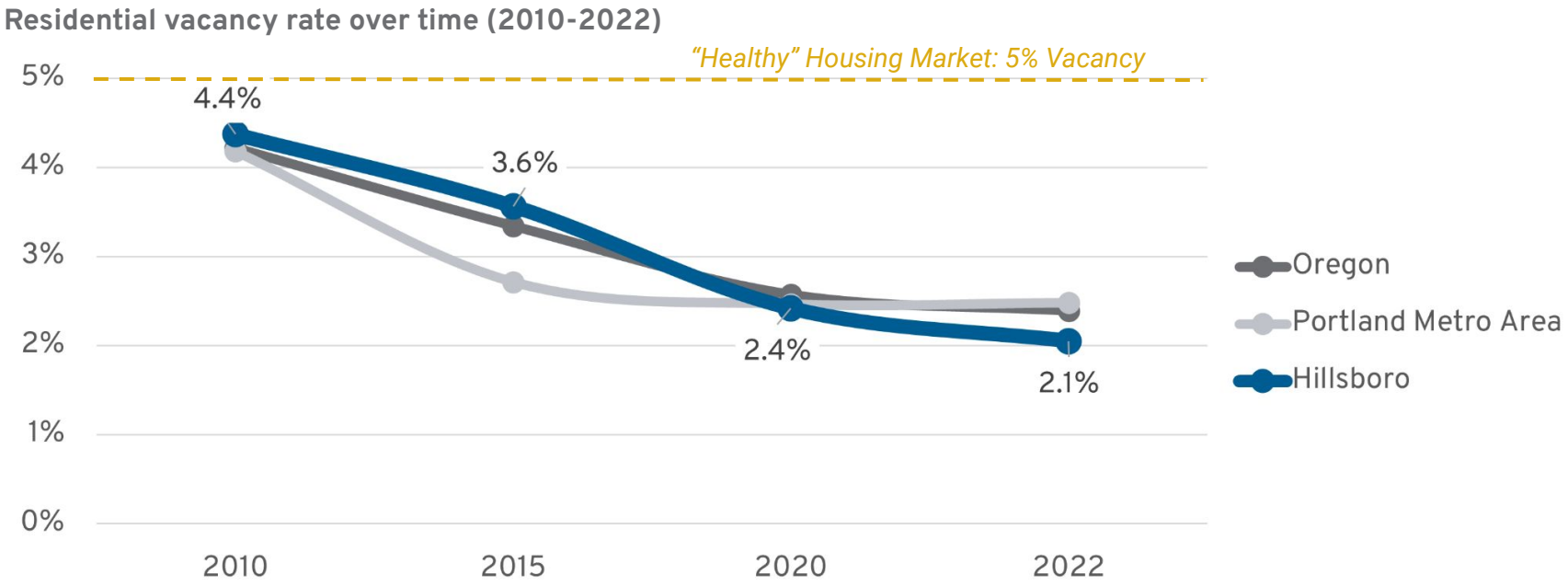


Housing units needed by structure type



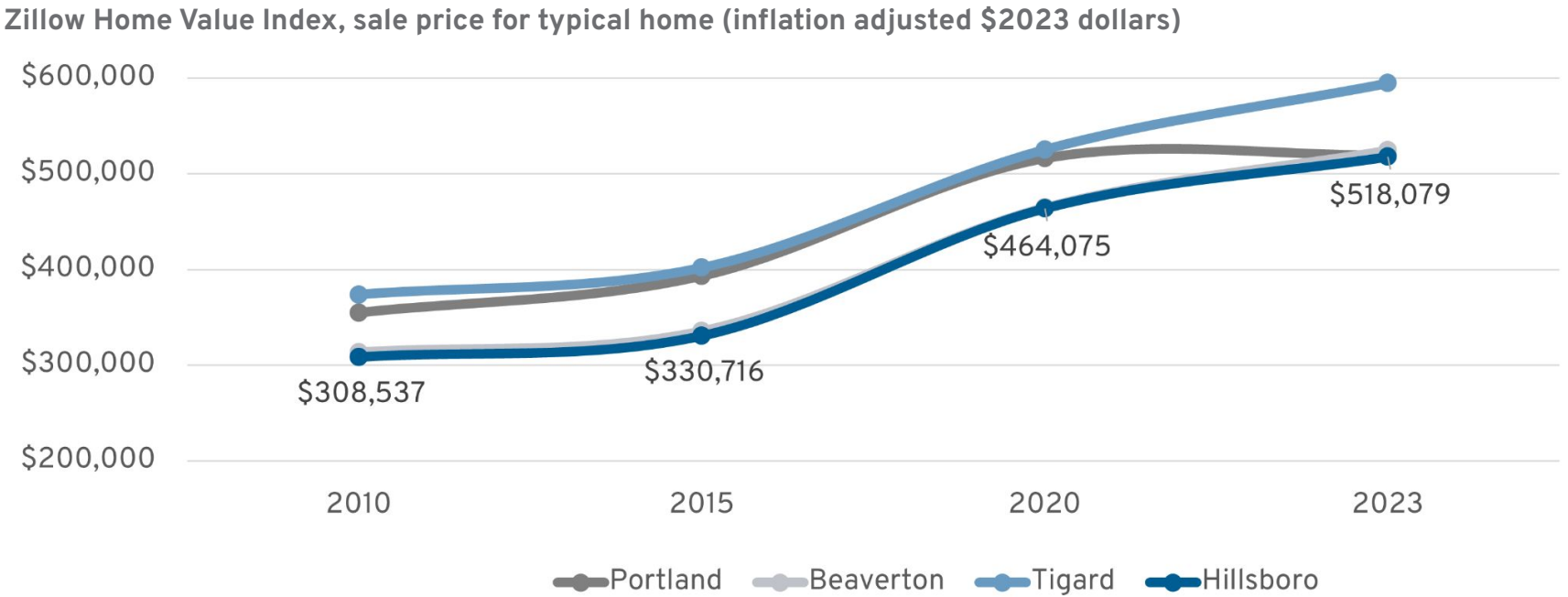
City of Hillsboro's Housing Need Analysis, Tables EX 5-6, Adopted 2024

Undermet need makes the market tight! Hillsboro's vacancy rate is less than half of what it was a decade ago.



American Community Survey 5-Year Estimates, Table B25004. Includes typical market vacancy (e.g. for sale, for rent), excludes recreational and seasonal housing and "other" vacancy (e.g. abandonment, foreclosure)

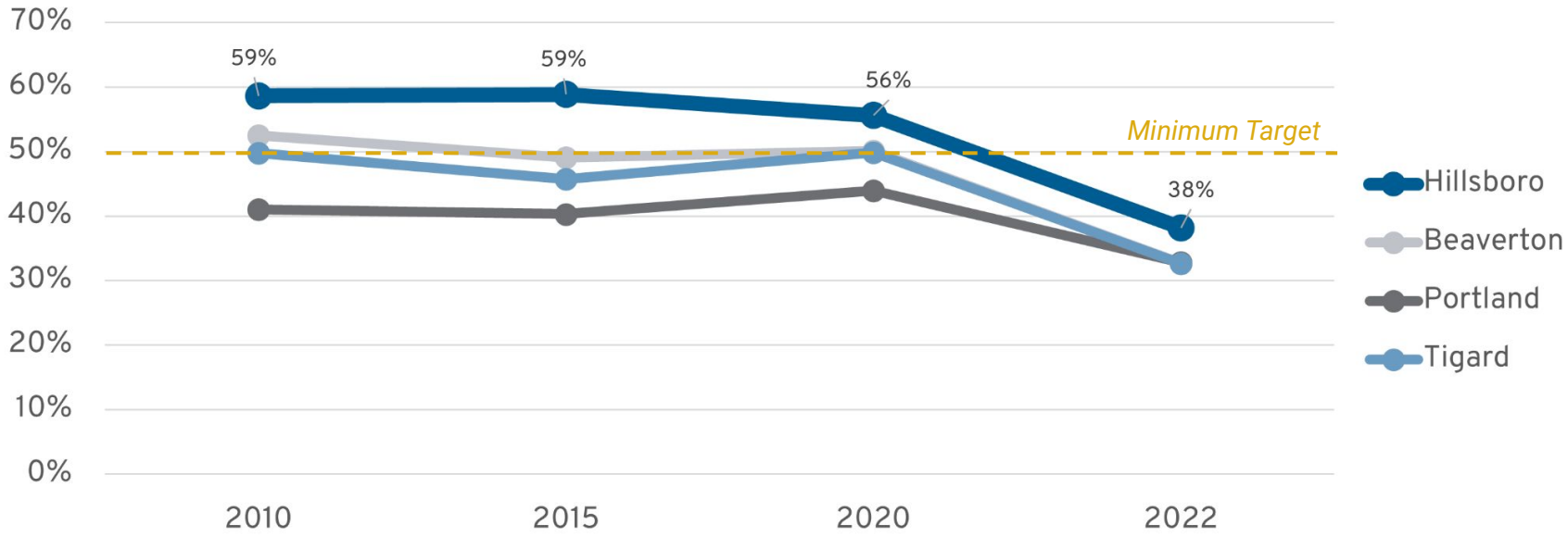
Decade or more of undermet need contributed to growth in housing costs and prices in Hillsboro and statewide



Zillow Home Value Index (seasonally adjusted, all for sale homes)

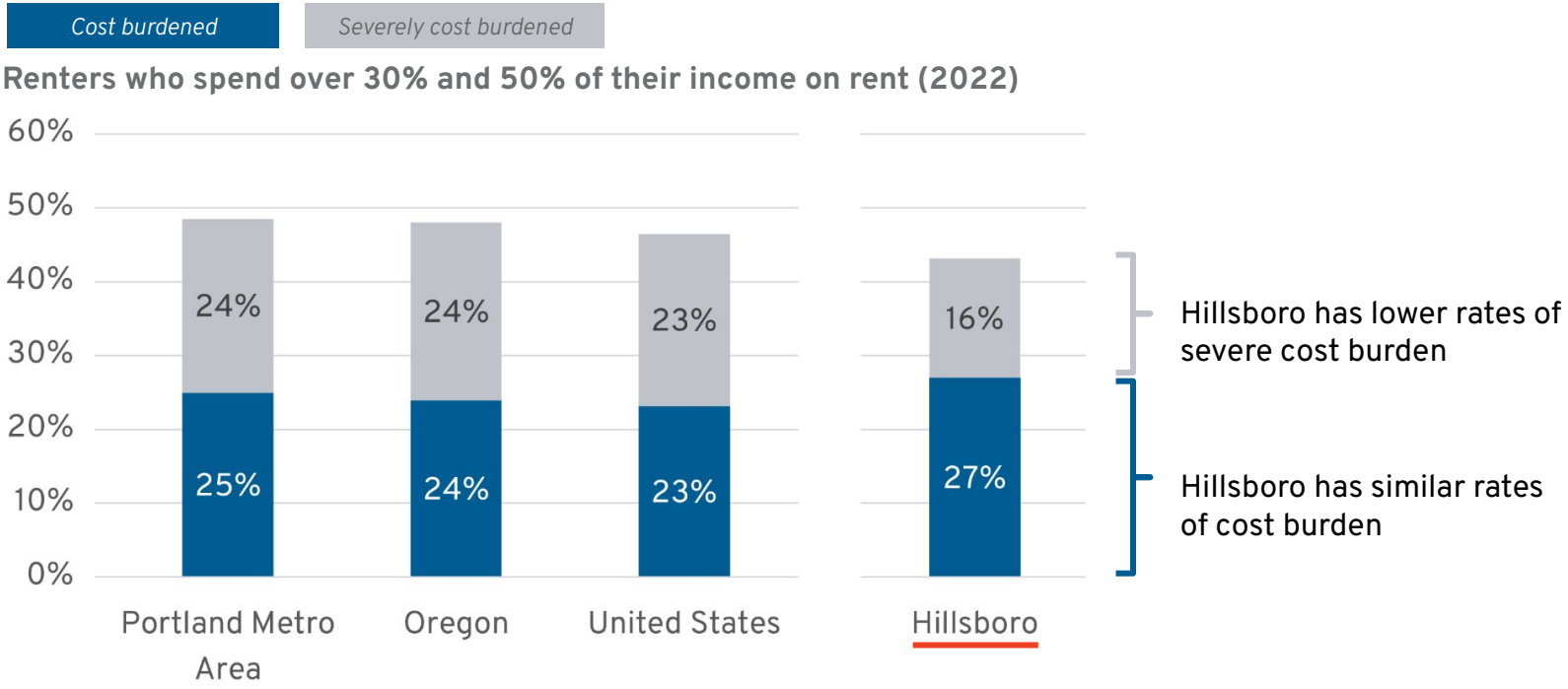
After price & interest rate spikes, fewer than half of Hillsboro households can afford a typical mortgage.

Percent of households that can afford to pay a newly issued mortgage on median home over time (2010-2022)



Zillow Home Value Index (seasonally adjusted, all for sale homes) ; Federal Reserve Bank of St. Louis (FRED) average 30-year mortgage rates; SmartAsset & Nerdwallet tax and insurance estimates for Oregon

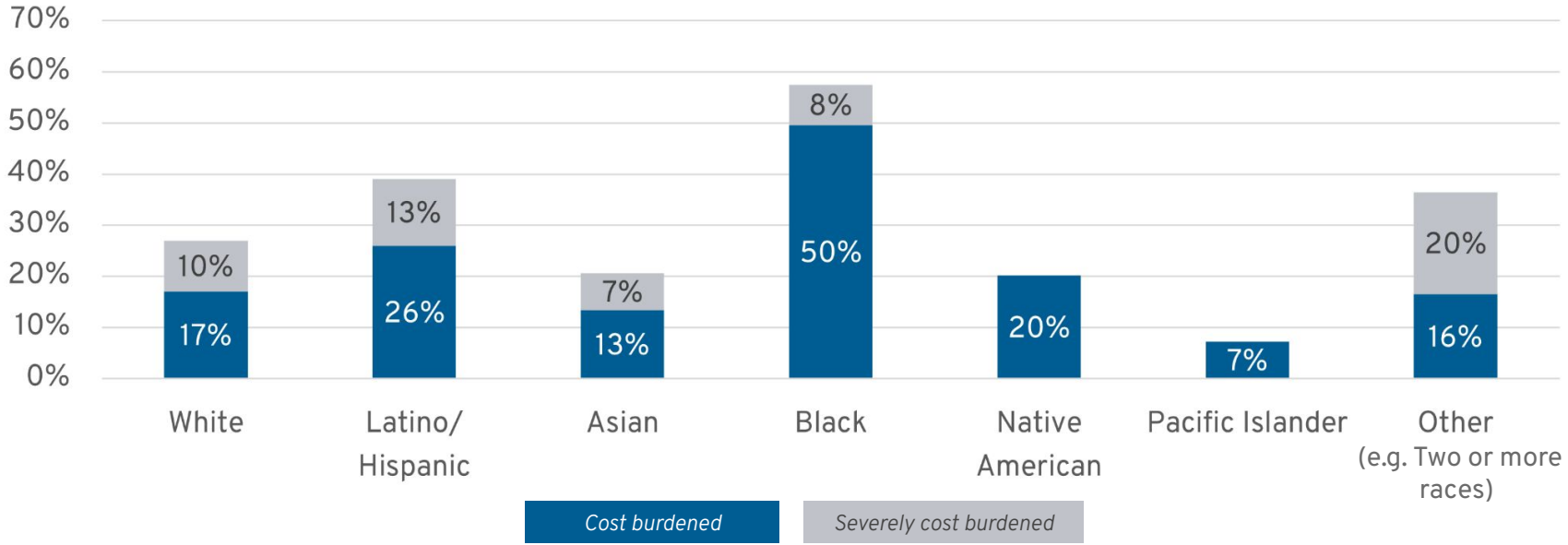
Renting is costly too – over 40% of Hillsboro's 50K renters are cost burdened



American Community Survey 5 Year Estimates, Table B25070

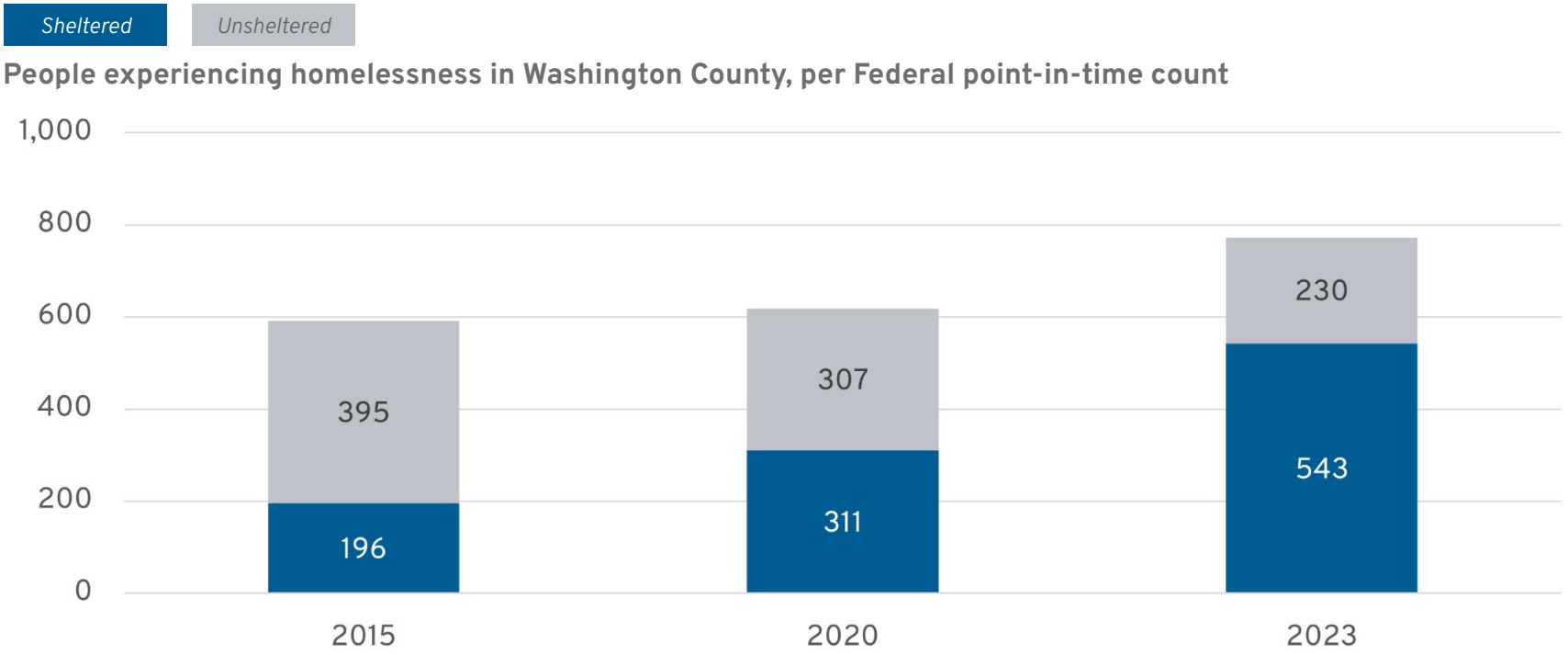
Black & Latino households – whether owners or renters – are cost burdened most often

Percentage of race and ethnic groups in Hillsboro that are cost burdened (2020)



HUD Comprehensive Housing Affordability Strategy (CHAS) data, Table 9, 2016-2020 estimates

Homelessness: 3.4% annual growth since 2015–but shelter capacity is rising



Washington County Continuum of Care, Homeless Counts and PIT Resources. See https://www.washingtoncountyor.gov/housing/efforts-end-homelessness/homeless-counts-and-pit-resources

Data Takeaways

- Overall: Housing shortage, low vacancy
- Own: Most can't afford new mortgage payments
- Rent: ⅖ renters are cost burdened, higher for Black & Latino households
- Homelessness: Rising, but so is shelter capacity

Data points not shown:

- Race/Ethnicity: More residents of color (46% vs 27% statewide)
- Seniors & Disabilities: Fewer seniors and individuals with disabilities (12% and 11% vs. 18% and 15% statewide)

TAC Goal Setting Exercise

Know that the City's HPS will need to align with the state's objectives and rules and respond to housing need data:

- Based on the housing data examined, what housing goals do you think the City of Hillsboro should work toward?
- What additional goals might the City of Hillsboro consider that didn't come up in the data reviewed?

Policy Framework for Hillsboro's HPS

The HPS: A chance to be pro-housing, plan for Hillsboro's unique range of needs with a unique range of actions

HPS actions **address various aspects of housing need** from our HNA:

- Affordability
- Housing type
- Renter or owner status
- Available land

No strategy hits every target, but together strategies aim to fulfill all housing needs.

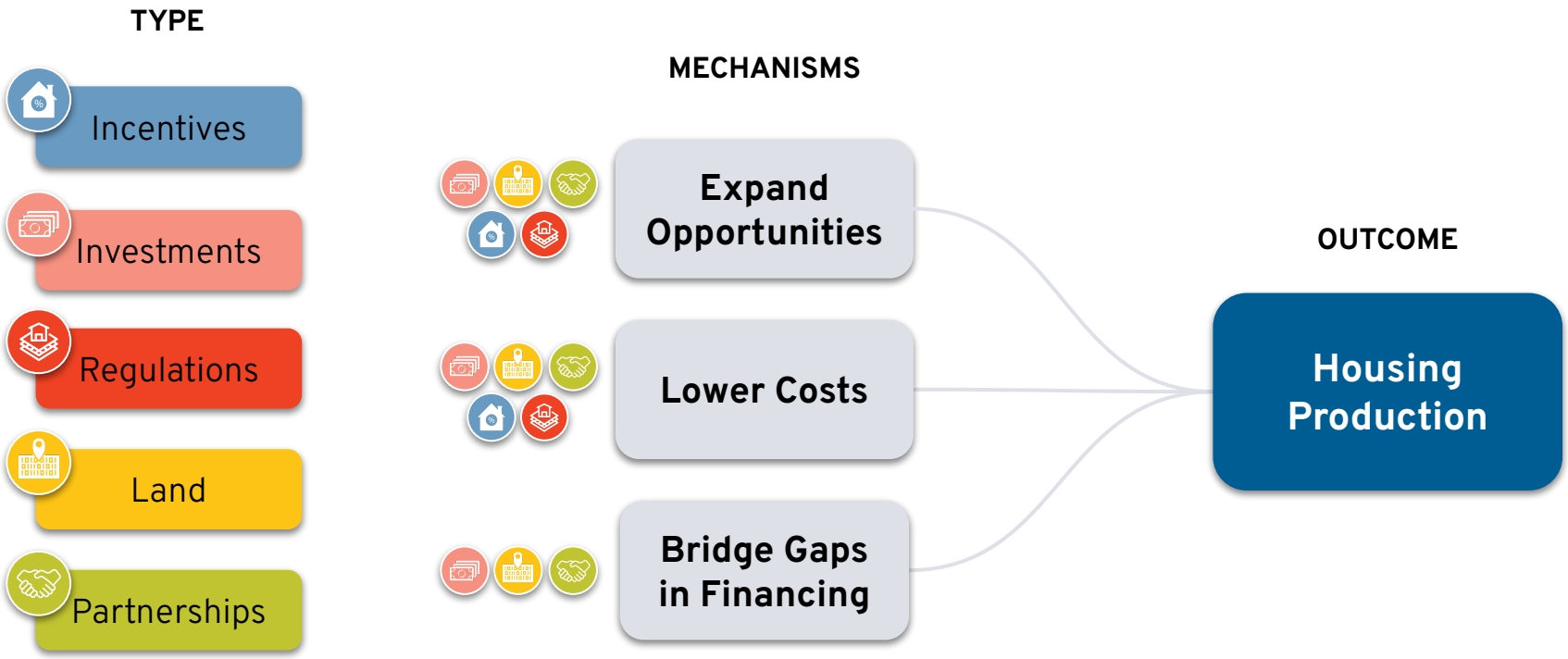
HPS can align with City and Council's **pro-housing stance**, helping produce of housing efficiently.

	Overview of Strategies and Actions	AFFORDABILITY TARGETS				HOUSING TYPE TARGETS			TENURE TARGETS		PRIORITIZATION		
		Publicly Subsidized (< 30% AMI)	Affordable (30-80% AMI)	Workforce (80-120% AMI)	Market Rate (> 120% AMI)	Single-Family	Middle Housing	Multi-Family	For Rent	For Sale	1-3 Years	3-5 Years	5-8 Years
1.1	Encourage smaller, single-family detached houses	○	○	●	●	●	○	○	◒	●			
1.2	Promote cottage cluster housing	○	○	●	●	○	●	○	◒	●			
1.3	Simplify infill design standards	○	◒	●	●	◒	◒	◒	◒	●			
1.4	Provide more flexibility for housing in commercial zones	◒	◒	●	◒	◒	◒	●	●	◒			
1.5	Update allowances for manufactured housing to comply with state law	○	○	●	●	●	○	○	◒	●			
1.6	Allow Tiny Homes on Wheels	◒	●	●	◒	○	●	○	●	◒			
2.1	Evaluate the feasibility of a property tax incentive	●	●	◒	○	○	○	●	●	○			
2.2	Allow SDCs to be deferred until occupancy	◒	◒	●	●	◒	●	●	●	●			
2.3	Evaluate the feasibility of scaling SDCs	◒	◒	●	●	●	●	◒	◒	●			
2.4	Restructure zoning incentives for income-restricted units	●	●	◒	○	○	◒	●	●	○			
3.1	Prioritize the use of surplus public land for housing needs	●	●	◒	○	○	◒	●	●	◒			
3.2	Evaluate ways to support land acquisition and banking	●	●	◒	○	○	◒	●	●	◒			
3.3	Form partnerships with community land trusts	◒	●	●	○	●	◒	○	◒	●			
3.4	Form partnerships with institutional landowners	●	●	○	○	○	◒	●	●	○			
4.1	Continue to target infrastructure to support housing	○	○	◒	●	●	◒	◒	◒	●			
4.2	Continue to use Urban Renewal to support housing	◒	◒	◒	●	●	◒	◒	◒	●			
4.3	Continue to pursue opportunities to assist developers with wetland mitigation	◒	◒	◒	●	●	◒	◒	◒	●			
4.4	Continue to leverage CDBG funds for housing rehab	◒	◒	●	○	○	◒	●	●	○			
4.5	Continue providing info and assistance to developers	○	○	◒	●	●	◒	◒	◒	●			

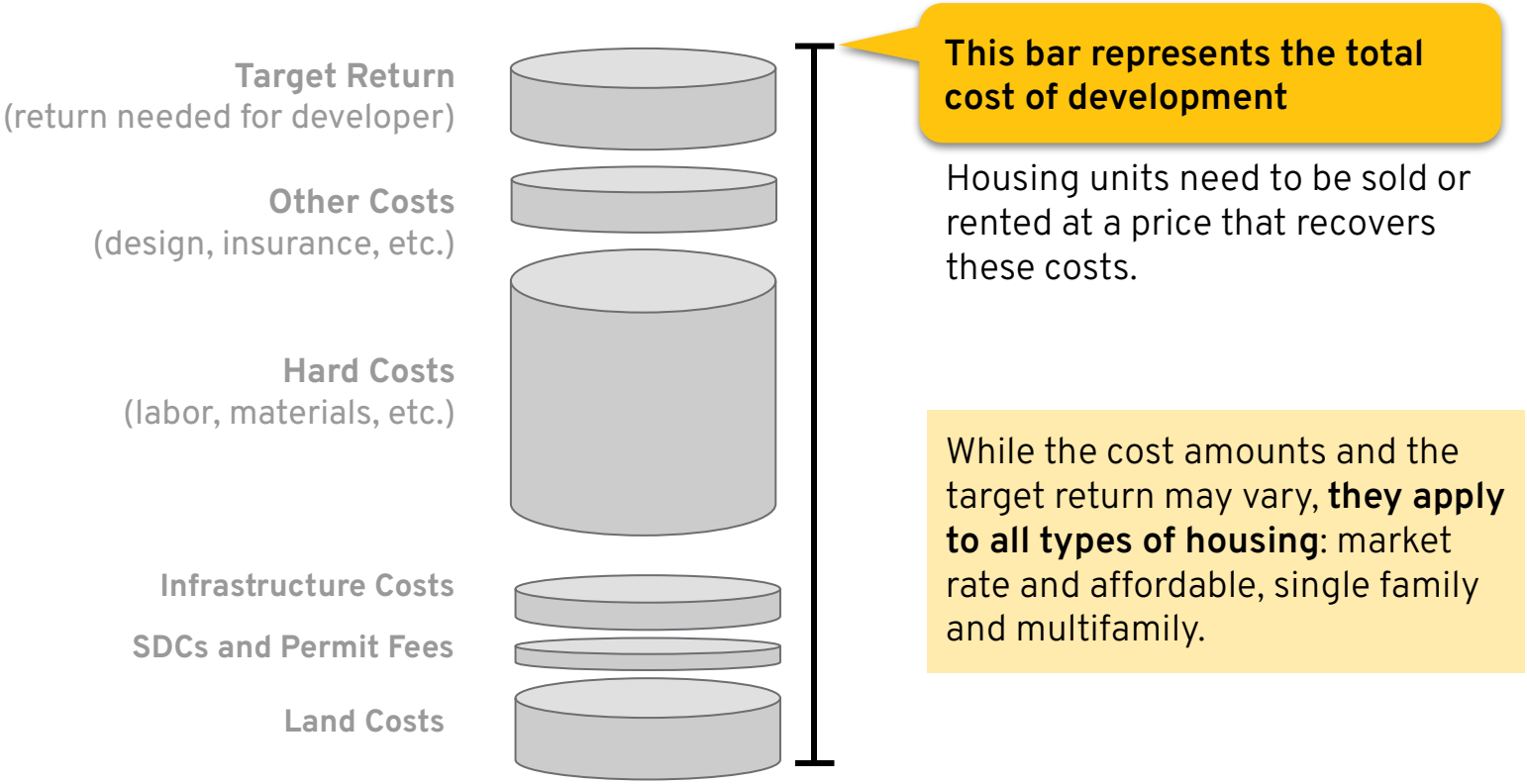
Example strategies and actions from the Lebanon Housing Production Strategy (2023)

Types of housing production strategies: Your toolbox and the tools inside

These strategies impact housing production through 3 key mechanisms



Economics of Housing Development - All Housing Types



This bar represents the total cost of development

Housing units need to be sold or rented at a price that recovers these costs.

While the cost amounts and the target return may vary, **they apply to all types of housing**: market rate and affordable, single family and multifamily.

Economics of Housing Development - Examples of costs

Target Return
(Return needed for developer)

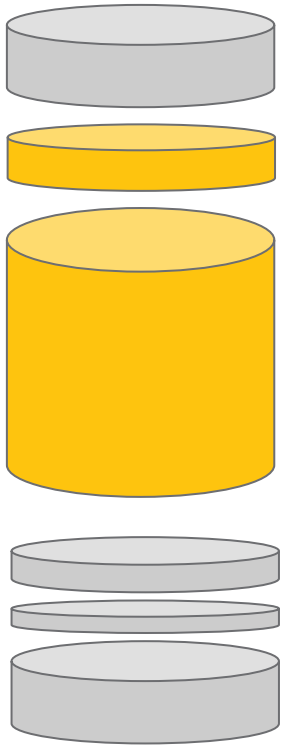
Other Costs
(design, insurance, etc.)

Hard Costs
(labor, materials, etc.)

Infrastructure Costs

SDCs and Permit Fees

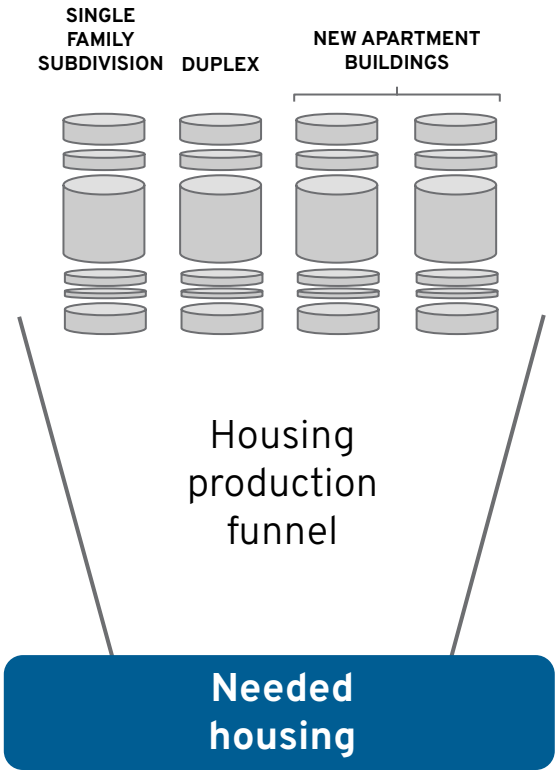
Land Costs



Studies/professional costs (site survey, geotech), legal, land carry

Demolition, remediation, site development, labor, materials

Mechanism #1 – Expanding opportunities so more housing can be built

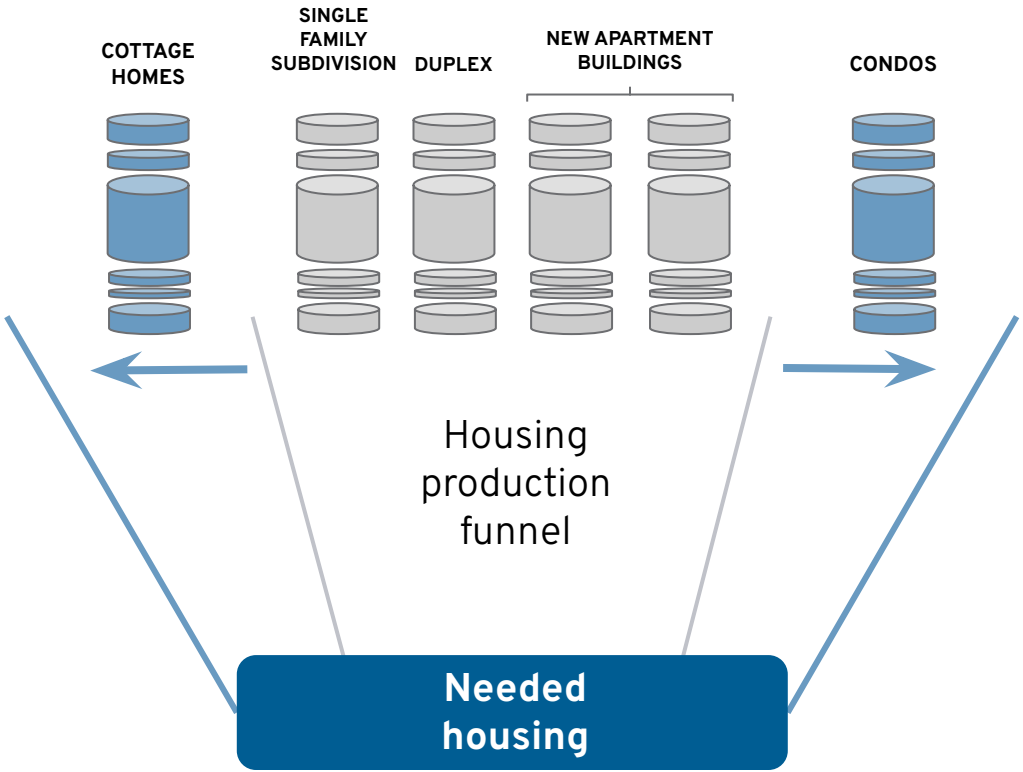


This funnel represents the current extent of possible development.

Four projects are possible under current conditions

1. Sites allow new development
2. Developers are interested
3. Rents/prices cover costs

Mechanism #1 – Expanding opportunities so more housing can be built



Widening the funnel means making more development possible.

Six projects are possible under new conditions

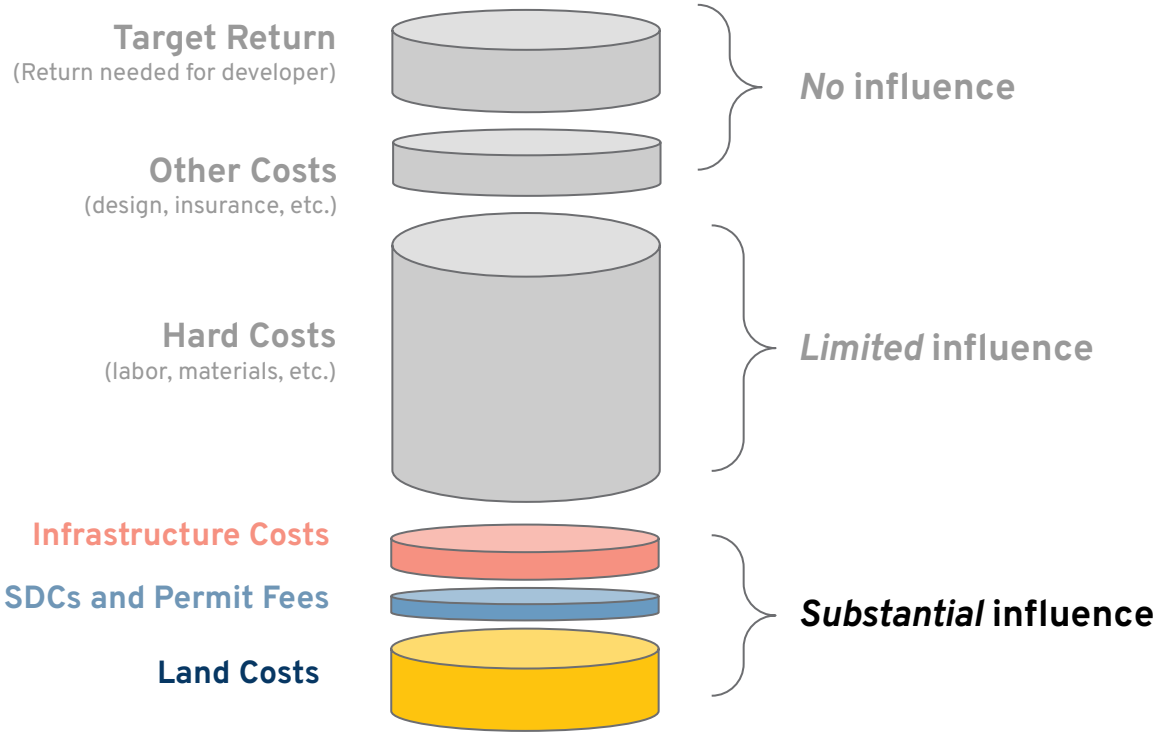
1. More sites allow development
2. More partners are interested
3. Rents/prices cover costs

Mechanism #2 – Lowering the costs factors the city can influence

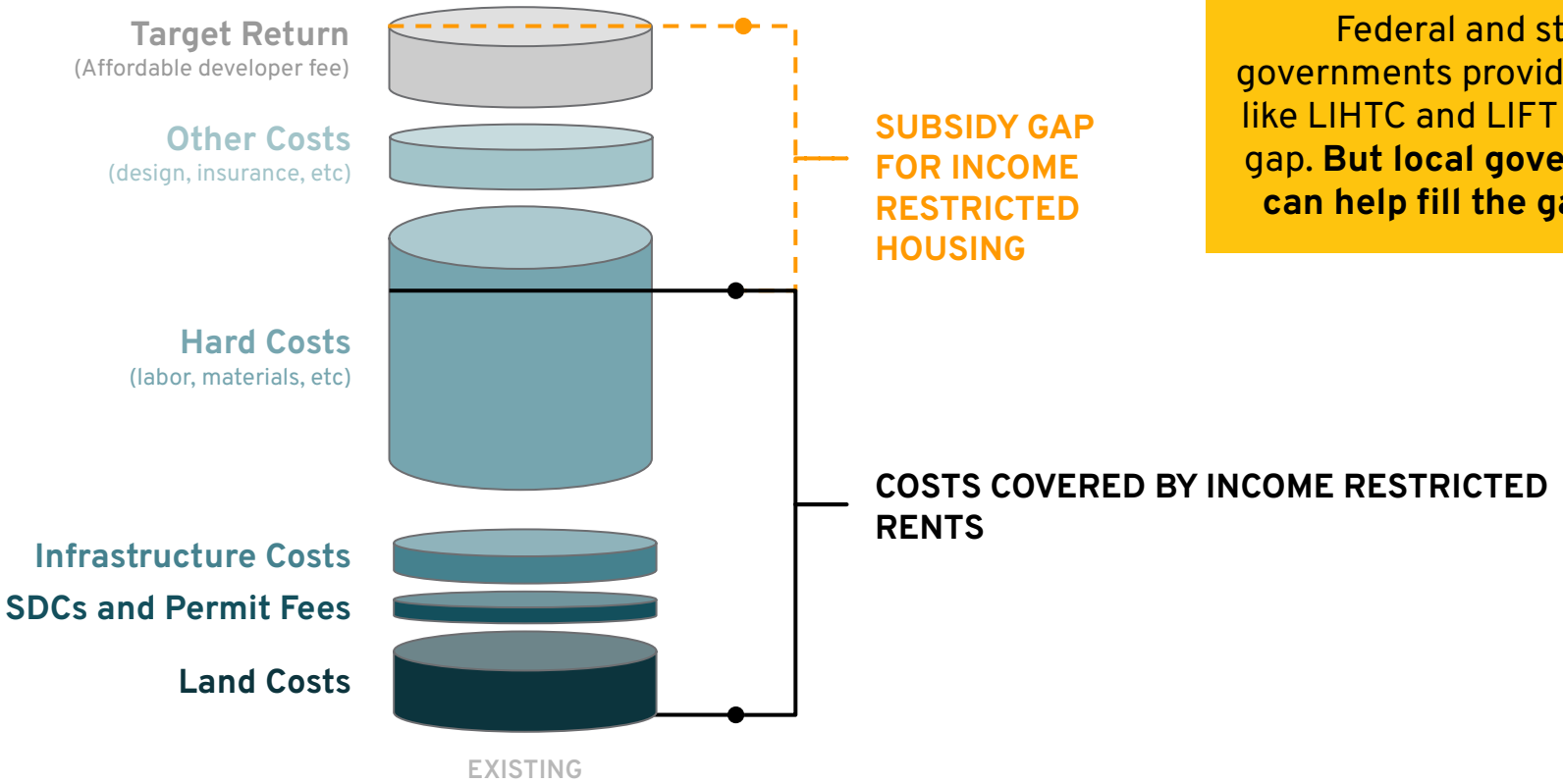
The City can only influence **certain aspects of cost.**

For Example:

The City's upcoming code audit can help reduce land cost per unit and ease hard costs (e.g. codes for parking, materials, facade articulation)



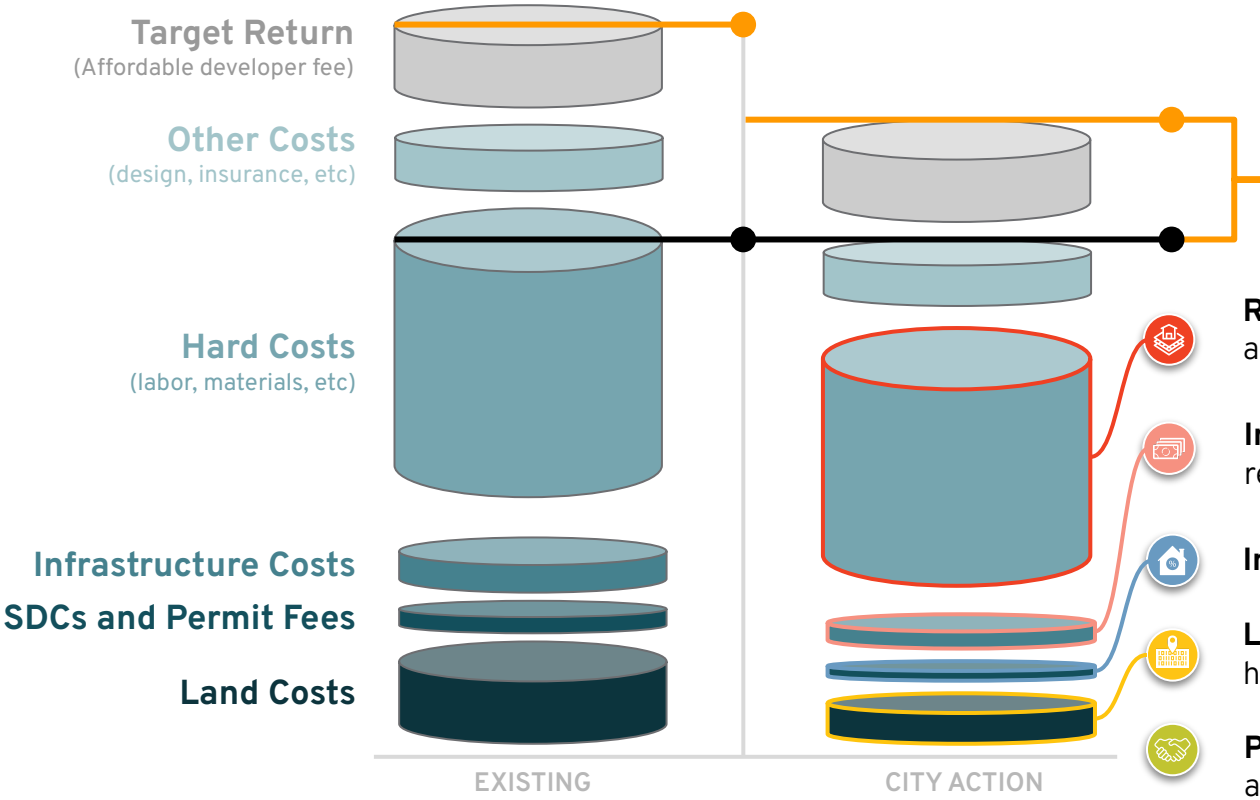
Mechanism #3 – Bridging Financing Gaps for Income Restricted Housing



Federal and state governments provide subsidy like LIHTC and LIFT to fill the gap. **But local governments can help fill the gaps too.**

Combining Mechanisms – More opportunities, lower costs, and filled gaps

Income Restricted Housing Example Continued



Regulatory changes to lower hard costs and make more sites developable.

Investments in area-wide infrastructure reduce project-specific costs.

Incentives to reduce or defer SDC costs.

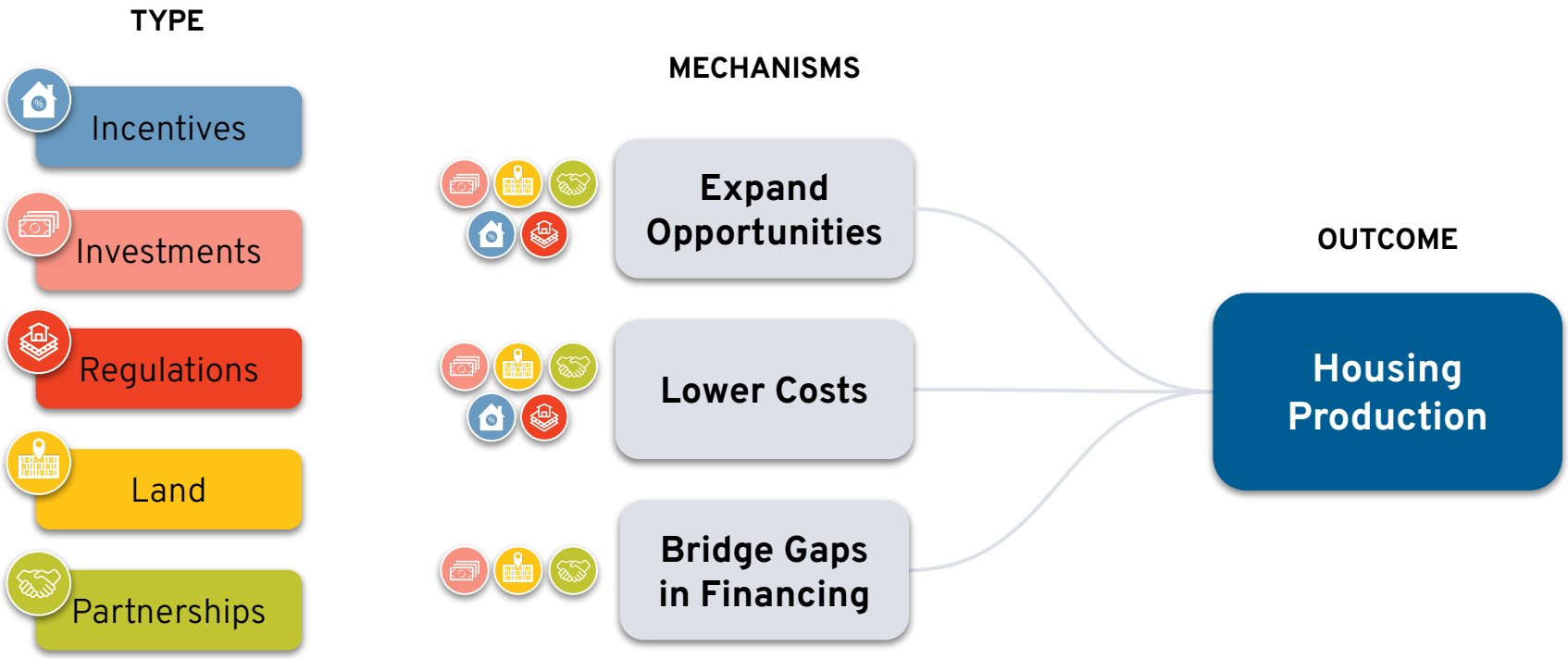
Land dedication for new affordable housing projects.

Partnerships bring new land, resources, and opportunities to build housing

Discussion Questions

- Do you have any questions regarding our strategies framework and how the strategies employ various mechanisms to influence housing production?
- Does anyone have thoughts or comments they'd like to add?

These strategies impact housing production through 3 key mechanisms



INCENTIVE STRATEGIES

Restructure fees or taxes to reduce the cost of development and catalyze projects that meet key housing needs.

Can include things like:

- SDC changes (e.g. exemptions, sliding scales, deferrals)
- Property tax abatements

Hillsboro is already doing things like:

- Tax exemptions for targeted housing development (Nonprofit Low-Income Rental Housing, Vertical Housing Tax Credit)

4th Main and Orenco Station's Podium Project were built as the result of Hillsboro's Vertical Housing Development Zone

INCENTIVE STRATEGIES

Restructure fees or taxes to reduce the cost of development and catalyze projects that meet key housing needs.

Specifically, Hillsboro could consider:

- Swap out Vertical Housing Tax Exemption for Multiple Unit Property Tax Exemption (MUPTE), a more flexible, customizable property tax abatement tool

- Conduct SDC rate study, covering topics such as:
  - Scaling SDCs to housing sizes
  - Collecting SDCs later in permitting process
  - Adopt formal SDC policies for ADUs
  - Etc.

The Jackstraw, Bend OR: MUPTE project with 313 units, ground floor retail, and affordable live-work childcare units.

INVESTMENT STRATEGIES

Contribute resources to spur housing production through both infrastructure and direct project investments.

Can include things like:

- Funding infrastructure and site preparation ("development readiness")
- Ongoing funding for affordable housing, particularly by creating a consistent revenue source (e.g. Construction Excise Tax, General Obligation Bond)

Hillsboro is already doing things like:

- Leveraging General Funds by allocating staff & consultant resources to supporting affordable housing
- Land acquisition for Block 67
- Utilizing Metro Housing Bond Funding
- Annual contributions to Community Housing Fund for land acquisition and pre-development
- Using CDBG funds to support affordable homeownership, housing rehabilitation and public facility improvements

INVESTMENT STRATEGIES

Contribute resources to spur housing production through both infrastructure and direct project investments.

Specifically, Hillsboro could consider:

- Create a dedicated, ongoing affordable housing funding source like a Construction Excise Tax to fill gaps and leverage state & federal money more consistently (e.g. CET in Bend, Eugene, Corvallis; Portland Housing Bond)
- Pursue new state funding to support housing (e.g. Middle Housing, Revolving Loan Fund)

Nueva Esperanza affordable housing development, built on former City-owned land and funded via Hillsboro's allocation of Metro Housing Bond funds

REGULATORY STRATEGIES

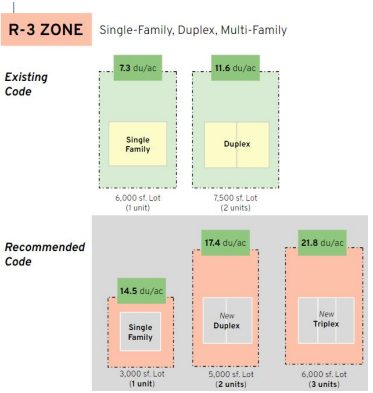
Reform zoning and land use codes to reduce barriers to development and create more opportunities to meet housing needs.

Can include things like:

- Reduce code barriers to housing development (e.g.- minimum lot size, densities, lot coverage, parking requirements)
- Density bonuses
- Allow more housing types in more neighborhoods

Hillsboro is already doing things like:

- Fast or streamlined permitting
- Minimum density requirements
- Reduced parking required for affordable housing
- Implemented state-mandated ADU, middle housing, and cottage cluster allowances

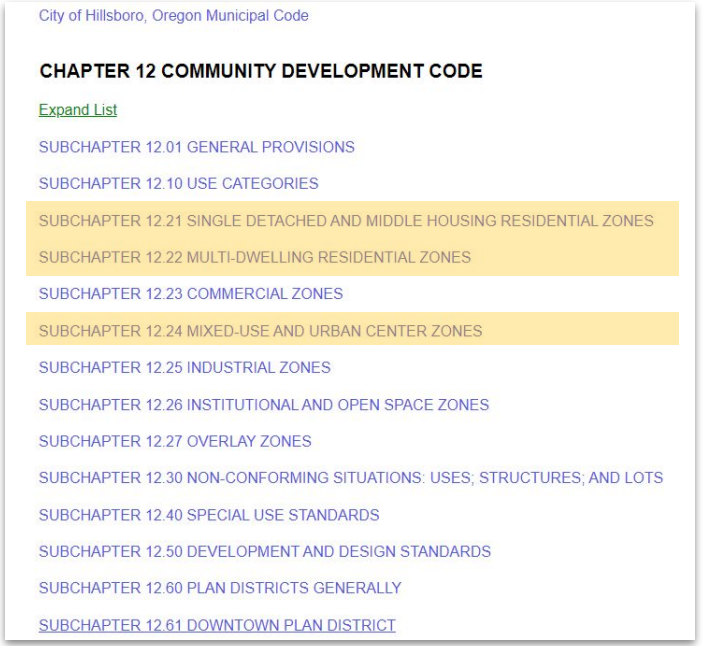


REGULATORY STRATEGIES

Reform zoning and land use codes to reduce barriers to development and create more opportunities to meet housing needs.

Specifically, Hillsboro <u>could consider</u>:

- Include in forthcoming housing code audit changes to reduce barriers to housing as well as a review of past variance requests to help identify code changes to facilitate development
- Evaluate further, substantial upzoning, particularly near commercial centers, transit corridors, and major employers



City of Hillsboro, Oregon Municipal Code

CHAPTER 12 COMMUNITY DEVELOPMENT CODE

Expand List

SUBCHAPTER 12.01 GENERAL PROVISIONS
SUBCHAPTER 12.10 USE CATEGORIES
SUBCHAPTER 12.21 SINGLE DETACHED AND MIDDLE HOUSING RESIDENTIAL ZONES
SUBCHAPTER 12.22 MULTI-DWELLING RESIDENTIAL ZONES
SUBCHAPTER 12.23 COMMERCIAL ZONES
SUBCHAPTER 12.24 MIXED-USE AND URBAN CENTER ZONES
SUBCHAPTER 12.25 INDUSTRIAL ZONES
SUBCHAPTER 12.26 INSTITUTIONAL AND OPEN SPACE ZONES
SUBCHAPTER 12.27 OVERLAY ZONES
SUBCHAPTER 12.30 NON-CONFORMING SITUATIONS: USES; STRUCTURES; AND LOTS
SUBCHAPTER 12.40 SPECIAL USE STANDARDS
SUBCHAPTER 12.50 DEVELOPMENT AND DESIGN STANDARDS
SUBCHAPTER 12.60 PLAN DISTRICTS GENERALLY
SUBCHAPTER 12.61 DOWNTOWN PLAN DISTRICT

LAND STRATEGIES

Deploy a range of strategies to assist with securing land for housing production.

Can include things like:

- Utilizing excess or underutilized City-owned land for public-private housing development
- Land banking
- Conversion of distressed commercial and residential assets

Hillsboro is already doing things like:

- Partnering with Proud Ground to create affordable ownership housing units
- Donated two city-owned properties totaling roughly 10 acres for the development of affordable housing

LAND STRATEGIES

Deploy a range of strategies to assist with securing land for housing production.

Specifically, Hillsboro could consider:

- Keep an active inventory of publicly owned, foreclosed, or underutilized properties near amenity areas.
- Explore partnerships and dispositions of surplus public land to facilitate increased housing production

The Delores affordable housing development, built on underdeveloped Metro-owned parcels

PARTNERSHIP STRATEGIES

Facilitate connections and share information to foster more opportunities for housing production.

<u>Can include</u> things like:

- Providing information and technical assistance to developers
- Pre-approved plan sets
- Communicating with landowners

Hillsboro is <u>already doing</u> things like:

- Partnering with Proud Ground to support acquisition and rehabilitation of existing homes for affordable homeownership
- Sponsoring Fair Housing education events

PROUD GROUND
Dreams Start Here.

Affordable - Sold

1836 SE Quail Circle Hillsboro, Oregon 97123

County: Washington

Price: $174,100 | **MLS#**: 23659869
Beds: 2 | Baths: 1.5 | Floors: 2 | Est. Sq Ft: 1,152

PARTNERSHIP STRATEGIES

Facilitate connections and share information to foster more opportunities for housing production.

Specifically, Hillsboro could consider:

- Convene "Employer Housing Working Group" focused on finding land and pursuing funding for workforce housing.
- Partner with civic, cultural, and religious organizations (i.e. large landowners with mission focus) on affordable housing development.

Portsmouth Commons, built to give homes to Veterans in Portland, in partnership with Portsmouth Union Church.

Discussion Questions

- What has the city done well? What have their peers done well?
- Thinking as an owner or renter of housing, what questions, thoughts, or concerns arise for you when considering the above strategies?
- Producers of housing, what kinds of strategies do you think would be most effective for producing different types of housing?
    - Market rate and affordable housing
    - For sale and rental housing
- Are there goals we would like to add to our conversation from earlier?

OVERVIEW & AGENDA

MEETING: **HPS Technical Advisory Committee #1**

DATE/TIME: May 16, 2024 ○ 6:00-7:30 pm

LOCATION: Online (Zoom Link)
Meeting ID: 836 7096 1700
Passcode: 717229

MEETING PURPOSE

The purpose of the first technical advisory committee (TAC) meeting is to:

1. Define a Housing Production Strategy (HPS) and the TAC's role
2. Share data on Hillsboro's housing needs
3. Discuss the types of strategies that can affect housing production
4. Set the stage for future conversations about strategy effectiveness, targeting, drawbacks, and prioritization

HOUSING PRODUCTION STRATEGY (HPS) OVERVIEW

An HPS is a state-required report that must be produced every 6-8 years when a City assesses its long-term housing need. The HPS describes the City's various housing needs using data, then identifies strategies to address the identified needs. The HPS is reviewed by the state government according to set approval criteria, and the City is periodically required to report on its progress implementing its strategies. The City of Hillsboro recently adopted an assessment of its housing need (called a Housing Needs Analysis) and is now embarking on a Housing Production Strategy. The TAC will advise on setting up conversations with Council about potential HPS strategies and tools, identifying pros and cons for each strategy and tool, and setting up evaluation criteria to determine how they fit into the HPS vision.

AGENDA

Introductions	15 min
HPS and TAC Background	5 min
Adding Context to Hillsboro's Housing Need	10 min
Goal Setting Exercise	15 min
Policy Framework for the Housing Production Strategy & Discussion	45 min

May 16, 2024 | Hillsboro Housing production Strategy TAC Meeting #1, 6-7:30 PM

Attendees:

Name	Org	Representing
Brad Smith	Windsor Properties	Chamber
Zach Pyle	Pahlisch	Multi-Dwelling
Adam Blum	Pahlisch	Multi-Dwelling
Matt Newman	NW Engineers	Small Home Developer
Lydia Slocum	NW Housing	Affordable Housing
Pooja Dalal	Catholic Charities	Affordable Housing
Brooke Nova	School District	
Jenn Klotz	Genentech	Large Employer
Anne Thrall Nash	PC	
Mujidat Saaka	PC	
Marc Farrar	Metland	Homebuilders
City Staff		
Becky Coutinho		
Dan Rutzick		
Chris Haryte		
Dan Dias		
Cascadia Partners		
Paul Runge		

Rachel Cotton

MEETING NOTES

1. **Introductions**
2. **Project Background**
    a. June 11 - Tac #2. Input from meeting will be shared with City Council at subsequent worksessions
3. **Contextualized Housing Need**
    a. Question about why the percentage of rent/ownership housing relative to income levels is different across the bars in slide 12. The higher the income level, the more likely ownership product can be provided. HNA methodology dictates what these shares are.
    b. Will the slide deck be shared with TAC members? Yes, staff will send out the slides.
    c. Is data available on income breakdown by race? That data was not included in the slides or the HNA. It can be provided in the HPS report
    d. Hillsboro specific homelessness data has not been provided but is available for K-12 student population through the Mckinney Vento act. More info about local homelessness will also be provided in the HPS report
4. **Goal Setting**
    a. Based on the housing data examined, what housing goals do you think the City of Hillsboro should work toward?
        - City should be very specific about the levers that it can pull vs, the levers that it cannot pull.
        - Clarify what is possible to do within the City's development code and what should be done at state level in terms of policy (e.g. landlord-tenant laws)
        - One goal could be to identify naturally occurring affordable housing and keep it affordable. And have diversity and inclusive housing - and maybe identify more PSH units integrated with lower income housing near transportation hubs and max lines.
        - Policy choices (required amenities and infrastructure) should be factored into housing development, as a way to control affordability.
        - Yes to new housing and encouraging housing production as well as efforts to preserve housing that exists at all income levels
        - Thinking about the size of households over time and how to accommodate families of different sizes as well as downsizing (ownership and rentals)
        - Providing opportunities for incoming/imported workforce to build community

- Are there any implications for Urban Growth Boundaries from this work? Unfortunately recent State legislation renders Hillsboro largely ineligible for UGB expansion but urban reserves are available for potential UGB expansion (east side of Cornelius pass rd, west side of South Hillsboro)

b. *What additional goals might the City of Hillsboro consider that didn't come up in the data reviewed?*
   - With CHIPS act and investment in advanced manufacturing and healthcare growth, there should be a focus on overlay between employment and housing and how to build community around hotspots of industry (e.g. Orenco station) that is walkable and bikeable and available to all income levels where the workforce is growing.

5. **Policy Framework for the Housing Production Strategy & Discussion**
   a. *Do you have any comments or questions regarding our strategies framework and how the strategies employ various mechanisms to influence housing production?*
      - An additional mechanism is to lower risk (such as damage to properties) for developers
        - One option is for city to provide fund for property damage
          - https://www.hdc-nw.org/rlra-rmp
        - Group funding for locking in interest rates
        - Property tax breaks
        - Financing and holding costs, speed at which you can move through permitting process
      - How can City influence hard costs? Things like lowering parking mandates and design standards (eliminating requiring expensive materials, facade articulation requirements,etc)
      - Historical permitting data can show how much housing is being produced vs. how much is need, and which types
        - City will provide permitting #s at next TAC meeting, by type. City has been averaging between 550-700 units/year since 2018
      - Prioritizing strategies and setting timelines will be part of the HPS work.
      - Think about other strategies like co-living and other models of shared housing as an addition to other housing typologies. Out of the box thinking is needed.

   b. *What has the city done well? What have their peers done well?*
      - Land use process can be arduous (Type III, landscaping requirements) but permitting process can be swift. Building and Construction admin staff have been great to work with.
      - Permitting fees are high relative to some other jurisdictions.
      - Staff have been great partners in the annexation process.
      - Orenco Station and TOD is definitely a case study and is very successful, and if that could replicate at every transport HUB - that should be thought of.
      - Availability of funding is what makes biggest difference in affordable housing development. Land is also very valuable. Land banking and

offering sites for affordable housing is a huge benefit to AH development. Coordination with federal, state and county resources and timelines is needed for success.

- SRO allowance information will provided at next meeting (and maybe a development service planner)

City of Hillsboro
Housing Production Strategy

Technical Advisory Committee #2

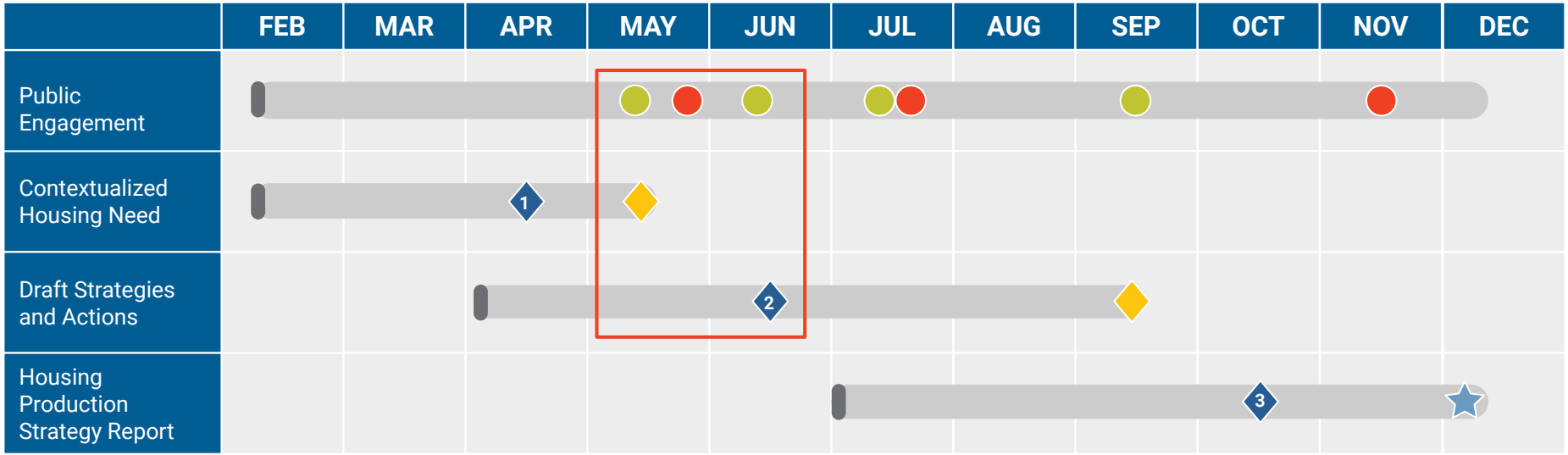
06.11.2024

CASCADIA
PARTNERS

AGENDA

1	Project Status Update: Timeline, Engagement	Becky Coutinho
2	Housing Production & Financial Impacts	Cascadia Partners
3	Housing Production Strategies & Discussion	Cascadia Partners

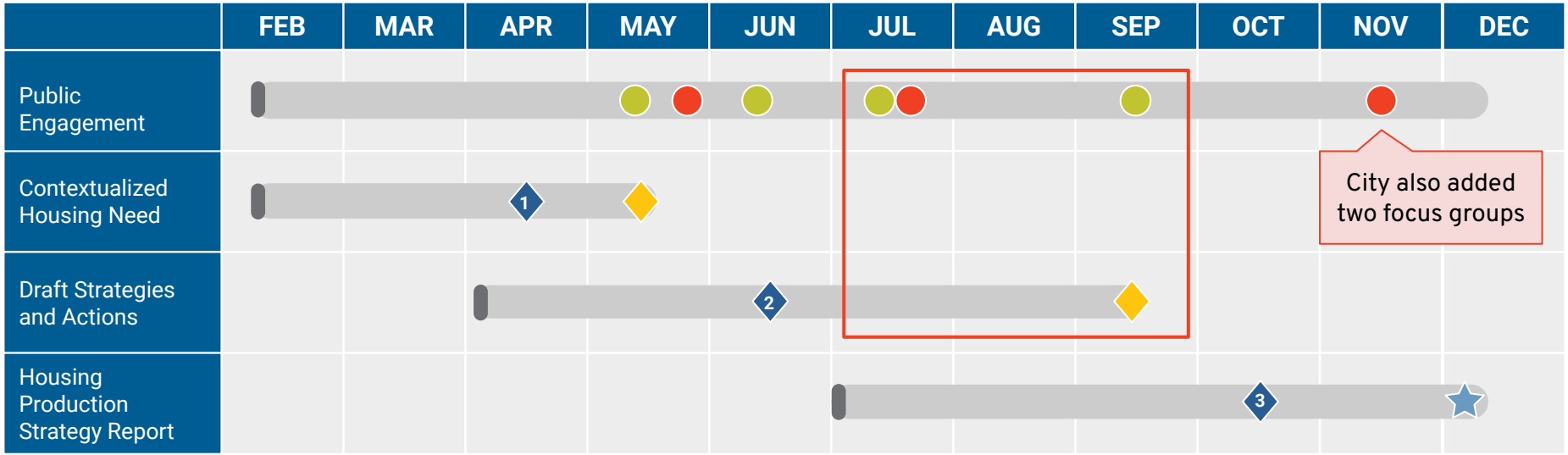
We are here: Meetings to identify & discuss preliminary strategies



ENGAGEMENT & WORKSESSIONS

- Technical Advisory Committee Meetings
- Historically Marginalized Communities Focus Groups
- City Council Worksessions
- Planning Commission Worksessions
- City Council Adoption Hearing

Where we're going: Strategy analysis and finalization



ENGAGEMENT & WORKSESSIONS

- Technical Advisory Committee Meetings
- Historically Marginalized Communities Focus Groups
- City Council Worksessions
- Planning Commission Worksessions
- City Council Adoption Hearing

What We Heard: Technical Advisory Committee #1

Housing Goals

- Be specific about levers that City can pull vs. levers that it cannot
- Build community around employment opportunities
- Yes to new housing as well as efforts to preserve affordable housing
- Support the variety of household situations over a person's life (e.g. various sizes, both owner and rental)

Strategies

- Developers support strategies that make development more affordable, faster, more predictable, and mitigate risks
- Land and gap funding make the biggest difference in affordable housing development

Housing Production & Financial Impacts

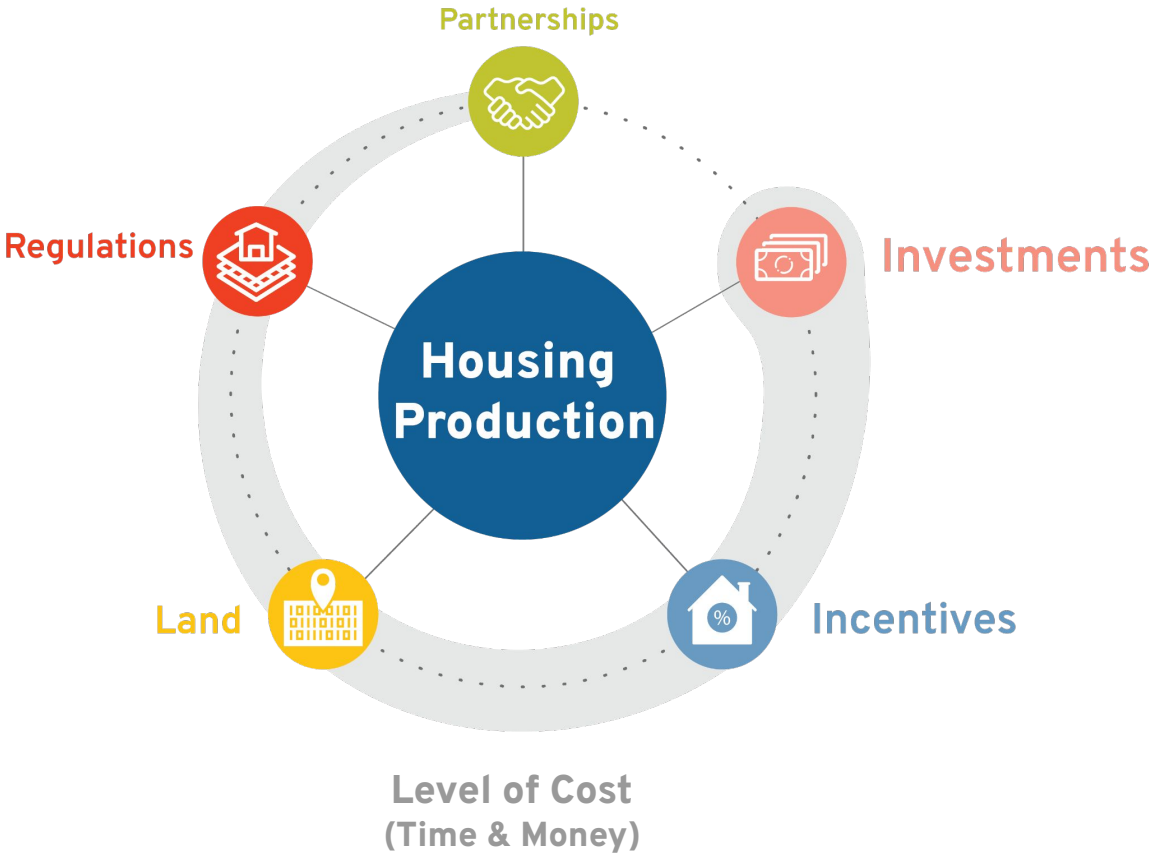
Types of housing production strategies: Your toolbox and the tools inside

Implementation Considerations

First, not all strategies have the same cost to the City in time and money

- **Administrative costs** : Overhead, program administration, staff time
- **Foregone revenue** : Can reduce revenue in near, medium-terms
- **Direct costs** : Come with significant budgetary tradeoffs

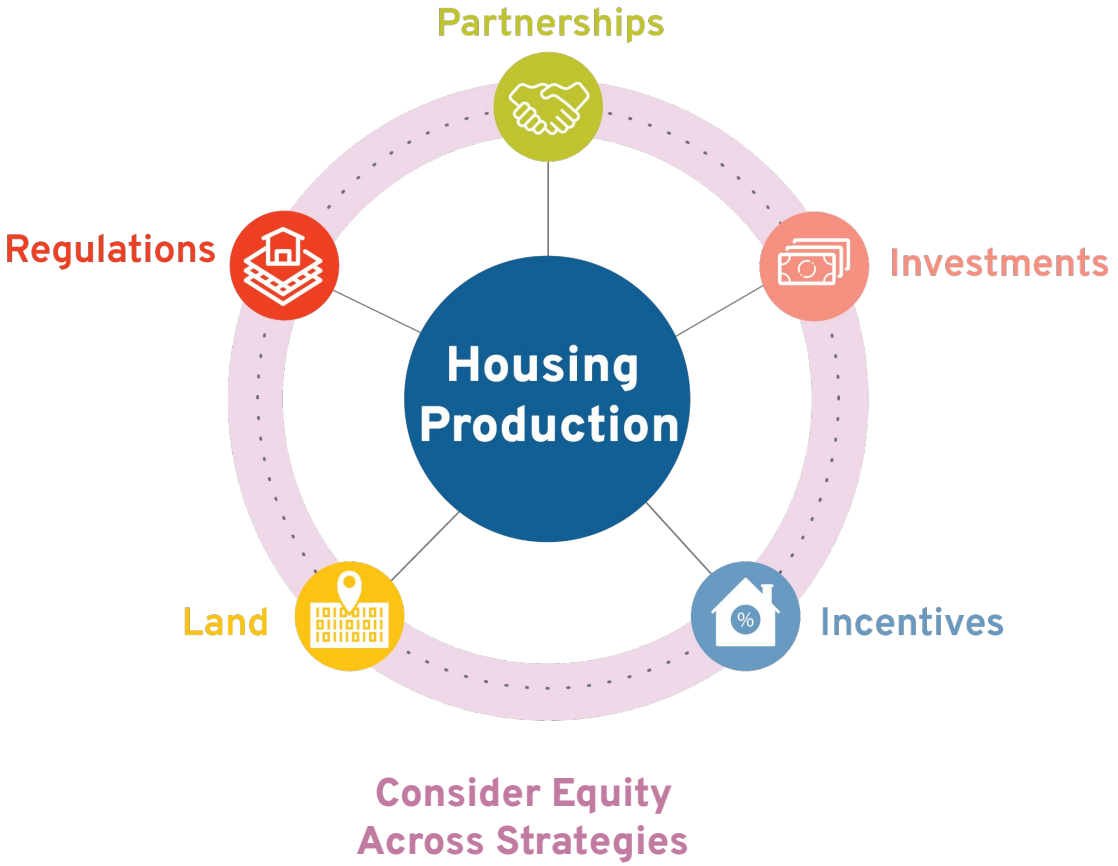
Note that **dedicated revenue sources** can help offset costs but entail major policy tradeoffs



Implementation Considerations

Second, strategies have different equity impacts.

The City needs to explore mitigation for unintended impacts, such as increasing the **vulnerability of communities at risk of displacement** – while also recognizing the potential impacts of inaction.



Fiscal Challenge: Balancing limited revenue with full lifecycle of housing costs

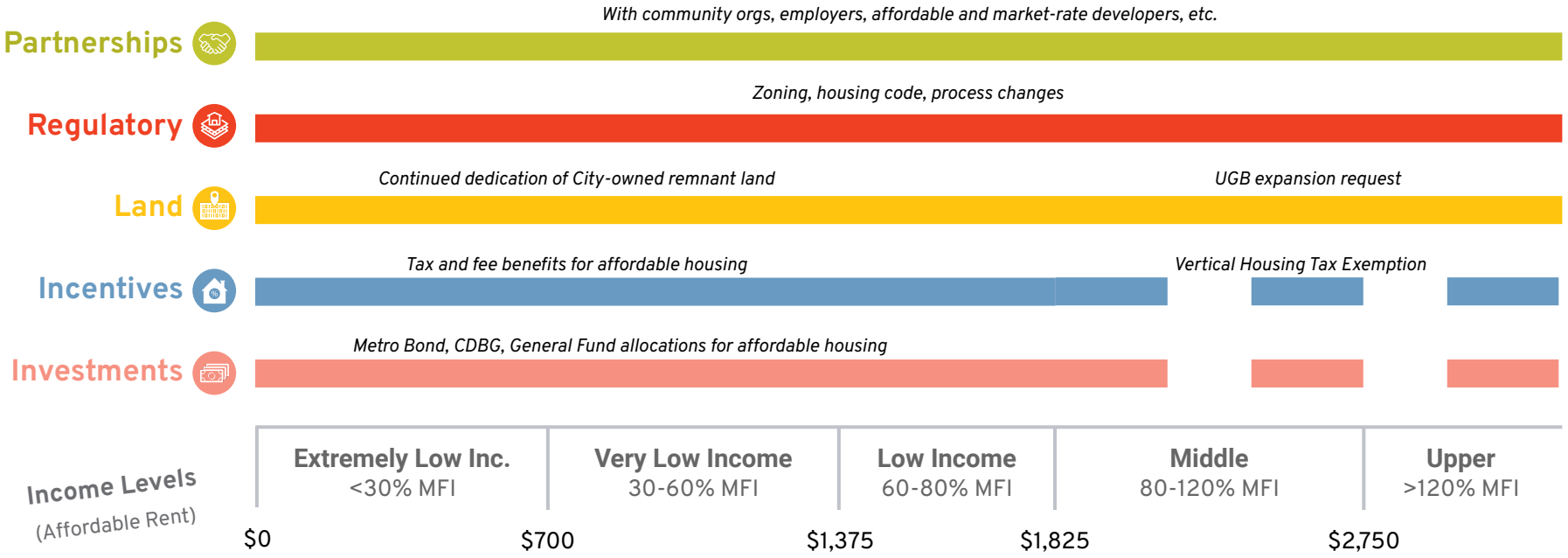
Financial Situation

- General Fund shortfall: $20M in 2023
- Oregon cap on property taxes

City Costs & Foregone Revenue

- Administrative costs
- Foregone revenue
- Direct costs
- Infrastructure operations and maintenance in residential neighborhoods

Different strategies address different needs, sometimes serving the whole income spectrum and other times having a specific income focus



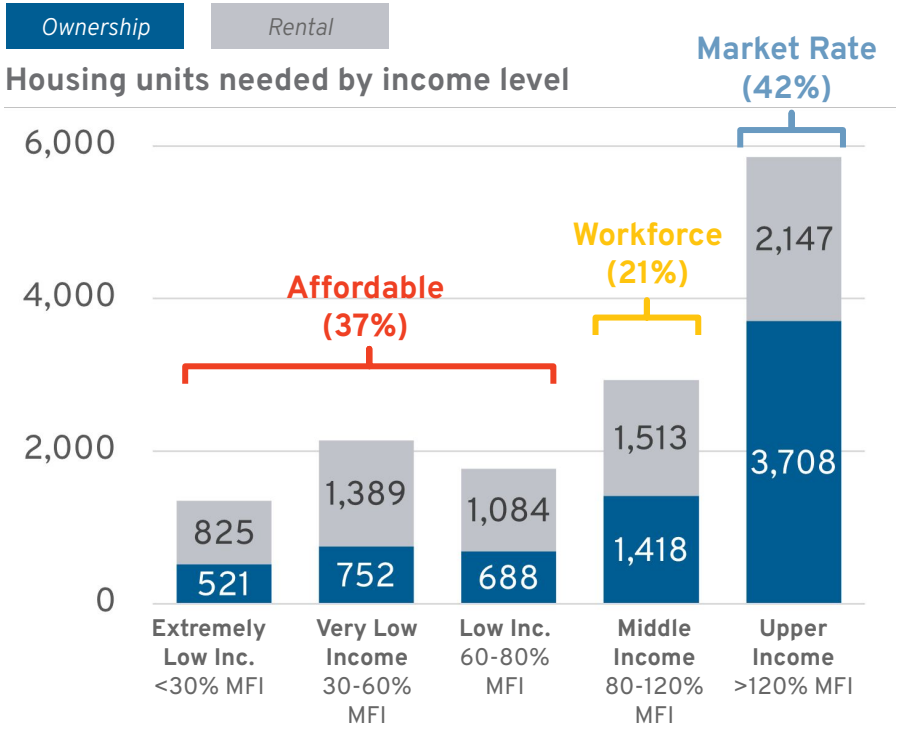
Housing prices affordable by income level are from the City of Hillsboro's Housing Needs Analysis (2024), based on OHCS guidelines for average Hillsboro household of 2.64 people

City must decide how to prioritize limited resources to address all need

Questions Council and staff will consider:

- Are strategies that pose higher costs to the City mainly appropriate when serving **affordable housing** need?
- What is the City's capacity and priority for supporting **workforce housing** – given the lack of dedicated resources for that type of need?
- For **market rate** housing, should the City simply focus on less costly strategies like removing barriers? Is it ever appropriate to offer new incentives to encourage more or faster market-rate production?

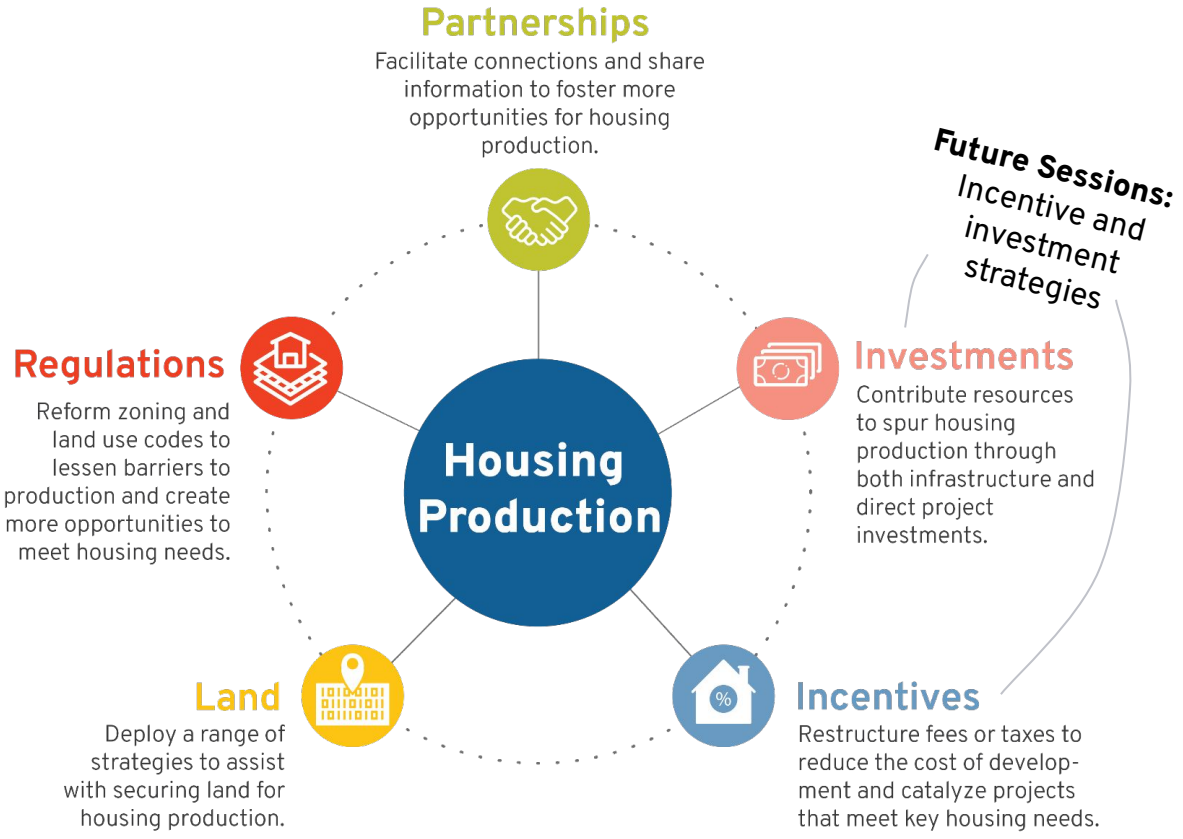
<u>Any reactions or thoughts on this framing?</u>



Source: City of Hillsboro's Housing Need Analysis, Tables EX 5-6, Adopted 2024

Housing Production: Current Approaches, New Ideas, & Discussion

Today's Focus:
Regulatory, land, and partnership strategies



Regulations

Key context and strategies already in place

- **Reduced parking requirements for affordable housing**

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
●	○	○	●	○

- **Applied Senate Bill 8 density bonus for affordable housing**

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
●	○	○	●	○

- **Implemented state-mandated ADU & middle-housing allowances**

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
○	●	●	●	●

- **Offer free pre-application meetings and technical assistance**

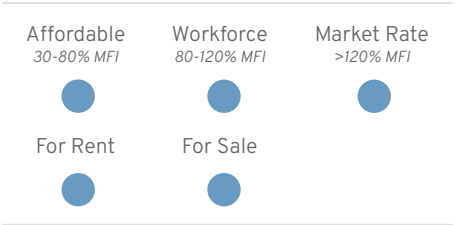
Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
●	●	●	●	●

Regulations

Possible strategies for project team to explore

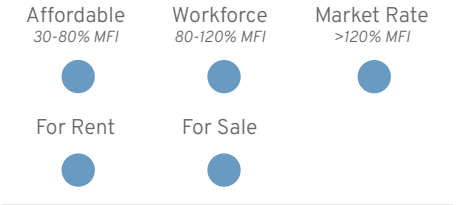
1. Evaluate zoning map updates

Evaluate updates to the City's zoning map to add housing capacity.



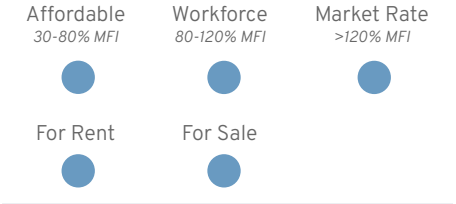
2. Audit City's housing code

Conduct a Housing Code Audit to evaluate barriers to housing production and propose recommendations.



3. Explore reducing process barriers

Explore process barriers associated with land use and development permitting processes and review.



Discussion Questions

For each of the following, **what specific changes should the City explore** to help get more housing built? What specific experiences have you had that inform that perspective?

- Zoning map changes
- Development code changes
- Permitting and approval process changes

What **benefits and drawbacks** come with changing the above policies?

What **other aspects of regulation** should the City explore changes for?

Land

Key context and strategies already in place

- **Inventoried all City-owned properties and evaluated them for potential use for affordable housing.**
- **Undertook a variety of land-acquisition actions**
  - Acquired land for Block 67*
  - Partnered with Metro for acquisition of 2-acre site on Walker Rd for affordable housing (Dolores)
  - Hired real estate broker to facilitate land acquisition searches, including exploring off-market opportunities
- **Explored and executed land donations**
  - Donated two city-owned properties totaling roughly 10 acres for the development of affordable housing
  - Exploring partnership opportunities with local government/ public partners to use two additional sites for affordable housing

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
●	○	○	●	●

The Dolores affordable housing development, built on underdeveloped Metro-owned parcels

** Block 67 will also serve market-rate need, but is the only project on this page to do so.*

Land

Possible strategies for project team to explore

4. Track underutilized or foreclosed properties

Track underutilized or foreclosed private properties with significant housing production potential.

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*
For Rent ●	For Sale ●	●

5. Continue evaluation of City land for housing

Continue to evaluate and consider utilization of City-owned remnant land for affordable housing when possible.

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*
For Rent ●	For Sale ●	○

6. Coordinate to identify surplus land

Coordinate with employers and civic, cultural, & religious organizations to identify surplus land potentially available for affordable & workforce housing production.

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*
For Rent ●	For Sale ●	○

7. Request UGB expansion

Request a residential lands Urban Growth Boundary expansion during Metro's mid-cycle process in 2027.

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*
For Rent ●	For Sale ●	●

Discussion Questions

What guidance do you have for the City about how to best implement these strategies?

- Track underutilized or foreclosed properties
- Continue evaluating City land for housing
- Coordinate to identify surplus land
- Request UGB expansion

What **benefits and drawbacks** come with the above policies?

What **other land-related strategies** should the City explore changes for?

Partnerships

Key context and strategies already in place

- **Key City affordable housing development partnerships** include Metro, Washington County, Bienestar, Hacienda CDC, Proud Ground, Habitat for Humanity, and others.

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
●	○	○	●	●

- **City's Community Development Block Grant (CDBG) and Community Services Grant Program funds** support nonprofits that provide housing-related services.

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
●	●	○	●	●

PROUD GROUND

Affordable - Sold

1836 SE Quail Circle Hillsboro, Oregon 97123

Price: $174,100 | **MLS#**: 23659869

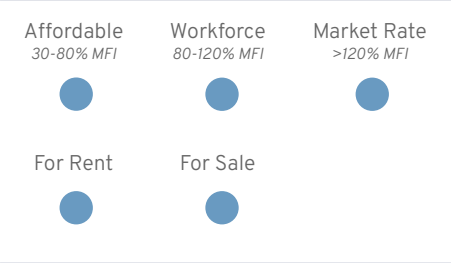
Beds: 2 | Baths: 1.5 | Floors: 2 | Est. Sq Ft: 1,152

Partnerships

Possible strategies for project team to explore

8. Convene implementation working group

Convene a working group of staff, developers, employers, and other housing professionals to meet regularly to track and advise on HPS implementation.



9. Advocate to state and federal governments

Continue partnerships for coordinated multi-jurisdictional advocacy for state and federal policy changes and funding. Examples could include more funding for infrastructure and affordable housing or changes to construction defect liability law.

Discussion Questions

What roles would ideally be present on a **housing working group** that tracks and advises HPS implementation? Do you know of examples of successful working groups advising other jurisdictions on housing?

What **state and federal policies** related to housing do you feel the City should prioritize for advocacy? How might that align with City objectives?

What **other partnership strategies** should the City explore?

Jun 11, 2024 | Hillsboro Housing production Strategy TAC Meeting #2, 6-7:30 PM

Attendees:

Name	Org	Representing
Brad Smith	Windsor Properties	Chamber
Zach Pyle	Pahlisch	Multi-Dwelling
Adam Blum	Pahlisch	Multi-Dwelling
Matt Newman	NW Engineers	Small Home Developer
Lydia Slocum	NW Housing	Affordable Housing
Brooke Nova	School District	
Anne Thrall Nash	PC	
Mujidat Saaka	PC	
Cadell Chand	Civic Leadership Academy	
City Staff		
Becky Coutinho		
Dan Rutzick		
Chris Hartye		
Cascadia Partners		
Paul Runge		
Rachel Cotton		

MEETING NOTES

1. **Project Status Update: Timeline, Engagement**
    a. Historically Marginalized Communities Focus Group specified needs for whole spectrum of housing, small units for young and larger family sized units
    b. Next TAC July 17 - more info and more time for discussion
2. **Housing Production & Financial Impacts**
    a. Questions:
        - Is the cost of land city donates for affordable housing accounted for in some way? The diagram in slides is meant to be illustrative rather than literal. Land is known to be a value resource and so that is being captured in the diagram.
        - How do you calculate equity impacts? State wants to see equity impacts are being accounted for as part of HPS. Part of the analysis work that is being done will be looking at different potential impacts of strategies, both positive and negative.
        - Is it possible to consider defining Affordable vs affordable? City has defined subsidized Affordable housing (capital A) as affordable to 80% AMI and lower. Other strategies target middle income households
    b. On Framing, one question for Council could be establishing a $ spent per unit goal for each income category of housing (speaks to efficiency and most bang for the buck)
    c. It appears that City is doing a relatively good job at developing market rate housing, but what do the data say? This might be interesting context to share (permitting) relative to need spelled out in HNA.
        - https://housingdata.app/ could be a data resource
3. **Housing Production Strategies & Discussion**
    Regulatory strategies
    a. PUDs get 20% density bonus (example of existing strategies). Applies to all housing types
    b. Question: is there any data tracked on the impacts of existing regulatory strategies on housing production? Unsure if data has been tracked but as part of HPS the strategies will be assessed for unit development potential.
    c. Permitting and approval process for infill (2-3 lots) has the same timeline as subdivision and can be quite long and cumbersome. Is there a way to speed this up?
    d. City is great to work with but timing of Type III processes can be long and expensive to get sites ready for housing.
    e. Free pre-app meetings created a longer process (strung out what might be one month process in another jurisdictions to 3-6 month process of back and forth before there was support from staff for the project, mainly due to desire to deviate from complicated design guidelines).
    f. Process should be to incentivize density outright rather than make process to get density bonus.

g. Clear and objective standards for approval would be helpful re: design standards, and plan approvals from different departments (e.g. water services)
h. Development code pushes to Type III process because a lot of things in design guidelines, active use overlay are unachievable
i. Planning Commissioners have also struggled with discretionary processes and things like “what is a public benefit?”
j. For affordable housing, developers are not only navigating jurisdiction’s requirements but also that of all the funders. Internal streamlining and coordination of reviewing entities helps facilitate an efficient process.
k. Are any jurisdictions particularly good to work with? City of Milwaukie, City of Vancouver are two good examples. Smaller jurisdictions are also often easier to work with. What constitutes design review and Type III process are narrower.
l. Zoning map changes:
    - Relative location of zones to transportation infrastructure. Adjacency to transit should dictate higher density (area close to Fairgrounds is one example).
    - Allowing more mixed use development/commercial in residential zones.
    - Adding residential to commercial zones
    - Upzoning where there is existing infrastructure
    - Vacant and underutilized properties on fringe
    - What tools does the city have to ensure land is flexible for development when HOAs exist?
    - Industry housing partnerships could be a way to combine expansion of employment with housing needs and/or housing for workers building out new employment related development
        - As part of the HPS, City staff are considering the exploration of modular housing going temporarily in areas that may not be zoned residential or mixed use.
        - Temporary housing for industry employees is something City should be careful with and is an equity concern.
m. Slides will be sent to TAC for review
n. Group may be willing to meet for 2 hours next meeting
o. City Council work session will be 6 PM next Tues (6/18)

City of Hillsboro
Housing Production Strategy

Technical Advisory Committee #3

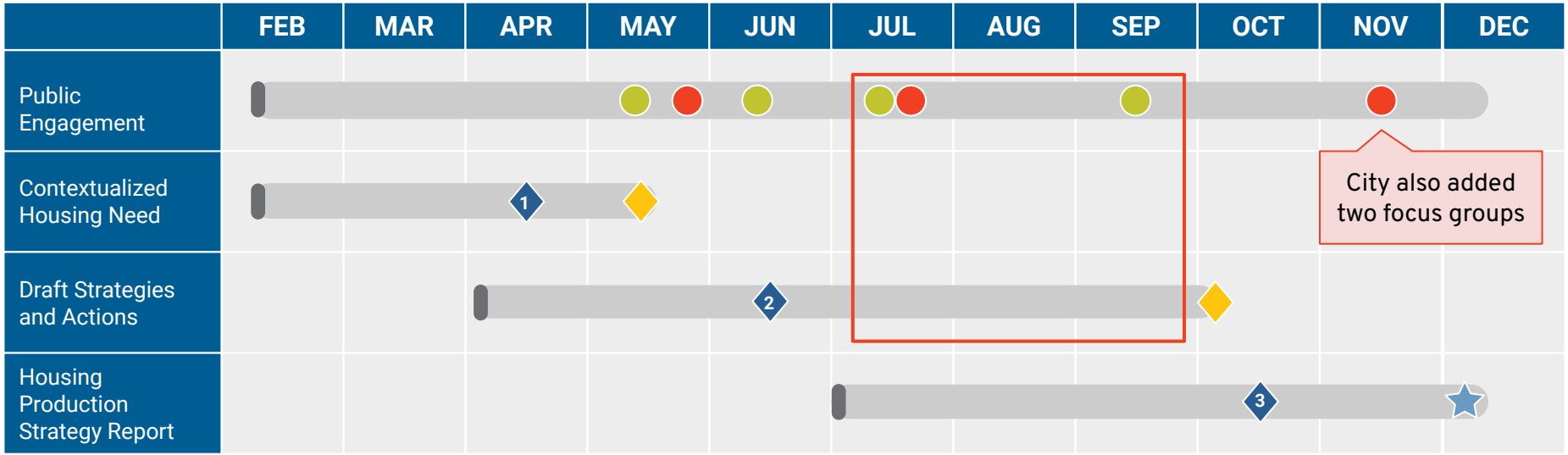
07.17.2024

CASCADIA
PARTNERS

AGENDA

1	Project Status Update: Timeline, Engagement	Becky Coutinho
2	Housing Production Strategies & Discussion cont.	Cascadia Partners

We are here: Strategy analysis and finalization



ENGAGEMENT & WORKSESSIONS

- Technical Advisory Committee Meetings
- Historically Marginalized Communities Focus Groups
- City Council Worksessions
- Planning Commission Worksessions
- City Council Adoption Hearing

What We Heard: Technical Advisory Committee #2

Housing Production & Financial Impacts

- Council could consider goals for desired spending for housing at each income level (Affordable, Workforce, Market).
- Market rate production appears to be healthy. What do the permitting data say vs. HNA targets?

Regulatory Strategies

- City great to work with but navigating Type III (Public Hearing) processes can be long and expensive, with no scalability related to project size.
- Free pre-app process has created longer (3-6 month) timeline of negotiations.
- Design guidelines and standards can be a development barrier. A clear and objective approval pathway would be ideal.
- Better coordination of plan approval that is needed from different departments would expedite timelines and ease the development process.
- Incentivizing density outright is preferable to density bonuses.

What We Heard: Technical Advisory Committee #2 cont.

Zoning Map Changes

- Adjacency to transit should dictate higher density.
- Upzoning should align with existing infrastructure.
- Desire for more mixed use development/commercial in residential zones AND adding residential to commercial zones.
- Employer housing partnerships could combine expansion of employment with housing needs and/or temporary housing for construction workforce.

What We Heard: City Council #2

Strategies should prioritize affordable and workforce housing production.

Affordable Housing (<80% MFI)- Priority HPS focus

- Important given wealth gaps and desire for complete community (live, work, play) for households at all income levels.

Workforce Housing (80-120% MFI) - Priority HPS focus

- Council interest in HPS strategies that emphasize workforce housing for rental and homeownership.

Market Rate Housing - Narrower HPS focus

- Continue to maintain development-friendly environment.
- Use the code audit process to remove regulatory barriers and expand housing options.

Housing Production: Current Approaches, New Ideas, & Discussion

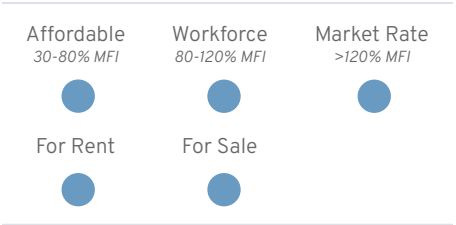
TAC #2 Focus:
Regulations, Land, Partnerships

Regulations

Possible strategies for project team to explore

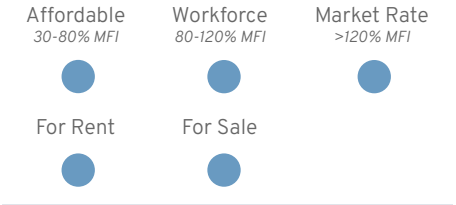
1. Evaluate zoning map updates

Evaluate updates to the City's zoning map to add housing capacity.



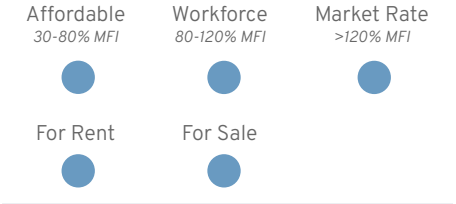
2. Audit City's housing code

Conduct a Housing Code Audit to evaluate barriers to housing production and propose recommendations.



3. Explore reducing process barriers

Explore process barriers associated with land use and development permitting processes and review.



Land

Possible strategies for project team to explore

4. Track underutilized or foreclosed properties

Track underutilized or foreclosed private properties with significant housing production potential.

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*
For Rent ●	For Sale ●	●

5. Continue evaluation of City land for housing

Continue to evaluate and consider utilization of City-owned remnant land for affordable housing when possible.

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*
For Rent ●	For Sale ●	○

6. Coordinate to identify surplus land

Coordinate with employers and civic, cultural, & religious organizations to identify surplus land potentially available for affordable & workforce housing production.

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*
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7. Request UGB expansion

Request a residential lands Urban Growth Boundary expansion during Metro's mid-cycle process in 2027.

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Partnerships

Possible strategies for project team to explore

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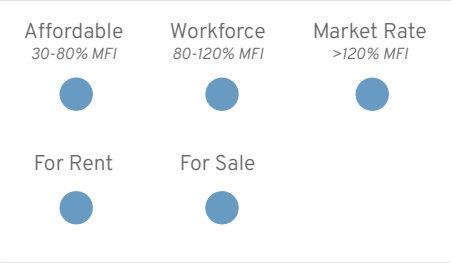
Convene a working group of staff, developers, employers, and other housing professionals to meet regularly to track and advise on HPS implementation.



9. Advocate to state and federal governments

Continue partnerships for coordinated multi-jurisdictional advocacy for state and federal policy changes and funding. Examples could include more funding for infrastructure and affordable housing or changes to construction defect liability law.

Discussion Questions

What guidance do you have for the City about how to best implement these strategies?

Do you see **anything missing** from the lists of regulatory, land, and partnership strategies?

Today's Focus:
Investments and Incentives

Incentives

Key context and strategies already in place

- **Property tax exemptions for targeted housing developments**
  - Nonprofit Low-Income Rental Housing
  - Vertical Housing Tax Credit

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
●	●	●	●	○

- **Deferred SDC fees until certificate of occupancy for affordable housing**
  - Century Commons

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
●	○	○	○	●

- **Financed SDCs for market-rate projects in Orenco Station**

Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
○	○	●	●	○

4th Main and Orenco Station's Podium Project were built in Hillsboro's Vertical Housing Zone

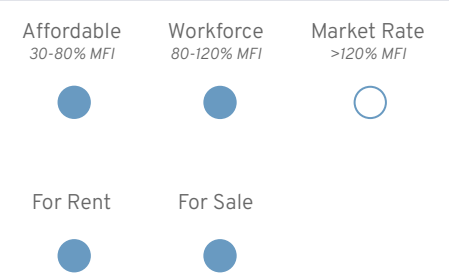
Incentives

Possible strategies for project team to explore

10. Explore fee structure adjustments

Consider partial or whole foregone revenue through adjusting fee structures (i.e., plan review, permitting fees, user fees, SDCs, utility fees) to incentivize:

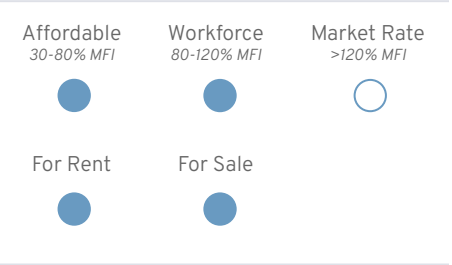
- Affordable housing
- Workforce housing (rental and homeownership)



11. Explore new incentives

Consider new tax abatements or other incentives for:

- Workforce housing, rental and homeownership
- Production of accessible housing for seniors & individuals with disabilities
- Preservation of select naturally occurring affordable apartments



Discussion Questions

Which fee structure (plan review, permitting fees, user fees, SDCs, utility fees) for affordable & workforce housing adjustments do you think would be **most impactful**?

Which **incentive programs for affordable & workforce housing** do you think **would work well** in Hillsboro?

Do you see **anything missing** from the list of potential incentives?

Any **lessons learned or ideas** from other jurisdictions?

Investments

Key context and strategies already in place

- **Actions supporting affordable housing production at many stages**
  - Gap financing provided to affordable housing projects (e.g. Nueva Esperanza, Century Commons)
  - Ongoing funding to Community Housing Fund (CHF) for affordable housing predevelopment loans
  - Dedicating general funds by allocating staff & consultant resources to supporting affordable housing
  - Allocation of affordable housing fund budget to cover plan review and permitting fees
- **Gap funds implementing jurisdiction**
  - Metro Housing Bond
  - Community Development Block Grant: Supports affordable home-ownership, housing rehabilitation, & public facility improvements
- **Nonprofit Low-Income Rental Housing Property Tax Exemption**

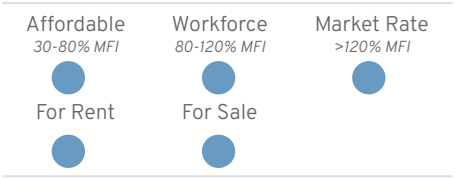
Affordable *30-80% MFI*	Workforce *80-120% MFI*	Market Rate *>120% MFI*	For Rent	For Sale
●	○	○	●	●

Investments

Possible strategies for project team to explore

12. Explore optimized infrastructure investments

Continue to explore ways to maximize housing production via strategic infrastructure investments.



13. Explore partnerships for infrastructure funding

Continue to explore partnership opportunities in pursuing federal and state funds for infrastructure investments.

14. Continue direct investment & consider expanding

Continue providing direct investment via gap funding into affordable housing projects and consider expanding investments for workforce housing.

15. Explore new revenue for housing

Explore creation of an ongoing dedicated revenue source for affordable and workforce housing, including middle housing types and homeownership.

Discussion Questions

What guidance do you have for the City about how to best implement these strategies?

Do you see **anything missing** from the lists of investment strategies?

Any **lessons learned or ideas** from other jurisdictions?

Next Steps

July - August

- Code Audit work!
- In-depth strategy analysis
- Consultant and Staff team finalize HPS Draft Strategies

September

- TAC #4 (September 10th) - members confirm availability

October

- Draft HPS Report
- Planning Commission work session #2 (October 9th)
- City Council work session #3 (October 15th)
- TAC Draft HPS Report Input by October 30

Hillsboro
Community Development

Housing Production Strategy
Technical Advisory Committee #3
Background Report

Project Overview:
Hillsboro is a diverse and growing community with residents of all ages, backgrounds, incomes, and abilities with various housing needs. The City Council has asked for a holistic analysis to support housing production in Hillsboro to meet these needs. City staff is currently leading the Housing Production Strategy project in response to the Council's direction and the state's requirements.

The Housing Production Strategy (HPS) is a guiding planning document containing specific and meaningful plans, tools, actions, and policies to address housing needs identified in the Hillsboro Housing Needs Analysis 2023 (HNA). An HPS document is required to be completed by cities with a population over 10,000 as required by Oregon House Bill 2003. The HPS document must be updated every 6-8 years following future HNA updates. The City will be required to submit a mid-point report 3-4 years after HPS adoption to the DLCD.

The HPS project vision is to strategize increased housing production of a variety of housing types, choices, and differing levels of affordability to ensure the housing supply meets the current and future needs of Hillsboro. The City has contracted with consulting firm Cascadia Partners, a full-service urban planning, real estate, environmental sustainability, and public engagement consulting firm that has assisted several other jurisdictions in completing their HPS. The project team consisting of consultants and City staff began the project in February 2024 and has a target adoption date of December 2024.

City Council Direction:
The project team presented at two City Council work sessions on April 16th and June 18th. At these work sessions, Council members received project background and updates and provided input on how the City should prioritize limited resources to address identified housing needs based on a focus of select potential strategies.

Examples of input received from City Council include the following:

- Balance owner and renter strategies; support homeownership; don't miss one side of the need.
- Understand Homeowner Associations, including where they are and how they're affecting affordability.
- Explore creative ways to pursue needed housing (e.g., financial tools, regulatory changes), recognizing the need to carefully consider long-term costs and benefits.
- Consider strategic infrastructure investments to "unlock" new housing development.

- State-level advocacy, particularly around construction defect liability in condos and others.
- Need to balance quality of life and more housing.
- Want to make sure Hillsboro is a complete community, where people of all ages, abilities, and income levels can live.
- Continue to provide homeownership opportunities.
- Prioritize City incentives and investments to support development of affordable and workforce housing.
- Encourage a variety of housing types such as accessory dwelling units, duplexes, smaller detached units, and units with more bedrooms for multigenerational living.

Additional Outreach:
Planning Division staff presented at the May 8 Planning Commission work session and gave an overview of the project timeline, housing needs, and strategy themes. Planning Commission discussion advised staff to look to periods in Hillsboro's development history when the City was seeing greater diversity in housing product type and to consider the cyclical nature of housing needs.

The HPS Technical Advisory Committee (TAC) met on May 15 and June 11. At the May meeting, members were given a high-level overview of the HPS project. Discussion centered on preliminary ways the City can remove barriers to housing production and how the City could incentivize production. At the June meeting, members discussed potential regulatory, land, and partnership strategies, particularly highlighting the need to explore reducing barriers within the Community Development Code and land use and development permitting process and review.

Specific comments from the TAC include:
- Council could consider goals for desired spending for housing at each income level (Affordable, Workforce, Market).
- Market rate production appears to be healthy. What do the permitting data say vs. HNA targets?
- City great to work with but navigating Type III (Public Hearing) processes can be long and expensive, with no scalability in terms of the project size.
- Free pre-app process has created longer (3-6 month) timeline of negotiations.
- Design guidelines and standards can be a development barrier. A clear and objective approval pathway would be ideal.
- Better coordination of plan approval that is needed from different departments would expedite timelines and ease the development process.
- Incentivizing density outright is preferable to density bonuses.
- Adjacency to transit should dictate higher density.
- Upzoning should align with existing infrastructure.
- Desire for more mixed-use development/commercial in residential zones AND adding residential to commercial zones.
- Employer housing partnerships could combine expansion of employment with housing needs and/or temporary housing for construction workforce.

To meaningfully engage and center the voices of communities of color, immigrants, and refugees, Planning Division staff has held two focus groups with historically marginalized communities, one in English, one in Spanish. Participants at these focus groups shared concerns of housing affordability, the intersection of housing and transportation, and a lack of housing choice.

Potential Strategies:
The City's existing housing policy and incentives largely focus on the need for regulated affordable housing. Below is a summary of City efforts in each of the five identified strategy categories (Regulatory, Land, Partnerships, Incentives, and Investments), followed by the draft short list of potential strategies. The final HPS document will include additional strategies.

Regulatory Strategies

Existing Housing Actions

- Reduced parking requirements for affordable housing.
- Applied Senate Bill 8 density bonus for affordable housing.
- Implemented state-mandated ADU and middle housing allowances.
- Offer free pre-application meetings and technical assistance.

Potential Strategies

- Strategy 1: Evaluate updates to the City's zoning map to add housing capacity.
- Strategy 2: Conduct a Housing Code Audit to evaluate barriers to housing production and propose recommendations.
- Strategy 3: Explore process barriers associated with land use and development permitting process review.

Land Strategies

Existing Housing Actions

- Inventoried and evaluated all City-owned properties for potential use for affordable housing.
- Undertook a variety of land-acquisition actions:
    - Acquired land for Block 67.
    - Partnered with Metro on acquisition of two-acre site on Walker Road for affordable housing (Dolores project).
    - Hired real estate broker to facilitate land acquisition searches, including exploring off-market opportunities.
- Explored and executed land donations:
    - Donated two city-owned properties totaling roughly 10 acres for the development of affordable housing (Nueva Esperanza and Century Commons projects).
    - Exploring partnership opportunities with local government/public partners on the use of two additional sites for affordable housing.

Potential Strategies

- Strategy 4: Track underutilized or foreclosed private properties with significant housing production potential.
- Strategy 5: Continue to evaluate and consider utilization of City-owned remnant land for affordable housing.
- Strategy 6: Coordinate with civic, cultural, and religious organizations to identify surplus land potentially available for affordable and workforce housing production.
- Strategy 7: Request a residential lands Urban Growth Boundary expansion during Metro's mid-cycle process in 2027.

Partnerships

Existing Housing Actions

- Key City affordable housing development partnerships include Metro, Washington County, Bienestar, Hacienda CDC, Proud Ground, Habitat for Humanity, and others.
- City's Community Development Block Grant (CDBG) and Community Services Grant Program funds support nonprofits that provide housing-related services.

Potential Strategies

- Strategy 8: Convene a working group of staff, developers, employers, and other housing professionals to meet regularly to track and advise on HPS implementation.
- Strategy 9: Continue partnership in coordinated, multi-jurisdictional advocacy for state and federal policy changes and funding.

Incentives

Existing Housing Actions

- Property tax exemptions for targeted housing developments (Nonprofit Low-Income Rental Housing, Vertical Housing Tax Credit).
- Deferred System Development Charge (SDC) fees until certificate of occupancy for affordable housing (Century Commons).
- Financed SDCs for market-rate projects in Orenco Station.

Potential Strategies

- Strategy 10: Explore partial or whole foregone revenue through adjusting fee structures (i.e., plan review, permitting fees, user fees, SDCs, utility fees) to incentivize:
    - Affordable housing
    - Workforce housing
    - Market-rate housing
- Strategy 11: Explore new tax abatements and other incentives for:
    - Production of accessible housing for seniors and individuals with disabilities.
    - Preservation of select "naturally occurring" affordable housing apartments.

Investments

Existing Housing Actions

- Actions supporting affordable housing production at many stages:

    - Gap financing provided to affordable housing projects (Nueva Esperanza, Century Commons).
    - Ongoing funding to the Community Housing Fund for affordable housing predevelopment loans.
    - Dedicating general funds by allocating staff and consultant resources to supporting affordable housing.
    - Allocation of affordable housing fund budget to cover plan review and permitting fees.
- Gap funds implementing jurisdiction for:
    - Metro Housing Bond
    - Community Development Block Grant supporting affordable homeownership, housing rehabilitation, and public facility improvements.
- Nonprofit low-income rental housing property tax exemption.

Potential Strategies

- Strategy 12: Continue to explore ways to maximize housing production via strategic infrastructure investments.
- Strategy 13: Continue to explore partnership opportunities in pursuing federal and state funds for infrastructure investments.
- Strategy 14: Continue providing direct investment via gap funding into affordable housing projects and consider expanding investments for workforce housing.
- Strategy 15: Explore creation of an ongoing dedicated revenue source for affordable and workforce housing.

Next Steps:

The TAC will meet in September to provide input regarding the final draft HPS strategies, which will be shared with City Council during the October 15 Council work session, along with results of research and analysis on potential outcomes of each strategy to inform finalization. Staff will present to Planning Commission during a work session on October 8 and to the historically marginalized communities focus groups in November. The Council public hearing for consideration of a Resolution to adopt the final Housing Production Strategy Report is scheduled for December 3, 2024.

Jul 17, 2024 | Hillsboro Housing production Strategy TAC Meeting #3, 6-7:30 PM

Attendees:

Name	Org	Representing
Brad Smith	Windsor Properties	Chamber
Adam Blum	Pahlisch	Multi-Dwelling
Matt Newman	NW Engineers	Small Home Developer
Brooke Nova	School District	
Anne Thrall Nash	PC	
Mujidat Saaka	PC	
Cadell Chand	Civic Leadership Academy	
Dirk Knudsen	Real Estate, Broker and Builder	
Jenn Klotz	- Did not attend	
Marcia Hille	Affordable Housing	
Pooja D	- Did not attend	
Marc Farrar	- Did not attend	
City Staff		
Becky Coutinho		
Dan Rutzick		
Dan Dias		
Chris Hartye		
Cascadia Partners		
Paul Runge		
Lydia Ness		

MEETING NOTES

1. **Project Status Update: Timeline, Engagement**
    a. Becky gave an update on the timeline
        - More focused groups were added (2) to reach marginalized communities
        - TAC meeting #4 is September 10 for 2 hours
    b. Becky reviewed what was heard in the last TAC meeting
2. **TAC #2 Focus: Regulations, Land, Partnerships**
    a. Questions
        - On land side, our city has just transacted on industrial land to simulate jobs with URA - is it in our wheelhouse to purchase land, zone it, and develop it similar to industrial land?
        - HOA regulations and overlap with zoning - does this fall within the 3 categories?
        - Would like to see capturing of HOAs in the inventory
        - Hillsboro mandates HOA with new subdivisions but restricts development on new lots - ADUs, subdividing, etc
        - 3 key areas
            - Have decently good ability track HOAs - awareness of it
            - Codes and policies - if the City is requiring infrastructure but this encourages HOAs
            - Does the City make more provisions to require the ability to allow for other housing types, etc
        - 7. Request UGB expansion
            - This is only eligible if metro's growth report indicates the demand is there to support this - contingent on metro's findings
        - Commercial highway -
            - TV highway and
                - 4 acres trapped that aren't necessary residential but vibrant area with mixed us
3. **Housing Production Strategies & Discussion**
    a. <u>Incentive Strategies</u>
        - What to understand what the city is doing with SDCs today and what would be giving up to waive or reduce SDC fees?
            - Fees are going towards future needs of growing development and population - water, sewer, etc.
            - This also goes to things such as more trees to reduce heat island effect, etc.
            - Can there be revisiting to understand what type of infrastructure the city is providing the city?
            - Give and take of reductions

        - Areas like west hillsboro with higher SDCs and more impactful
- Question: what determines the magnitude of fee?
    - SDCs fees were reviewed:
        - Sanitary Sewer
        - Parks
        - Water
        - Transportation
    - SCS aren't scaled
- Clarification of businesses or industrial developments that
- Enterprise zone that was used for some developments
- URA - downtown (could be used for block 67) with borrowing capacity of $93M (only using $15M0 and another URA to use for industrial development (increased borrowing capacity? Or just increased the amount of borrowing?)
- Would like to see a $1 for $1 - one dollar for housing for one dollar for economic development
- Is there a program to tax or require workforce development to pay towards housing?
    - City to look into if this exists
- Which fee structure (plan review, permitting fees, user fees, SDCs, utility fees) for affordable & workforce housing adjustments do you think would be most impactful?
    - Work on adding more gradient to that fee structure (particularly to transportation but more broadly)
    - Transportation is county fee - these fees are set up opportunity to looking at scaling
    - TAC member shared permit fees for a SF house and studio house
        - Demonstrates the difference between the amount of fees and paying similar fees between a 576sf and a 7,000sf house
        - Impacting small infill housing
    - Clarified on developer if they're providing feedback on these strategies
        - Feedback that SDCs are high
    - Asked for clarification on what the SDC fee reduction would be for the city?
        - Could be scaling so it would be revenue neutral
        - TBD on what those reductions could be with some testing of the fee reduction
- Any lessons learned or ideas from other jurisdictions?
    - TAC member interviewed other cities for their dealing with SDCs fees:
        - Tigard - Scaling fees by housing size and borrowing ability for workforce housing with 1 year payback

        - Salem - waived for any owner for deed restriction for affordable and scale SDCs
        - Portland - MH or creative smaller homes, 20% reduction, and tiny home is 40% reduction and SDC are deferred for 24 months with 6% tax

b. <u>Investment Strategies</u>
    - What guidance do you have for the City about how to best implement these strategies?
        -
    - Do you see anything missing from the lists of investment strategies?
        - CET as an additional strategy that could be taxed on residential, commercial, and industrial development
        - Looking at petition for water tax on data center businesses
        - Tigard example on stop gap funding that is paid back 1 year later - revolving fund
        - Interest in middle housing but can't get financing unless there is liquid capital to contribute
            - Need to also plat a lot to record which is cumbersome
                - Struggle to release the plat
        - When talking about infrastructure investments, could NOAH be incentivised to upgrade their housing but maintain affordability
            - Not just incentive strategy approach but investment strategy to support the upgrades and investment in their housing
        - Other funding ideas can be CBG - community block grants and federal funding through IRA by public private partnerships
        - Could the city gather informal information of NOAH housing?
    - Any lessons learned or ideas from other jurisdictions?
        - Suggested the PCEF model to help folks to support clean energy, environmental justice, etc. could this be used for affordable housing?

4. Next Steps

a. Draft HPS Report
b. Planning Commission work session #2 (October 9th)
c. City Council work session #3 (October 15th)
d. TAC Draft HPS Report Input by October 30

City of Hillsboro
Housing Production Strategy

Technical Advisory Committee #4

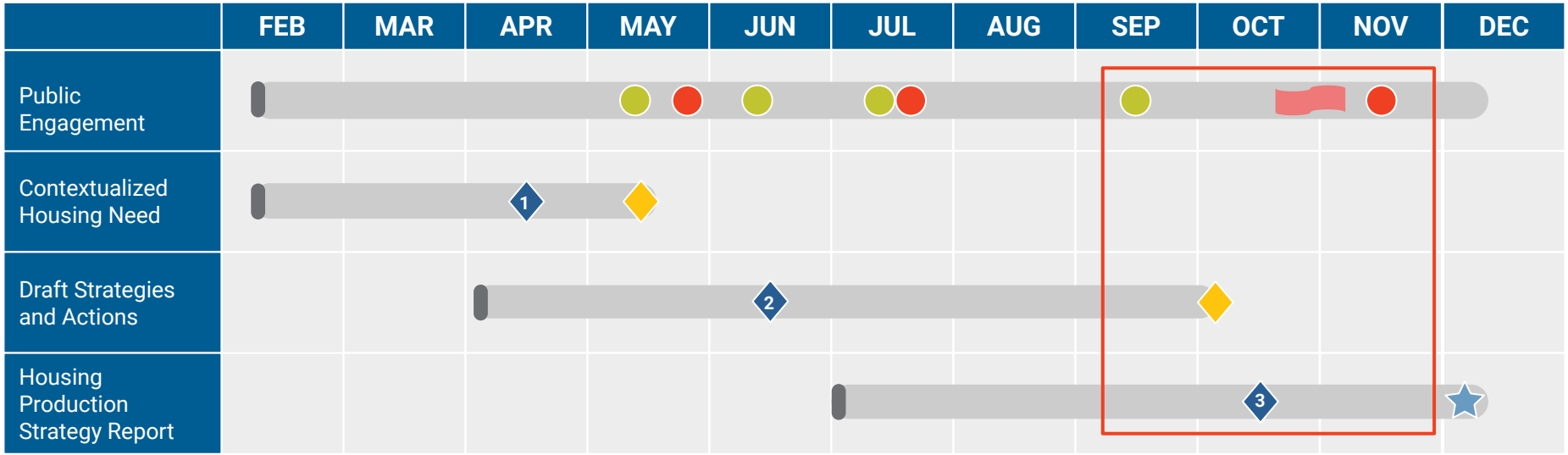
09.10.2024

CASCADIA
PARTNERS

AGENDA

1	Project Status Update: Timeline, Engagement	Becky Coutinho
2	HPS Final Draft Actions & Discussion	Cascadia Partners

We are here: Strategy analysis and finalization



ENGAGEMENT & WORKSESSIONS

- Technical Advisory Committee Meetings
- Historically Marginalized Communities Focus Groups
- City Council Worksessions
- Planning Commission Worksessions
- City Council Adoption Hearing
- Public Draft HPS Comment Period (10/25-11/8)

Reminder: What We Heard at Council Worksession #2

Affordable Housing (<80% MFI)- Priority HPS focus

- Important given wealth gaps and desire for complete community (live, work, play) for households at all income levels.

Middle-Income Housing (80-120% MFI) - Priority HPS focus

- Council interest in HPS strategies that emphasize middle-income housing for rental and homeownership.

Market Rate Housing - Narrower HPS focus

- Continue to maintain development-friendly environment.
- Use the code audit process to remove regulatory barriers and expand housing options.

Strategies should prioritize affordable and middle-income housing production.

What We Heard: Technical Advisory Committee #3

Regulatory

- HOAs: Interest in tracking them, reducing City-code encouragement of them, provisions to pre-empt new HOAs for prohibiting additional housing types
- Commercial land: Interest in using it for mixed-use development, housing production (e.g. TV Highway)

Incentives & Investments

- SDCs: Interest in reductions, waivers, deferrals, and scaling – while still working within the context that the City faces tradeoffs and budgetary considerations related to infrastructure and service provision
- Urban Renewal Areas: Interest in more aggressive use of URA tax increment funds and debt for housing
- Various funding sources for AH to explore: Interest in construction excise tax, utilities taxes, taxes on business revenues
- Preservation of naturally occurring affordable housing: Interest learning more about NOAH, and incentivizing preservation of affordability.

Discussion of Housing Production Actions for Draft Report

Today's Focus:
Walk Through All Draft Actions, By Type

Existing City Actions That Will Continue for the HPS Report

Regulatory	Land	Partnerships	Incentives	Investments
• Pro-housing to allow for the market's development and delivery of a variety of housing choices • Density and height bonuses for Affordable Housing per SB 8 • Reduced parking for Affordable Housing • Eased standards for Accessory Dwelling Units • Housing policy of affirmatively furthering fair housing	• Track Affordable Housing and underutilized land • Evaluating City land for Affordable Housing • Acquired land for Block 67	• Participate strategic partnerships around policy advocacy • Foster affordable-partnerships	• Financed SDCs for market-rate projects in Orenco Station Platform District and 4th Main apartments • Provide tax exemptions for non-profit affordable housing	• Provide gap funding for Affordable Housing and Permanent Supportive Housing • Administer CDBG program to include housing activities • Participate in Washington County HOME consortium • Support the Community Housing Fund

Discussion Questions

- Are there **pros and cons** to the selected draft new actions you wish to share?
- Which draft new actions should be the City's **highest priority** to work on first?
- What guidance do you have for the City about **how to best implement** these draft new actions?
- Do you see **anything missing** from these draft new actions you wish to comment on?

Regulations

Draft New Actions for the HPS Report

1. Evaluate potential zoning map updates

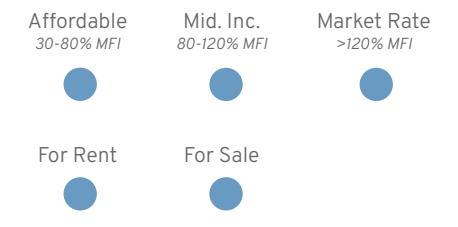
Evaluate updates to the City's zoning map including identifying areas where additional multi-unit housing capacity would be permitted and encouraged, especially in high-opportunity areas that are close to amenities such as connection to light rail, bus lines, schools, employment and commercial centers, and parks.

2. Increase housing in Multi-Dwelling Zones

Increase the maximum density, Floor Area Ratio, and height in Multi-Dwelling Zones and explore density bonuses to further increase affordable, middle-income, and accessible units along with mixed-income projects.

3. Increase housing in Commercial and Mixed-Use Zones

Provide more flexibility for housing in Commercial and Mixed-Use Zones such as not requiring a portion of the ground floor to be commercial uses, allowing for single-use residential buildings with no commercial space, increasing maximum densities, and exploring density bonuses to further increase affordable, middle-income, and accessible units along with mixed-income projects.

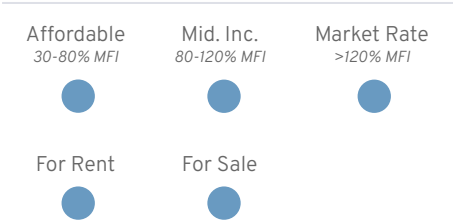


Regulations

Draft New Actions for the HPS Report

4. Middle housing development standards refinement

Explore refinement of development standards to encourage more middle housing such as allowing detached duplexes and more than one ADU on the same lot, attached units in cottage cluster developments, assessing minimum lot sizes, and clarifying the middle housing land division process.



5. Design standards streamlining

Streamline design standards across existing and new neighborhoods to focus on elements of design that are essential to the character of Hillsboro.

6. User-friendly code

Evaluate reorganizing and streamlining the code to make it a more user-friendly document, identifying and resolving any redundancies, conflicts, or inconsistencies that may cause confusion or uncertainty.

Regulations

Draft New Actions for the HPS Report

7. Identify and reduce process barriers

Identify and mitigate process barriers, such as creating greater clarity in the review process while streamlining land use, development review, and permitting processes.

8. Explore adopting pre-approved housing plans

Explore adopting pre-approved housing plans, especially for ADUs and middle housing typologies, allowing for expedited review time.

Discussion Questions

- Are there **pros and cons** to the selected draft new actions you wish to share?
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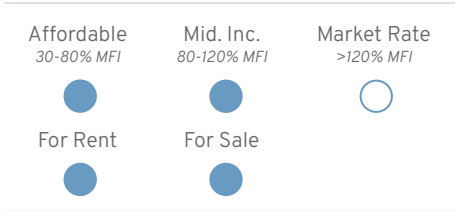
Land

Draft New Actions for the HPS Report

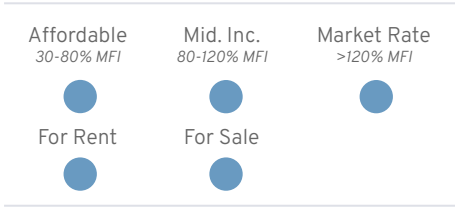
9. Coordinate to identify underutilized land

Coordinate with civic, cultural, & religious organizations to identify underutilized land potentially available for affordable housing and middle-income housing.



10. Pursue residential land UGB expansion(s)

Per the 2023 Housing Capacity Analysis, pursue increased housing development in centers and along corridors, and additional residential lands through Urban Growth Boundary expansion(s) given the homeownership needs.



Partnerships

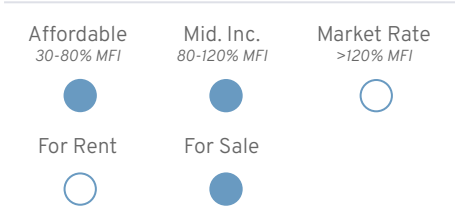
Draft New Actions for the HPS Report

11. Develop new strategic partnerships for federal/state advocacy

Develop new strategic partnerships for coordinated advocacy on state and federal policy changes and funding, such as more funding for infrastructure, affordable and middle-income housing, and changes to construction defect liability law.

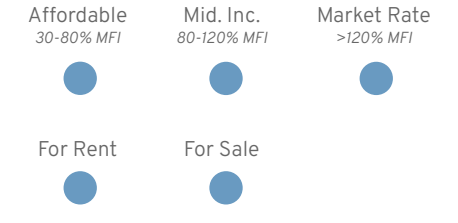
12. Continue and expand affordable homeownership partnerships

Continue partnerships with Proud Ground and Habitat for Humanity, and seek additional partnerships with the development community, to support affordable and middle-income homeownership opportunities.



13. Undertake a Calle Diez Equitable Development Strategy

Complete a Calle Diez Equitable Development Strategy, which includes a housing anti-displacement component, in partnership with the community and non-profits.



Discussion Questions

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- Do you see **anything missing** from these draft new actions you wish to comment on?

Incentives

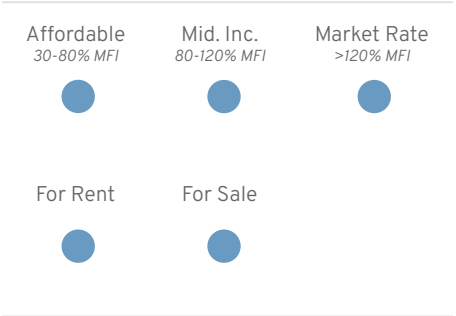
Draft New Actions for the HPS Report

14. Explore fee structure adjustments

Evaluate partial or whole foregone revenue through adjusting fee structures (i.e., plan review fees, permitting fees, user fees, utility fees) to incentivize affordable housing and middle-income housing with affordability covenants.

15. Analyze scaling select SDCs

Evaluate scaling select SDCs based on unit size to align the fee amount with the impact of construction and ongoing system impact. Exploring the scaling of select SDCs will include multi-jurisdictional coordination.

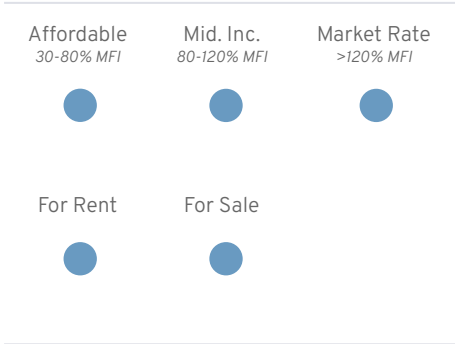


Incentives

Draft New Actions for the HPS Report

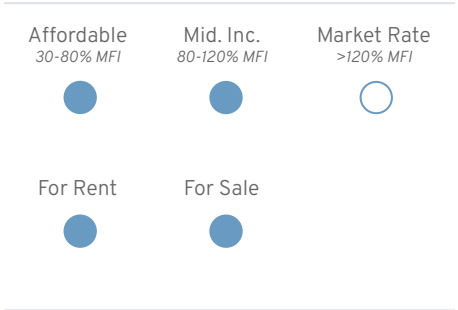
16. Evaluate MUPTE to incentivize needed housing and extension of the Vertical Housing Development Zone program

Evaluate a Multi Unit Property Tax Exemption and extension of the Vertical Housing Development Zone program, specifically considering tax exemptions to offset the creation of affordable, middle-income, and accessible units.



17. Evaluate additional tax abatements

Evaluate tax abatements for new middle-income housing, conversion of naturally-occurring affordable housing to regulated affordable housing, and manufactured home parks – all with affordability covenants



Discussion Questions

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- Do you see **anything missing** from these draft new actions you wish to comment on?

Investments

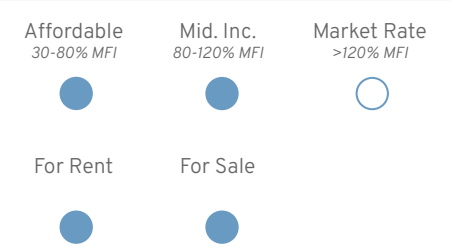
Draft New Actions for the HPS Report

18. Explore strategic infrastructure investments to unlock housing production

Explore ways to maximize housing production via strategic infrastructure investments for key sites that would significantly improve housing development potential.

19. Explore creation of ongoing revenue stream for affordable and middle-income housing

Explore the creation of an ongoing dedicated revenue source for affordable and middle-income housing, such as a voter-approved general obligation bond collected across the City.



Investments

Draft New Actions for the HPS Report

20. Year-round homeless shelter

Build the City's first year-round homeless shelter.

21. Permanent supportive housing

Explore further investment and support for creation of affordable housing units with rental assistance and wrap-around services to serve individuals and families exiting homelessness, also known as Permanent Supportive Housing.

Discussion Questions

- Are there **pros and cons** to the selected draft new actions you wish to share?
- Which draft new actions should be the City's **highest priority** to work on first?
- What guidance do you have for the City about **how to best implement** these draft new actions?
- Do you see **anything missing** from these draft new actions you wish to comment on?

Next Steps

September

- Draft HPS Report for internal city review (End of month)

October

- Planning Commission work session #2 (October 9)
- City Council work session #3 (October 15)
- **Public-Facing Draft HPS Report released (October 25)**

November

- **TAC may provide input on Draft HPS Report (By November 8)**
- Final HPS Report (By November 25)

December

- Adoption HPS Report via Council Resolution (December 3)

Sep 10, 2024 | Hillsboro Housing production Strategy TAC Meeting #3, 6-8:00 PM

Attendees:

Name	Org	Representing
Matt Newman	NW Engineers	Small Home Developer
Anne Thrall Nash	PC	
Mujidat Saaka	PC	
Cadell Chand	Civic Leadership Academy	
Dirk Knudsen	Real Estate, Broker and Builder	
Lydia Slocum		
Marc Farrar		
City Staff		
Becky Coutinho		
Dan Rutzick		
Dan Dias		
Chris Hartye		
Cascadia Partners		
Paul Runge		
Lydia Ness		

MEETING NOTES

1. **Project Status Update: Timeline, Engagement**
    a. Becky gave an overview of what has been heard so far from CC, TAC, and stakeholders
2. **HPS Final Draft Actions & Discussion**
    a. Send Dirk notes/report
        i. What were the financed SDCs at Orenco Station?

ii. Wants to know these legacy landmarks are to know what has occurred in the past and what has occurred previously

b. Regulatory Actions
    i. Allowing 2 ADUs is supported - Dirk is pushing hard for his and supportive of 4-6 actions
    ii. Bend and Eugene have complete permit ready sets and supportive of action 8
    iii. Marginalized populations can provide feedback on user-friendly code and that is truly meeting the goal of user-friendly
    iv. Rezoning has huge potential for impact on the city
    v. Areas with transit and denser areas - how do we come out of these areas with ownership opportunities
        1. Referenced Amberglen or South Hillsboro with density and could even go further
    vi. Priority to see opportunities on connection with regulatory actions and incentive actions
    vii. ADU - rent cap for next X years as example/idea to help make these affordable
    viii. Even in last month working on 2 MH projects (small infill), some of the development standards are driving costs
        1. Ex: wanted 6 lots with TH but the dev standards in this zone with lot depth was prohibitive
        2. Some of these dev standards for middle housing - take a closer look at issues with dev standards
        3. Fairview and Salem - waived SDCs for middle housing
c. Land and partnership actions
    i. Highest priority from Mujidat - Calle Diez Equitable Development Strategy
        1. Ask about connections with marginalized community outreach and how to ensure not siloing this project
        2. Using community org to outreach and try to connect from previous engagement work and bringing it to this action for continuity
    ii. Action 12
        1. Barrier for small developers that can't be larger AH developer but want to keep the units affordable on a smaller scale like 4 unit development
        2. Should consider smaller developers that are interested in developing affordable housing units on a smaller scale
        3. Tigard example - want to develop MH and funding can be tapped for development for small scale developers to help build those units
        4. Consider how to retain long-term residents in areas to ensure they are not priced out
d. Incentives actions

i. Con - measure progress and deal with potential problem with lowering taxes and then raising them in the future
    1. Supportive of MUPTE being structure for projects that would not have otherwise been feasible without MUPTE
ii. Metrics of report and recommendations to show goal or numbers to be attached to each action to have a better feel for success or failure
iii. There's a Housing Needs Analysis that breaks down the count for each type of housing needed for Hillsboro.
    1. Encourage qualitative and quantitative assessment for each action
iv. Action 15
    1. Dirk conducted analysis on SDC scaling
        a. Ask about middle housing and SDC incentives
        b. Article in Hillsboro Herald newspaper on this study he conducted
        c. Says it is very difficult with SDC fees to build housing on smaller scale
    2. High priority action
v. Feedback that more information is needed on these actions

e. Investments actions
    i. Homeless shelters is temporary housing
    ii. PSH shouldn't be isolated and instead integrated into housing development and should be more integrated for all types of housing with services
        1. Assumption of what folks who are experiencing homelessness are like and want to be embedded into all housing
    iii. County has made some good strides on funding for PSH housing and shelters
    iv. Asked about is there capacity to provide these services or is the issue money for these services
        1. City responded that it is both
    v. Funding for workforce development on PSH service providers
f. Discussed connection of housing and economic development and how can there be ways to find connection and support each other

Appendix D: Historically Marginalized Communities Focus Groups Meeting Materials

Hillsboro Housing Production Strategy Focus Group #1

May 14, 2024

Facilitated by PKS International

Hillsboro
OREGON

Welcome & Introduction

Ice breaker:

What are you looking forward to in the summer?

House Keeping:

- Speak from your perspective and life experiences
- Questions are welcome
- Be respectful

Agenda

- Focus Group framing (5 minutes)
- Defining the Problem (5 minutes)
- Hillsboro Housing Needs (5 minutes)
- What is a Housing Production Strategy (HPS)? (5 minutes)
- Break (5 minutes)
- Potential Housing Strategies (10 minutes)
- Questions and Discussion (25 minutes)
- Wrap Up (5 minutes)

Land Acknowledgement

Focus Group Purpose

How will your input be shared?

Housing Production Strategy Project Vision

Defining the Problem

What is a Housing Needs Analysis (HNA)?

What is a Housing Production Strategy (HPS)?

Housing Production Strategy Participant Timeline

Four HPS Focus Groups:

1. May 14th, held in English
2. May 23rd, held in Spanish
3. July 18th, held in English
4. July 25th, held in Spanish

***July focus groups will be a discussion of specific strategies**

City Council Dates:

1. June 18th, Work Session
2. October 1st, Work Session
3. December 3rd, Public hearing for adoption

5 Minute Break

Housing Production Strategies

Questions & Discussion

- **What should City Council consider when deciding which strategies to explore further?**
- **What are some of the pros and cons of these strategies?**

Thank you for attending

- **Please attend focus group meeting #2**
  July 18th at 6:30 at Hidden Creek Community Center, Five Oaks Room

- **Visit the HPS website**

- Contact Becky Coutinho with any questions
  Becky.Coutinho@hillsboro-Oregon.gov
  (971) 258-0208

Hillsboro Housing Production Strategy: Summary Report for FG #1 with BIPOC Community

Name of Facilitator/Liaison: Xiuying **Date of FG:** 5/14/24 **No. of Participants:** 14

Name of Presenter: Becky Coutinho

- **What are the top 3 topics you heard the most from the group?**

1. Transportation system plan and housing for all areas of Hillsboro

Affordable housing must be accompanied by public transportation. Building a community without adequate transportation options is like building a house without a foundation.

2. House/Rent price control

High cost of renting in the city. There is frustration and feeling of unfairness to have to work multiple jobs just to make ends meet. Participants feel left out of opportunities for affordable housing, and some feel they're being priced out of certain neighborhoods.

3. Demand for the affordable is greater than the supply

The needs for affordable housing and the challenges of creating it. Shortage of affordable houses/rental homes, and available for families with different levels of incomes.

- **What are the top 3 concerns the group felt the strongest?**

1. Public transit accessible, parking space, and sidewalk crosswalk safety/accessibility.
2. Housing/ buildings that have accessibility for elders/ disability (ex: elevator).
3. More housing for families with different levels of incomes in different areas of Hillsboro.

- **What should the City Council consider when deciding which strategies to explore further?**

    - Mix use of the land, urbanize, and a suburban community (school, market, housing, restaurants…).
    - Have affordable housing that must be accompanied by public transportation.
    - Change zone laws to create more opportunities for different types of housing.
    - The city council and transportation agency should work together to develop a strategy that prioritizes public transportation and affordable housing.

- **What are some of the pros and cons of these strategies?**

Here is a summary of the pros and cons of each strategy:

Regulations or Laws

- Pros: Increases affordable housing options, promotes inclusive zoning, and provides a framework for developers.
- Cons: Can be restrictive, limit creativity, and lead to unintended consequences.

Partnerships

- Pros: Connects resources and expertise, promotes collaboration, and leverages funding
- Cons: Requires coordination and communication, can be difficult to establish and maintain, and may lead to conflicts.

Investments

- Pros: Provides direct funding, stimulates economic growth, and provides a clear approach to addressing housing needs.
- Cons: Requires significant funding, can be vulnerable to changes in funding priorities, and may lead to unintended consequences.

Incentives

- Pros: Provides financial incentives, attracts developers, and provides a flexible approach to addressing housing needs.
- Cons: May not be effective in all cases, can be difficult to design and implement, and may lead to unintended consequences.

Land

- Pros: Provides a direct way to address housing needs, stimulates economic growth, and provides a clear approach to addressing housing needs.
- Cons: Requires significant funding, can be vulnerable to changes in market conditions, and may lead to unintended consequences.

Overall, each strategy has its own set of benefits and drawbacks. The most effective approach will likely depend on the specific context and circumstances of the community.

Please write down all the questions that participants asked, and responses that City staff provided.

Question: The question is about allocating money to help families who are close to being able to afford nicer housing.
Answer: The city has a housing production strategy that focuses on building more affordable housing and preserving existing housing, but there is no specific program to help families bridge the gap between their current rent and the cost of nicer housing.

Question: What is being done to improve pedestrian safety in cities, especially in areas with no sidewalks or crosswalks?

Answer: The city has a Transportation System Plan that prioritizes creating safer pedestrian infrastructure, such as sidewalks, bike lanes, and safer roadways. A separate Transportation Safety Action Plan is also being developed, focusing on safety, and identifying specific locations that need improvement.

Question: How can we ensure affordable housing and public transportation are integrated and effective in Hillsboro, Oregon?

Answer: It was mentioned that the city has limited control over the transportation agency, TriMet, and that they have been working with TriMet to try to improve public transportation options in the area. They also mentioned that they have been focusing on developing bike lanes and pedestrian connections in the area, but more needs to be done to address the issue of lack of sidewalks and safety concerns.

Question: What is the city's approach to mixed-use development and how it can address transportation emissions and parking issues in urban areas?

Answer: The city is trying to promote mixed-use development through various projects, such as Block 67, which will feature a grocery store and housing units. The city also recognizes the importance of vertical and horizontal mixed-use development, which allows for a variety of shopping options and services within walking distance.

It was mentioned that there are challenges to implementing mixed-use development, such as the lack of appetite for small businesses to occupy commercial spaces, and the need for zoning code changes to allow for small corner stores and shops.

Additionally, it was noted that the city's transportation emissions are a major concern, and that they are trying to encourage more sustainable transportation options, such as public transportation and walkability by creating more mixed-use development opportunities.

Question: How can we address the high cost of rent in our area and provide more affordable housing options for low-income families?

Answer: One potential solution is to incentivize the private housing market to create smaller, more affordable homes for homeownership through rent-to-own units. This could help make homeownership more accessible to low-income families who are currently struggling to afford rent. Additionally, the city could work to create more affordable housing options and provide subsidies to help families afford housing.

Grupo de Consulta Nº 1 sobre la Estrategia de Producción de Vivienda de Hillsboro

23 de mayo de 2024

Con el apoyo de
PKS International

Hillsboro
OREGON

Bienvenida e Introducción

Rompehielos:

¿Qué esperan para este verano?

Asuntos prácticos:

- **Hablen desde su punto de vista y experiencia personal.**
- **¡Las preguntas son bienvenidas!**
- **Sean respetosos.**

Agenda

- Marco de la reunión(5 minutos)
- Definición del problema (5 minutos)
- Necesidades de vivienda de Hillsboro (5 minutos)
- ¿Qué es una Estrategia de Producción de Vivienda? (5 minutos)
- Descanso (5 minutos)
- Posibles estrategias de vivienda (10 minutos)
- Preguntas y Diálogo (25 minutos)
- Conclusiones (5 minutos)

Reconocimiento de la tierra

Propósito del grupo

¿Cómo se ocuparán sus comentarios?

Visión del proyecto de elaboración de la Estrategia de Producción de Vivienda

Definición del problema

¿Qué es el Análisis de las Necesidades de Vivienda?

¿Qué es una Estrategia de Producción de Vivienda?

Calendario de Participación

Cuatro reuniones de Grupos de Consulta:

1. El 14 de mayo en inglés
2. El 23 de mayo en español
3. El 18 de julio en inglés
4. El 25 de julio en español

***En las reuniones de julio se discutirán estrategias específicas**

Reuniones del Consejo Municipal:

1. El 18 de junio: Sesión de trabajo
2. El 1º de octubre: Sesión de trabajo
3. El 3 de diciembre: Audiencia pública y posible aprobación

Descanso de 5 minutos

Estrategias de Producción de Vivienda

Preguntas y Diálogo

- **¿Qué debería tomar en cuenta el Consejo Municipal a la hora de decidir cuáles estrategias se seguirán explorando?**
- **¿Qué son los pros and contras de estas estrategias?**

Muchas gracias por asistir

- **No se olviden de asistir a la reunión número 2 del grupo de consulta**
  el 18 de julio a las 6:30 en el Centro Comunitario Hidden Creek, en el salón Five Oaks

- **Visite el sitio web de la Estrategia de Producción de Vivienda**

- Si tiene alguna pregunta, favor de comunicarse con Becky Coutinho
  Becky.Coutinho@hillsboro-Oregon.gov
  (971) 258-0208

Hillsboro Housing Production Strategy: Summary Report for FG #1 with Latinx Community

Name of Facilitator/Liaison: **Paul Riek** Date of FG: **5/23/24** No. of Participants: **20**

Name of Presenter: **Paul Riek / Nick Baker**

- What are the top 3 topics you heard the most from the group?
  1. **Affordability**
  2. **Young adults**
  3. (tie) **Lack of SSN, large families, contractors**

- What are the top 3 concerns the group felt the strongest?
  1. Lack of affordable options for **young adults**
  2. **Affordability**
  3. Lack of **SSN**

- What should the City Council consider when deciding which strategies to explore further?
  - **Affordability**
  - Specific groups: **young adults, large families**, people without **Social Security numbers**
  - Benefits for **local residents** first
  - Selection of **local contractors**
  - Frequent **public transit** service where housing is planned
  - **Parking**
  - **Land**
  - **Coordination** between City departments and other government agencies

- What are some of the pros and cons of these strategies?
  - Participants didn't identify pros and cons; rather, they pointed out the risk that none of the strategies may yield the results hoped for:
    - After the City offers incentives to build housing, a big company may build or purchase those units, and then raise the rents as soon as they can.
    - Also, most new housing that is built may be occupied by people moving into the area to take high-paying jobs, driving up rents and leaving local residents with few options (as happened in 2015).
    - Any new housing constructed and sold may not be available to people without Social Security numbers.

- Participants also pointed out the risk that Latinx contractors may be left behind in the building boom.
- Participants also pointed out environmental risks: As more land is secured, and more housing is built, the environment may suffer, as trees may be cut down and animal habitats may shrink.

Please write down all the questions that participants asked, and responses that City staff provided. I believe most of the questions have been answered. If there are any questions that were not answered, please write them down as well.

- (17:50) The budget for this is only for Hillsboro or for all of Washington County?
  - **R**esponse from client: Hillsboro (along with other cities in Oregon) is receiving money from the county, the state, and some federal money too. (The Liaison requested and received clarification that these funds are for studies, not for construction.)
- (Follow-up) How much of this money is specifically for Hillsboro? In which areas is housing being prioritized?
  - **R**: Neither of those has been decided yet. The opinions gathered tonight will be used to determine that.
- (23:30) What has been done since the Housing Needs Analysis was completed last year?
  - **R**: This! (these meetings) We are beginning the process to develop an action plan, which we will implement next year.
- (24:30) Are you considering the production of <u>sustainable</u> housing? (Climate change is increasing; many houses are being built, many trees are being cut down, many of the new houses don't have a yard where a garden could be planted, water is becoming scarcer…)
  - **R**: The City has many priorities, including sustainability and housing, so it's a matter of making sure that both are being addressed but also prioritizing shelter.
- (25:55) What options are being considered to make sure that people have access to affordable housing? What is the process?
  - **R**: This is a difficult challenge. We need housing for all incomes, and we need to acknowledge that to make something cheaper means that it will be less "nice". Hillsboro is unique in that we realize that people need good jobs in order to afford good housing.
- (Follow-up) There are people who can pay, people with low incomes who receive support from the government, and people like us who are stuck in the middle who find it very difficult to obtain housing. I urge you to consider that.

    - **R**: Absolutely – that is something that we are addressing, that at the lower end there are government programs that you have to qualify for with your income.
- (Follow-up) So Hillsboro is a unique city because it prioritizes people getting good jobs so that they can afford good housing. Is that what you said? (R: Yes) So those people who don't have a high income aren't a priority for the City?
    - **R**: We care about everyone who lives in Hillsboro and want them to have a high quality of life. We want to address the needs of the whole spectrum of income levels. Other cities are focusing on housing; what makes Hillsboro different is that it is not focusing on housing in isolation but connected to jobs.
- (Follow-up) Will private sector employers be involved in this plan? (R: Yes) How will they be involved? What will be their contribution?
    - **R**: **We will discuss that later in the presentation. (not discussed)**
- (Follow-up) In 2015 there was also a housing crisis. Employers brought in people from outside the area to fill their job vacancies, and those new well-paid employees were willing to pay more for housing, which drove up the cost of housing for local residents. I just want to request that within the planning process there be a priority placed on affordable housing for local residents.
- (36:15) Please consider that in Hillsboro, as in other cities, there are many of us who can afford to buy a house but who don't have a social security number. This is important, because we can't take out a loan to buy a house; the interest rates are prohibitive.
- (Follow-up by another participant) So the suggestion is to set up a revolving loan fund for people in that situation? (Previous person: Yes.)
- (40:33) On the slide we see six different housing types, but where are they? When I drive around the city I see only 2-story houses, no 1-story houses. What if you're disabled? There really aren't any options.
    - **R**: We want to promote the construction of all kinds of housing, including housing that is accessible to seniors and people in wheelchairs. There should be housing for large and small families. There should be expensive and affordable housing. We want it all.
- (46:30) How long ago was it? (the purchase of Block 67)
    - **R**: 3-5 years ago
- (Follow-up) When will it (the housing on Block 67) be built?
    - **R**: The developer we were working with quit the project; we are looking for another developer.
- *(What should City Council consider when deciding which strategies to explore further?)*
    - (48:10) There should be frequent public transit service where housing is being built.

- (48:36) Housing should be built for young adults who are in college and are working part time, so they don't have enough income to pay prevailing rental rates. (They are already paying tuition, transportation, and food.) When our kids reach legal age, they move out.
- (Follow-up by another participant) I am in that situation; I am in college and working part time, and I can't afford to rent my own place, so I live with my parents.
- (49:49) Consider large families; I have seen 3-bedroom apartments, but they are too small for large families, so their children have to share bedrooms, and this is especially difficult for teenagers, kids in high school who can't leave home yet. Personally, I had to share a room with my two sisters, and it was difficult having to do my homework at the table *(started to cry)*. Fortunately, we were about to move into a house, so now I have my own space.
- (Follow-up by another participant) My story is very similar.
- (51:30) I know of cases of 4 families who are sharing a 2- or 3-bedroom apartment. Are you considering this? (R: Yes)
- (52:00) There isn't enough parking. The streets are full of cars that should be parked on the housing properties, but there aren't enough parking spaces in the apartment complexes, for example. The streets in my neighborhood are full of cars that belong to people living in other neighborhoods.
- (52:30) Here in Hillsboro we have a high percentage of Latinx folks, and many have a tax ID number (ITIN) but do not have a Social Security number. What will the City do to help people improve their finances in order to be able to buy their own home? (financial education, build credit histories, etc.)
- (Follow-up by another participant) That's important. My mother is a single mother. She always wanted to buy her own home. My brother can buy a house because he has a business and a Social Security number. How are you going to help single mothers buy a home? How are you going to help young families buy their own home? And on the subject of young adults [moving out of the house], I graduated from college, and I have a good job, and even with that, it is difficult for me to live independently. I would have to take in a renter, have a stranger living in my home to help me pay for it.
- (Follow-up by another participant) Yes, many young adults don't have the advantages that she does, so they don't have options. They want to go out and conquer the world, but it's not possible. So when thinking about housing, you need to think about housing for young working adults.
- (Follow-up by another participant) Sometimes young adults have to rent an apartment in areas that are not very safe – lots of violence, drugs, etc.

- (55:56) Transportation: My husband, my daughter and I live in a place with a high rent, and only my husband works. If we have a medical appointment or an emergency, we have to take the bus, which comes through only twice a day – 7am and 4pm.
- (57:00) The space needs of each family are not being considered. A 6-member family is living in a house or apartment with 3 bedrooms, and the bedrooms are so small that it's impossible.
- (57:35) It's not just that the rents have increased a lot; now they are also requiring a bigger deposit. So if you add up first and last month's rent and the deposit, people who want to rent can't afford to; there's a huge barrier. This situation is pushing folks with lower incomes to the outskirts of town, far from the Max, services, etc. Only the wealthy can pay those high costs.
- (59:02) Please consider criteria for which contractors would build all of this housing: they should live in Hillsboro; they should be licensed; and a percentage should be Latinx.
- (Follow-up by another participant) Those same criteria were discussed a while ago regarding Block 67. Could the City make the process of choosing contractors more public? Because many in the Latinx community work in construction. They are experts; they can build whatever you ask them to. But when are they given the opportunity? Stop choosing huge outside companies for these projects.
- (Follow-up by another participant) There was a project where the City put the proposals from 4 companies on the table, including Latinx companies, and a group of us analyzed them and voted for our choice, but unfortunately, 3 of the 4 companies didn't meet the criteria, and the 4th was owned by a white person, and they ended up with the contract. So Latinx companies <u>are</u> being considered for contracts, but....
- (Follow-up by another participant) So training and advising needs to be offered to Latinx companies so that they <u>can</u> meet the criteria and qualify for contracts.
- (1:01:39) Land: You have to consider which parcels to purchase, because you may need to change the zoning. People complain that wild animals (wolves, etc.) are coming into their yards, but that's because we are invading their habitat. You have to consider the environment.
- (Follow-up by another participant): Yes, and if you use former agricultural land, you have to check for toxic chemicals that may have been used there many years ago. There is a high rate of cancer caused by pesticides. You would have to clean up that land to ensure that it would be healthy to live there.

- (1:03:00) Plants: In the apartment where I live, you are allowed to have a potted plant but with a 2-gallon pot maximum. And you get a small balcony, but you're not allowed to put a plant on the balcony. But plants give us life! oxygen!
- (1:04:12) I see that there are many innovative things that can be done, but first, they should complete the projects that they have already started before starting other projects. It seems that they have projects going on here and there, but they haven't finished any of them, and they want to start another one.
    - **R**: There are many City departments, government agencies, and even nonprofit organizations that are carrying out projects in Hillsboro at the same time. It's often hard to know who is doing what, and often they don't coordinate with each other.
- (1:06:01) Which City department are you from, and what is its mission?
    - **R**: We are from the Economic and Community Development Department, and we work in the Planning Division of that department. So we don't do any permitting; rather, we develop plans and strategies, and it is our job to make sure that what is discussed here is shared with the other departments, and is implemented.
- (Follow-up by another participant): Where are you located?
    - **R**: In the Civic Center, 1st and Main.
- (1:08:20) So all the ideas and concerns expressed here will be combined with the information from the other focus groups to help them make decisions? (R: Yes, and then we will meet again in July to hear the concrete proposals.)
- (1:09:50) Can you consider how to limit who has access to the housing that is built, or how to control the price of housing, whether it be rents or property values? What are you doing to control the high prices? Because rich people could swoop in and grab these new housing units, and then they could turn around and raise the prices, and there might not be any units left for local people.
    - **R**: The idea is to produce more housing than wealthy people need, so that there will still be lots of housing available at lower prices. It's called "trickle-down housing". The City does not control prices. The State of Oregon doesn't allow cities to create their own laws to control prices.
- (Follow-up by another participant) That's a problem! The state or city government will offer credits to build housing, and the government has to recover that investment. So a big company will come in and grab those units and charge whatever they want for them. That's the question: Can you regulate that? Because if Oregon prohibits price regulation, we're going to end up right where we started. Those companies will buy those properties and then raise the rents.

        - **R**: Affordable housing is regulated. To qualify to live there, you have to make less than the average area income.
    - (Follow-up) But there aren't enough affordable housing units right now. So the challenge is to build more affordable housing units.
        - **R**: Yes. The state and Metro governments are giving out money to build more affordable housing units. The City of Hillsboro could give out incentives to build more housing in the middle -- not "affordable housing" but lower cost market rate housing.
    - (1:15:17) The problem with that is that young adults will be left out. Many of us are thinking twice about getting married. We can't qualify for "affordable" housing. We won't find housing we can afford that fits one person or a couple.
        - **R**: We will have to negotiate with developers to make sure that there is housing not only for families of 6 or 8 members but for very small families or singles. Again, no one law or solution will fix this problem; we will have to do many things.

Hillsboro Housing Production Strategy Focus Group #2

July 18, 2024

Facilitated by PKS International

Welcome Back & Ice Breaker:

- Share your name
- What is your favorite thing about your neighborhood?

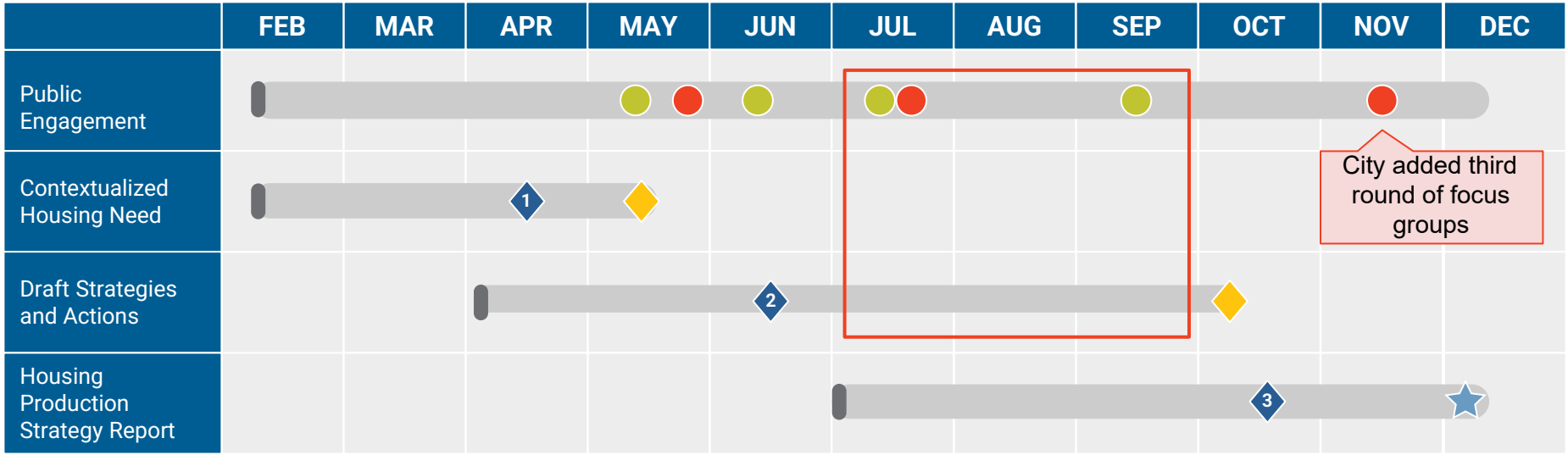
House Keeping:

- Speak from your perspective and life experiences
- Questions are welcome
- Be respectful

Agenda

- Project Timeline (2 minutes)
- Summary of focus group 1 input (3 minutes)
- Review of what the City is currently doing (15 minutes)
- Break (5 minutes)
- City Council Themes (10 minutes)
- Questions and Discussion (30 minutes)
- Wrap Up (5 minutes)

Where we're going: Strategy analysis and finalization



ENGAGEMENT & WORKSESSIONS

- Technical Advisory Committee Meetings
- Historically Marginalized Communities Focus Groups
- City Council Worksessions
- Planning Commission Worksessions
- City Council Adoption Hearing

What We Heard: Focus Group Session #1

- Importance of having homes near public transportation
- High cost of rental housing in Hillsboro
- Frustration at having to work two jobs to make ends meet
- Feeling priced out of certain neighborhoods
- Demand for affordable housing is greater than the supply
- The need for a range of housing options at a range of prices
- Preference for mixed-use development

Five types of housing production strategies

Types of housing production strategies: Toolbox and the tools inside

Regulations

Key context and strategies already in place

- Implemented state-mandated Accessory Dwelling Units, middle-housing allowances and affordable housing density bonuses

- Offer free pre-application meetings and technical assistance

Land

Key context and strategies already in place

- Acquired land for Block 67
- Partnered with Metro for acquisition of 2-acre site on Walker Rd for affordable housing (Dolores)
- Donated two city-owned properties totaling roughly 10 acres for the development of affordable housing

The Dolores affordable housing development, built on underdeveloped Metro-owned parcels

** Block 67 will also serve market-rate need, but is the only project on this page to do so.*

Partnerships

Key context and strategies already in place

- Key City affordable housing development partnerships include Metro, Washington County, Bienestar, Hacienda CDC, Proud Ground, Habitat for Humanity, and others.

PROUD GROUND

Affordable - Sold

1836 SE Quail Circle Hillsboro, Oregon 97123

Price: $174,100 | **MLS#**: 23659869

Beds: 2 | Baths: 1.5 | Floors: 2 | Est. Sq Ft: 1,152

Incentives

Key context and strategies already in place

- Property tax exemptions for nonprofit low-income rental housing

4th Main and Orenco Station's Podium Project were built in Hillsboro's Vertical Housing Zone

Investments

Key context and strategies already in place

- Gap financing provided to affordable housing projects (e.g. Nueva Esperanza, Century Commons)
- Ongoing funding to Community Housing Fund (CHF) for affordable housing predevelopment loans
- Community Development Block Grant to support affordable home- ownership, housing rehabilitation, & public facility improvements

5 Minute Break

What We Heard: City Council Themes

- Prioritize City incentives and investments to support development of affordable and workforce housing with a balance of renter and homeownership strategies.
- Explore creative ways to pursue needed housing recognizing the need to carefully consider long-term costs and benefits
- Need to balance quality of life and more housing
- Want to make sure Hillsboro is a complete community, where people of all ages, abilities, & income levels can live
- Encourage a variety of housing types such as accessory dwelling units, duplexes, smaller detached units, and units with more bedrooms for multigenerational living

Questions & Discussion

More housing production means more density (and more apartments).

What do people think about increased density (and more apartments) in neighborhoods?

Questions & Discussion

What are the potential upsides and downsides of focusing affordable and workforce housing in new city areas?

For example, in the South Hillsboro neighborhood there may be new parks and schools but doesn't have access to transit.

Questions & Discussion

Do you know people whose rents are going up and causing them to seek housing outside of Hillsboro?

Questions & Discussion

Are you or people you know able to find accessible/ADA housing?

Questions & Discussion

Are there other programs or housing ideas the City should look into?

Thank you for attending

- **Please attend focus group meeting #3**
  November 7th, 6:30-8pm
  Five Oaks Classroom
  Hidden Creek Community Center
  Stipend will be provided

- **Visit the HPS website**

- Contact Becky Coutinho with any questions
  Becky.Coutinho@hillsboro-Oregon.gov
  (971) 258-0208

Hillsboro HPS – Focus Group Summary Report

Community: BIPOC
Name of Liaison/Facilitator: Xiuying Wongsomadi
Date of FG: 7/18/2024
No. of Participants: 11

1. What do people think about increased density (and more apartments) in neighborhoods?
One participant favors medium-sized cities, citing benefits of increased density, such as more opportunities to meet people, increased tax revenue, and better infrastructure. They stress the importance of transportation, stating it's crucial for everyone, regardless of car ownership. The participants also discussed the need for affordable and workforce housing in new areas, particularly in Southwest Portland, which lacks public transportation. The participants highlighted the importance of mixed-use development, which they believe would reduce pollution and increase public transportation use. Finally, one participant shared their personal experience of living in an area with limited public transportation options and how it affects daily life.

2. What are the potential upsides and downsides of focusing affordable and workforce housing in new city areas?

- **For example, in the South Hillsboro neighborhood there may be new parks and schools but doesn't have access to transit.**

The city council discussed the importance of providing housing options for people of all income levels, including those who are working but struggling to afford housing. They defined workforce housing as homes for those making 80-100% of the area median income ($100,000 in Hillsboro). They discussed incentivizing developers to build workforce housing by offering loans or benefits. In response, the discussion between participants also touched on the need for transportation options and quality of life, with one suggesting that innovative solutions like community land trusts or transit-oriented developments could be effective. In addition, participants discussed the use of mix-use housing. One participant mentioned that due to the COVID-19 pandemic, many business owners seem to be afraid or stray away from supporting mixed-using housing, but believe that this type of housing would be beneficial for the Hillsboro economy. Participants also noted that with the growth in population of those wanting to find housing, there should also be a balance of the amount of accessible green space and affordable housing.

3. Do you know people whose rents are going up and causing them to seek housing outside of Hillsboro?

The conversation revolved around the high cost of living in Hillsboro, Oregon, particularly when it comes to rent. One participant mentioned a friend in Arizona who is willing to match the rent in Hillsboro ($1,800 for a 4-bedroom house with amenities). Another speaker shared their own experience of moving to Hillsboro and finding rent prices increasing significantly. They attribute this to high-paying jobs at Intel and the lack of universities/colleges in Hillsboro.

**Key points from the discussion: **

- Influx of people moving to the Portland metro area during the COVID-19 pandemic due to relative affordability compared to other West Coast cities
- Rent prices increasing due to high-paying jobs at Intel
- No major universities/colleges in Hillsboro, keeping rent prices affordable for students
- People seeking housing outside of Portland due to unaffordable prices

4. Are you or people you know able to find accessible/ADA housing?

One participant shared their experience with finding accessible/ADA housing, highlighting that some developers and property managers make accommodations such as ramps, wide doors, and lowered counters. They recall seeing a renovated unit with ADA-compliant features like a roll-in shower. A different participant noted that older buildings may not have these features, but newer developments are more likely to include them. It's possible to request modifications from management companies, but some older buildings may not have the resources or funds to make changes. They concluded that it's still a mixed bag and researching and asking about accessibility features is crucial when looking for a place to live.

5. Are there other programs or housing ideas the City should look into?

One participant suggested that the City consider a shuttle service similar to what some cities have implemented, such as a free shuttle between neighborhoods or shopping centers. They also mention that some companies, like Intel, already offer shuttles to specific locations, but this wouldn't be accessible to the entire community.

6. Please include other comments, statements or questions that are not stated above.

One participant thinks about the lack of public transportation in Hillsboro, Oregon, and its impact on residents' quality of life. They suggest implementing a shuttle or bus system that connects to MAX lines, like other cities. Another participant brought up that they believe that a lack of public transportation makes Hillsboro exclusive to those with cars, making it difficult and expensive for others to get around. They also mentioned potential benefits of improved public

transportation, such as reducing pollution and promoting alternative modes of transportation like biking.

It was mentioned that one of the difficulties people face when living in small apartments, particularly those with larger families, is that finding enough parking space is a challenge. Apartments have limited space, and requiring additional spots often costs more.

Hillsboro
Community Development

Housing Production Strategy
Focus Group #2
Background Report

Project Overview:
Hillsboro is a diverse and growing community with residents of all ages, backgrounds, incomes, and abilities with various housing needs. The City Council has asked for a holistic analysis to support housing production in Hillsboro to meet these needs. City staff is currently leading the Housing Production Strategy project in response to the Council's direction and the state's requirements.

The Housing Production Strategy (HPS) is a guiding planning document containing specific and meaningful plans, tools, actions, and policies to address housing needs identified in the Hillsboro Housing Needs Analysis 2023 (HNA). An HPS document is required to be completed by cities with a population over 10,000 as required by Oregon House Bill 2003. The HPS document must be updated every 6-8 years following future HNA updates. The City will be required to submit a mid-point report 3-4 years after HPS adoption to the DLCD.

The HPS project vision is to strategize increased housing production of a variety of housing types, choices, and differing levels of affordability to ensure the housing supply meets the current and future needs of Hillsboro. The City has contracted with Cascadia Partners, a full-service urban planning, real estate, environmental sustainability, and public engagement consulting firm that has assisted several other jurisdictions with completing their HPS. The project team consisting of consultants and City staff began the project in February 2024 and has a target adoption date of December 2024.

City Council Direction:
The project team presented at two City Council work sessions on April 16th and June 18th. At these work sessions, Council members received project background and updates and provided input on how the City should prioritize limited resources to address identified housing needs based on a focus of select potential strategies.

Examples of input received from City Council include the following:

- Balance owner and renter strategies; support homeownership; don't miss one side of the need.
- Understand Homeowner Associations, including where they are and how they're affecting affordability.
- Explore creative ways to pursue needed housing (e.g., financial tools, regulatory changes), recognizing the need to carefully consider long-term costs and benefits.
- Consider strategic infrastructure investments to "unlock" new housing development.

- State-level advocacy, particularly around construction defect liability in condos and others.
- Need to balance quality of life and more housing.
- Want to make sure Hillsboro is a complete community, where people of all ages, abilities, and income levels can live.
- Continue to provide homeownership opportunities.
- Prioritize City incentives and investments to support development of affordable and workforce housing.
- Encourage a variety of housing types such as accessory dwelling units, duplexes, smaller detached units, and units with more bedrooms for multigenerational living.

Additional Outreach:
Planning Division staff presented at the May 8 Planning Commission work session and gave an overview of the project timeline, housing needs, and strategy themes. Planning Commission discussion advised staff to look to periods in Hillsboro's development history when the City was seeing greater diversity in housing product type and to consider the cyclical nature of housing needs.

The HPS Technical Advisory Committee (TAC) met on May 15 and June 11. At the May meeting, members were given a high-level overview of the HPS project. Discussion centered on preliminary ways the City can remove barriers to housing production and how the City could incentivize production. At the June meeting, members discussed potential regulatory, land, and partnership strategies, particularly highlighting the need to explore reducing barriers within the Community Development Code and land use and development permitting process and review. The TAC will meet again on July 17.

To meaningfully engage and center the voices of communities of color, immigrants, and refugees, Planning Division staff has held two focus groups with historically marginalized communities, one in English, one in Spanish.

Participants at these focus groups shared their thoughts and opinions about:
- Importance of having homes near public transportation.
- High cost of rental housing in Hillsboro.
- Frustration at having to work two jobs to make ends meet.
- Feeling priced out of certain neighborhoods.
- Demand for affordable housing is greater than the supply.
- The need for a range of housing options at a range of prices.
- Preference for mixed-use development.

Potential Strategies:
The City's existing housing policy and incentives largely focus on the need for regulated affordable housing. Below is a summary of City efforts in each of the five identified strategy categories (Regulatory, Land, Partnerships, Incentives, and Investments), followed by the draft short list of potential strategies. The final HPS document will include additional strategies.

Regulatory Strategies

Existing Housing Actions

- Reduced parking requirements for affordable housing.
- Applied Senate Bill 8 density bonus for affordable housing.
- Implemented state-mandated ADU and middle housing allowances.
- Offer free pre-application meetings and technical assistance.

Potential Strategies

- Strategy 1: Evaluate updates to the City's zoning map to add housing capacity.
- Strategy 2: Conduct a Housing Code Audit to evaluate barriers to housing production and propose recommendations.
- Strategy 3: Explore process barriers associated with land use and development permitting process review.

Land Strategies

Existing Housing Actions

- Inventoried and evaluated all City-owned properties for potential use for affordable housing.
- Undertook a variety of land-acquisition actions:
    - Acquired land for Block 67.
    - Partnered with Metro on acquisition of two-acre site on Walker Road for affordable housing (Dolores project).
    - Hired real estate broker to facilitate land acquisition searches, including exploring off-market opportunities.
- Explored and executed land donations:
    - Donated two city-owned properties totaling roughly 10 acres for the development of affordable housing (Nueva Esperanza and Century Commons projects).
    - Exploring partnership opportunities with local government/public partners on the use of two additional sites for affordable housing.

Potential Strategies

- Strategy 4: Track underutilized or foreclosed private properties with significant housing production potential.
- Strategy 5: Continue to evaluate and consider utilization of City-owned remnant land for affordable housing.
- Strategy 6: Coordinate with civic, cultural, and religious organizations to identify surplus land potentially available for affordable and workforce housing production.

- Strategy 7: Request a residential lands Urban Growth Boundary expansion during Metro's mid-cycle process in 2027.

Partnerships

Existing Housing Actions

- Key City affordable housing development partnerships include Metro, Washington County, Bienestar, Hacienda CDC, Proud Ground, Habitat for Humanity, and others.
- City's Community Development Block Grant (CDBG) and Community Services Grant Program funds support nonprofits that provide housing-related services.

Potential Strategies

- Strategy 8: Convene a working group of staff, developers, employers, and other housing professionals to meet regularly to track and advise on HPS implementation.
- Strategy 9: Continue partnership in coordinated, multi-jurisdictional advocacy for state and federal policy changes and funding.

Incentives

Existing Housing Actions

- Property tax exemptions for targeted housing developments (Nonprofit Low-Income Rental Housing, Vertical Housing Tax Credit).
- Deferred System Development Charge (SDC) fees until certificate of occupancy for affordable housing (Century Commons).
- Financed SDCs for market-rate projects in Orenco Station.

Potential Strategies

- Strategy 10: Explore partial or whole foregone revenue through adjusting fee structures (i.e., plan review, permitting fees, user fees, SDCs, utility fees) to incentivize:
    - Affordable housing
    - Workforce housing
    - Market-rate housing
- Strategy 11: Explore new tax abatements and other incentives for:
    - Production of accessible housing for seniors and individuals with disabilities.
    - Preservation of select "naturally occurring" affordable housing apartments.

Investments

Existing Housing Actions

- Actions supporting affordable housing production at many stages:
    - Gap financing provided to affordable housing projects (Nueva Esperanza, Century Commons).
    - Ongoing funding to the Community Housing Fund for affordable housing predevelopment loans.
    - Dedicating general funds by allocating staff and consultant resources to supporting affordable housing.

    - Allocation of affordable housing fund budget to cover plan review and permitting fees.
- Gap funds implementing jurisdiction for:
    - Metro Housing Bond
    - Community Development Block Grant supporting affordable homeownership, housing rehabilitation, and public facility improvements.
- Nonprofit low-income rental housing property tax exemption.

Potential Strategies

- Strategy 12: Continue to explore ways to maximize housing production via strategic infrastructure investments.
- Strategy 13: Continue to explore partnership opportunities in pursuing federal and state funds for infrastructure investments.
- Strategy 14: Continue providing direct investment via gap funding into affordable housing projects and consider expanding investments for workforce housing.
- Strategy 15: Explore creation of an ongoing dedicated revenue source for affordable and workforce housing.

Next Steps:

A proposed revised list of housing production strategies will be shared at the October 15 Council work session, along with results of research and analysis on potential outcomes of each strategy to inform finalization. Staff will present to Planning Commission on October 8. The TAC will meet another two times and the historically marginalized communities focus groups will meet again in November. The Council public hearing for consideration of a Resolution to adopt the final Housing Production Strategy Report is scheduled for December 3, 2024.

Grupo de Consulta Nº 2 sobre la Estrategia de Producción de Vivienda de Hillsboro

25 de julio de 2024

Con el apoyo de PKS International

Bienvenidos de regreso y rompehielos:

- Diga su nombre.
- ¿Qué es lo que más le gusta de su vecindario?

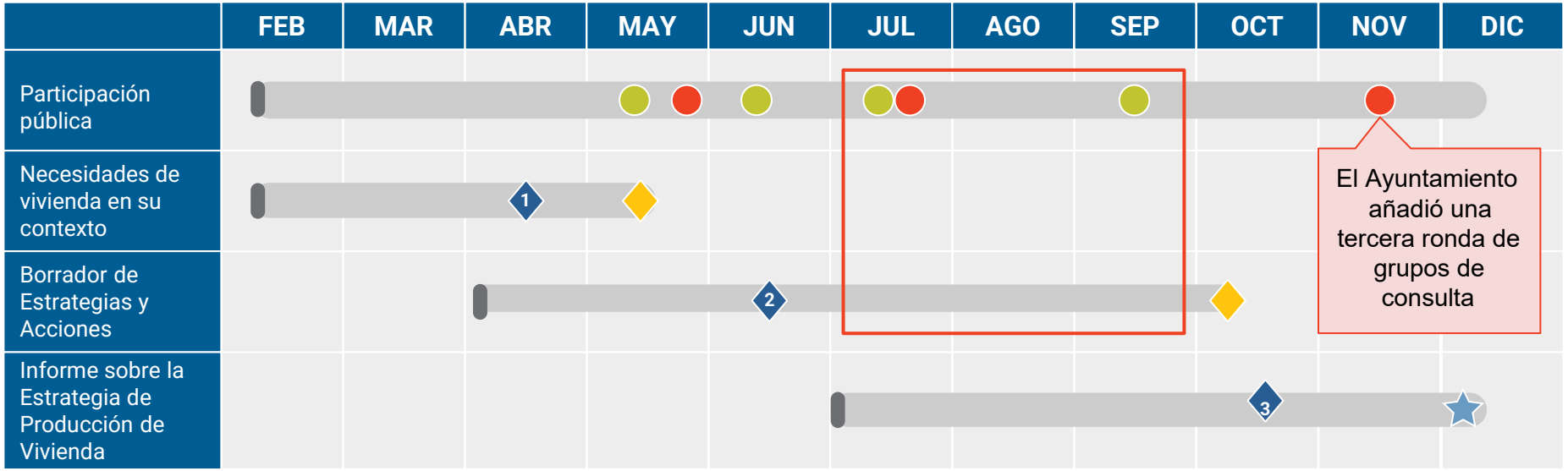
Asuntos prácticos:

- Hablen desde su punto de vista y experiencia personal.
- Las preguntas son bienvenidas.
- Sean respetuosos.

Agenda

- Calendario del Proyecto (2 minutos)
- Comentarios de la Reunión Nº 1 del grupo de consulta (3 minutos)
- Lo que el Ayuntamiento está haciendo (15 minutos)
- Descanso (5 minutos)
- Comentarios del Consejo Municipal (10 minutos)
- Preguntas y Diálogo (30 minutos)
- Conclusiones (5 minutes)

Hacia dónde vamos: análisis y perfeccionamiento de la estrategia



PARTICIPACIÓN Y SESIONES DE TRABAJO

- Reuniones del Comité de Asesoría Técnica
- Grupos de Consulta de Comunidades Históricamente Marginadas
- Sesiones de trabajo del Consejo Municipal
- Sesiones de trabajo de la Comisión de Planeación
- Audiencia del Consejo Municipal para la Aprobación

Lo que oímos en la sesión N º 1 del grupo de consulta

- La importancia de que las viviendas estén cerca del transporte público
- El alto precio de la renta de la vivienda en Hillsboro
- La frustración por la necesidad de tener dos empleos para llegar a fin de mes.
- Las personas se sienten excluidos de ciertos vecindarios por sus elevados precios.
- La demanda de vivienda económica es mayor que la oferta.
- La necesidad de una gama de opciones de vivienda a distintos precios
- Una preferencia por los proyectos de uso mixto

Cinco tipos de estrategias de producción de vivienda

Los tipos de estrategias de producción de vivienda: Una caja de varias herramientas

Reglamentos

Contexto y estrategias clave ya implementadas

- Se implementaron las unidades de vivienda accesorias, los subsidios a la vivienda media y los bonos por densidad de viviendas económicas exigidas por el gobierno del Estado.
- Se ofrecen reuniones gratuitas y asistencia técnica previas a la presentación de la solicitud.

Terrenos

Contexto y estrategias clave ya implementadas

- Se adquirieron terrenos para el Bloque 67.
- Se asoció con el gobierno de Metro para adquirir un terreno de 2 acres en Walker Road para la construcción de viviendas económicas. (Dolores)
- Se donaron dos propiedades municipales que suman alrededor de 10 acres para la construcción de viviendas económicas.

The Dolores affordable housing development, built on underdeveloped Metro-owned parcels

** Block 67 will also serve market-rate need, but is the only project on this page to do so.*

Colaboraciones

Contexto y estrategias clave ya implementadas

- Entre los socios claves para la construcción de viviendas económicas en la ciudad se encuentran el gobierno de Metro, el Condado de Washington, Bienestar, Hacienda CDC, Proud Ground y Habitat for Humanity, entre otros.

PROUD GROUND

Affordable - Sold

1836 SE Quail Circle Hillsboro, Oregon 97123

Price: $174,100 | **MLS#**: 23659869

Beds: 2 | Baths: 1.5 | Floors: 2 | Est. Sq Ft: 1,152

Incentivos

Contexto y estrategias clave ya implementadas

- Exenciones del impuesto inmobiliario para la construcción de viviendas de alquiler sin fines de lucro para personas con bajos ingresos

4th Main and Orenco Station's Podium Project were built in Hillsboro's Vertical Housing Zone

Inversiones

Contexto y estrategias clave ya implementadas

- Se proporcionó financiamiento complementario para proyectos de vivienda económica (por ej. Nueva Esperanza, Century Commons)
- Financiamiento continuo al Fondo Comunitario de la Vivienda (CHF) para préstamos previos a la construcción de viviendas económicas.
- Subvención global de desarrollo comunitario (CDBG) para apoyar la compra de viviendas económicas, la rehabilitación de viviendas y la mejora de instalaciones públicas

Descanso de 5 minutos

Lo que oímos del Consejo Municipal

- Dar prioridad a los incentivos y las inversiones del Ayuntamiento para apoyar la construcción de viviendas económicas y para los trabajadores, buscando un equilibrio entre la vivienda de alquiler y de propiedad.
- Explorar formas creativas de conseguir las viviendas necesarias, considerando cuidadosamente los costos y beneficios a largo plazo.
- Buscar un equilibrio entre la calidad de vida y más viviendas.
- Hacer de Hillsboro una comunidad completa, donde puedan vivir personas de todas las edades, habilidades y niveles de ingresos.
- Fomentar una variedad de tipos de vivienda, como unidades de vivienda accesorias, dúplex, unidades independientes más pequeñas y unidades con más recámaras para las familias de varias generaciones.

Preguntas y diálogo

La construcción de más viviendas significa más densidad (y más departamentos).

¿Qué opina la gente del aumento de la densidad (y de más departamentos) en los vecindarios?

Preguntas y diálogo

¿Cuáles son las ventajas y desventajas potenciales de concentrar las viviendas económicas y de los trabajadores en las nuevas zonas urbanas?

Por ejemplo, en el vecindario de South Hillsboro puede haber nuevos parques y escuelas, pero no hay acceso al transporte público.

Preguntas y diálogo

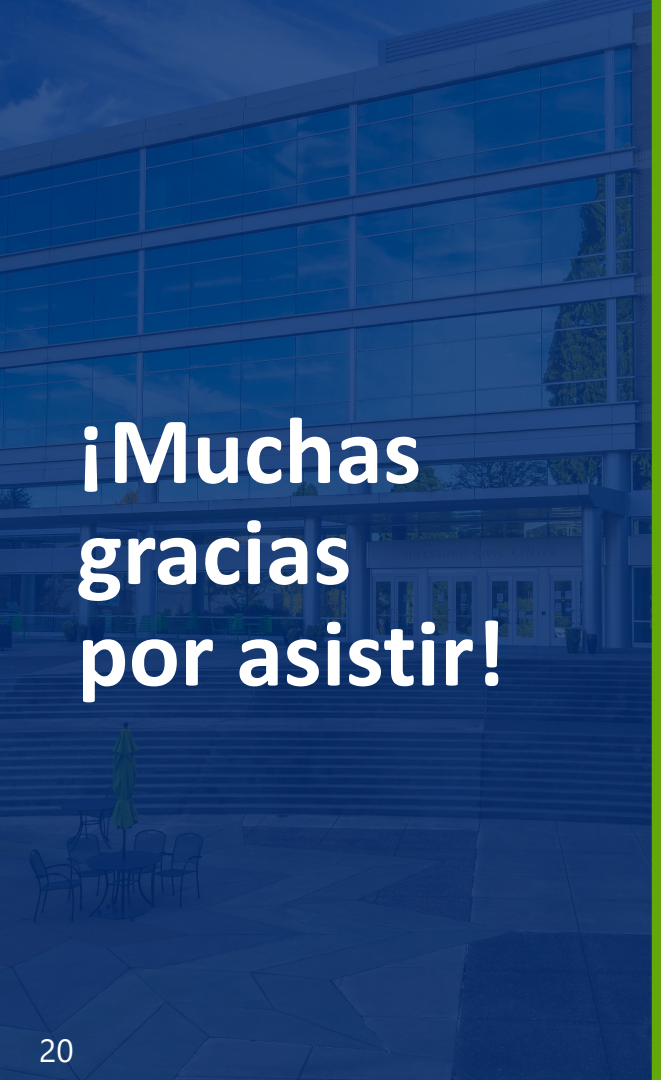
¿Conocen a personas cuyas rentas están subiendo a tal grado de obligarlos a buscar vivienda fuera de Hillsboro?

Preguntas y diálogo

¿Puede usted o sus conocidos encontrar una vivienda accesible para personas con discapacidad?

Preguntas y diálogo

¿Hay otros programas o ideas en materia de vivienda que el Ayuntamiento debería estudiar?



¡Muchas gracias por asistir!

- **Les invitamos a la reunión Nº 3 del grupo de consulta:**
  14 de noviembre de 6:30 a 8 pm
  Salón Tualatin River
  Centro Comunitario Hidden Creek
  Se dará una gratificación

- **Visite el sitio web de la Estrategia de Producción de Vivienda.**

- Si tiene alguna pregunta, favor de comunicarse con Nick Baker
  Nick.Baker@Hillsboro-Oregon.gov
  (503) 681-6110

Hillsboro HPS – Focus Group Summary Report

Community: Hillsboro, OR
Name of Liaison/Facilitator: Anabella Salkind
Date of FG: 07/25/2024
No. of Participants: 12

1. What do people think about increased density (and more apartments) in neighborhoods?
The expansion of the city and the increase in population, due to internal migration and economic growth, have generated a high demand for housing. One participant mentioned: “I mean, that’s the issue, that it’s getting too big.” Because of this, infrastructure-related issues have also arisen, such as heavy traffic and pressure on the roads. One of the participants commented: “Traffic is hell”, highlighting the security and safety conditions. Also, there are concerns about how density will affect quality of life. Some participants mentioned the importance of considering the environmental impact when building new apartments. It is suggested that projects should incorporate sustainable practices , such as the preservation of green areas and the use of energy efficient materials. A statement was: “They should consider our environment... the fewer trees, cuts, the better.” In addition, there are concerns about rising costs of living due to the city's growth. High rental prices and difficulty accessing affordable housing are cited as significant problems. One participant expressed: “It's already incredible the way you spend here and you're living like in the city of San Francisco.” Finally, despite these concerns, economic benefits are also recognized, such as the creation of more jobs and an increase in the flow of money for local businesses. It was mentioned: “It is very important for the people who are going to live because there will be more jobs and there will be more flow of money.”

2. What are the potential upsides and downsides of focusing affordable and workforce housing in new city areas?

- **For example, in the South Hillsboro neighborhood there may be new parks and schools but doesn’t have access to transit.**

The participants consider that housing construction in new areas is often accompanied by infrastructure improvements, such as the creation of parks and schools. This can improve quality of life and offer more services to residents. But, on the other hand, one participant mentioned: “People who live near the TV Highway... can walk 100 squares to take the bus, but those who live at the bottom of Hillsboro... have to find transportation”, exposing the lack of adequate access to public transportation in these areas. Residents may face difficulty getting around if they rely on public transportation or must use a car, which could lead to parking problems. It was commented: “People who live at the bottom of Hillsboro have to find transportation to connect to traffic.” Even if new parks and schools are built, residents may find themselves cut off from essential services if transportation is not adequately developed. One participant pointed out: “That is also generating a lot of the traffic because it takes 2 hours to get to work.”

Another advantage was that the arrival of new residents can stimulate the local economy by increasing demand for services and businesses, which could translate into more jobs and greater money circulation

in the community. However, these can exacerbate traffic and parking problems in surrounding areas, especially if the development is not accompanied by improvements to road infrastructure.

3. Do you know people whose rents are going up and causing them to seek housing outside of Hillsboro?

Most of the participants agree with the statement, mentioning how rental prices have increased significantly, leading people to consider moving to areas outside of Hillsboro. A relevant comment was: "Homes are going up a tremendous amount every month."

This problem plus the high costs of living and difficulties qualifying for assistance programs have pushed people to look for more affordable alternatives.

Some also face unexpected additional costs due to maintenance issues in their current homes. An example was: "We recently had to spend $14,000 on repairs due to boiler problems."

The option of moving to places outside of Hillsboro, such as Texas or Florida, is mentioned as an alternative due to lower housing costs in those states. One participant stated: "The difference in prices is tremendous...we bought a big house in Texas for the cost of a small house here."

It is suggested that new housing development should include regulations that keep rental prices affordable for longer. One participant commented: "It would be good to consider maintaining a stable price to avoid continuous increase."

Finally, it was proposed that assistance programs and regulations could help control rent increases. "If the housing development receives government funding, a stable rent should be maintained for a certain period."

4. Are you or people you know able to find accessible/ADA housing?

Regarding the new housing projects, some positive aspects were mentioned. It has been highlighted that there are new housing developments, such as the disabilities park that has recently opened, which is welcomed. One participant commented: "The park is very nice and specific for people with disabilities." In some new projects, measures are being taken to ensure accessibility. It was mentioned that in the development of new apartments (Nueva Esperanza), accessibility needs have been taken into account, including ramps and elevators. One comment was: "It would be great to have that kind of additional support… for families with a family member with a disability." "It is good to know that the city has requirements for ramps...and other accommodations for people with disabilities."

On the flip side, the participants commented that although efforts are being made, the availability of fully affordable housing remains a challenge. Some participants indicated that finding properly adapted housing can be difficult and that improvements do not happen overnight. In some cases, the costs of adapting a home to make it accessible can be prohibitive, and not all existing homes meet the necessary accessibility requirements.

There is a need for greater resources for people who need accommodations, as well as better knowledge about available options. One participant mentioned, "I never qualified for any assistance programs, and that can be a barrier."

5. Are there other programs or housing ideas the City should look into?
During the meeting, several suggestions and proposals were discussed to improve housing programs and ideas in the city. The key points were:

1 - Priority for specific types of families: It was suggested that the Municipal Council should give priority to families with members with disabilities, older adults, and those with specific economic needs. It was mentioned: “It is important to consider families with members with disabilities and older adults.”

2 - Affordable housing for youth: It was proposed that affordable housing options be developed for young people seeking independence, especially those facing financial challenges. A relevant comment was: “Consider young people who need housing of their own, especially those with limited income.”

3 - Environmental considerations: There was a note for environmental impact to be considered in the development of new housing. This includes the implementation of recycling systems and the use of ecological materials. A notable observation was: “Resistant and ecological materials should be considered in construction.”

4 - Accessibility and safety in parks and sidewalks: It was suggested to improve accessibility and safety in parks, especially for children and people with disabilities. Commented: “Make sure parks are safe and accessible for everyone.”

5 - Incorporation of local builders: It was recommended that local builders be hired for housing projects, ensuring they are aligned with the needs and expectations of the community. An important point was: “Use local builders who understand the needs of the community.”

6 - Support for older adults: The need for adequate and accessible housing for older adults who do not wish to be transferred to nursing homes was highlighted. It was mentioned: “Offer housing options with affordable rentals for older adults, considering that many prefer to live in their own community.”

6. Please include other comments, statements or questions that are not stated above.
Some additional observations and comments that were not stated above were:

1 - The importance of community participation was highlighted to improve communication and understanding between residents and authorities. It was mentioned: “It is important to come to these meetings to learn more about the community and have more knowledge.”

2 - There was a reflection of diversity in the city administration, when a participant noted that the presence of members of the Latino community at these meetings reflects the diversity of the city and underscores the need to consider their perspectives in planning. It was commented: “Our students are Latino, and their being here is a reflection of our city.”

3 - There was a desire to learn more about the progress of the initiatives discussed in previous meetings and how the strategies are being implemented. Interest was expressed in receiving updates on the status of the projects. One participant asked: “I would like to hear what is happening on the other side.”

4 - It was proposed that different committees can be created, such as transportation and housing, to better coordinate to comprehensively address the needs of the community. It was commented: “It

would be useful for the committees to meet to work as a team and better see the needs of the community.”

Hillsboro Housing Production Strategy Focus Group #3

November 7, 2024

Facilitated by PKS International

Agenda

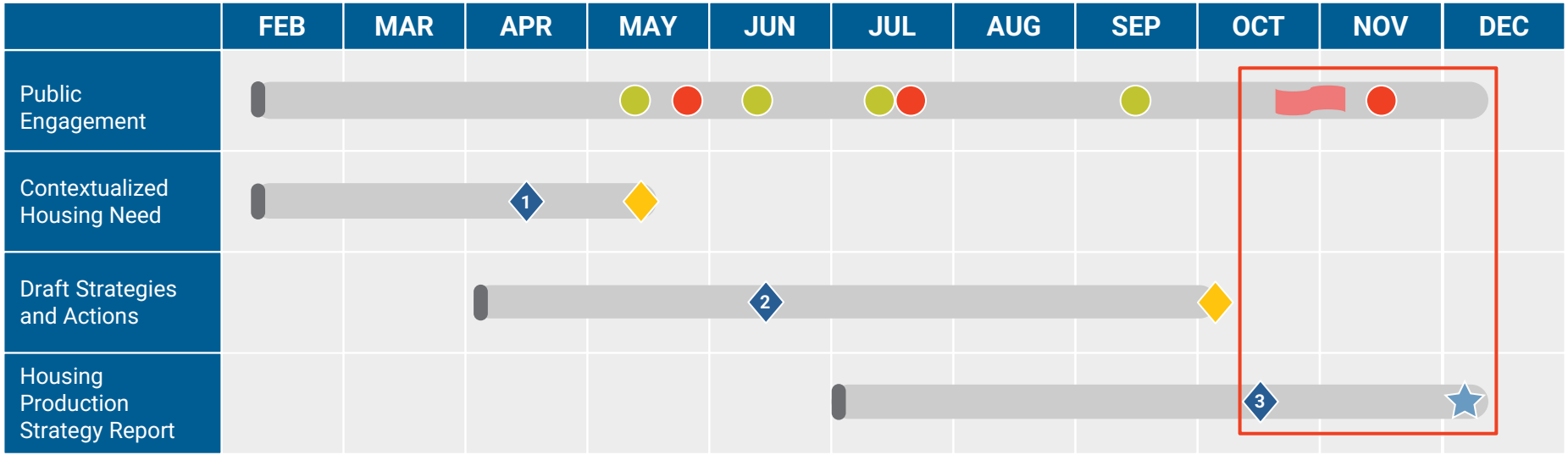
- Introductions & Ice Breaker (10 minutes)
- Project Timeline (3 minutes)
- Focus Group Input (10 minutes)
- Housing Production Strategy Actions (15 minutes)
- Integration of Focus Group Input (10 mins)
- Discussion (30 minutes)
- Implementation (5 minutes)
- Wrap Up (2 minutes)

Welcome Back & Ice Breaker:

- Share your name
- What is your favorite thing to do in your neighborhood in the fall?

Project Timeline

We are here: Strategy analysis and finalization



ENGAGEMENT & WORKSESSIONS

- Technical Advisory Committee Meetings
- Historically Marginalized Communities Focus Groups
- City Council Worksessions
- Planning Commission Worksessions
- City Council Adoption Hearing
- Public Draft HPS Comment Period (10/25-11/8)

Focus Group Input

Highlights:

- Access to transit: Importance of having housing near public transportation
- Increase housing in Commercial and Mixed-Use Zones: Prioritizing compact, mixed-use development as critical solution to improve transportation access and reduce pollution
- Housing affordability: The demand for affordable housing is greater than the supply. The high cost of rental housing in Hillsboro can lead to feeling priced out of certain neighborhoods or even the city as a whole
- Middle-income housing: There is a greater need for middle-income housing as struggling to pay rent and household income is just beyond qualifying for affordable housing
- Importance of accessible/ADA housing: Challenges in finding accessible and ADA-compliant housing

Housing Production Strategy Actions

Action Group	Action Title	Implementation Years				Impact on Housing Production
		1-2	3-4	5-6	7-8	
Regulatory Actions	Action 1.1: Evaluate Comprehensive Plan amendments and Zoning Map updates					Medium
	Action 1.2: Increase housing in Multi-Dwelling Zones					High
	Action 1.3: Increase housing in Commercial & Mixed-Use Zones					High
	Action 1.4: Refine middle housing development standards					Medium
	Action 1.5: Streamline design standards					Medium
	Action 1.6: User-friendly code					Low
	Action 1.7: Identify and reduce process barriers					Low
	Action 1.8: Explore adopting pre-approved housing plans					Medium
Land Based Actions	Action 2.1: Coordinate with partners to identify underutilized land	Ongoing				Medium
	Action 2.2: Pursue residential land UGB expansion(s)					High
Partnership Actions	Action 3.1: Develop new strategic partnerships for state/federal advocacy	Ongoing				Medium
	Action 3.2: Continue and expand affordable homeownership partnerships	Ongoing				Medium
	Action 3.3 Undertake a Calle Diez Equitable Development Strategy					Low
Incentive Actions	Action 4.1: Explore fee structure adjustments					Medium
	Action 4.2: Analyze scaling select SDCs					High
	Action 4.3: Evaluate MUPTE and extension of the VHDZ program					Medium
	Action 4.4: Evaluate additional tax abatements					Medium
Investment Actions	Action 5.1: Explore strategic infrastructure investments to unlock housing production	Ongoing				Medium
	Action 5.2: Explore creation of an ongoing revenue source for affordable and middle-income housing production					Medium
	Action 5.3: Build a year-round homeless shelter					Low
	Action 5.4: Explore ways to support Permanent Supportive Housing production	Ongoing				Low

Integration of Focus Group Input

- Access to transit & Increase housing in Commercial and Mixed-Use Zones:
  - ❑ Action 1.1- **Evaluate potential Comprehensive Plan and Zoning Map updates**
  - ❑ Action 1.2- **Increase housing in Multi-Dwelling Zones**
  - ❑ Action 1.3- **Increase housing in Commercial and Mixed-Use Zones**
- Housing affordability and middle-income housing:
  - ❑ Action 2.1- **Coordinate with partners to identify underutilized land**
  - ❑ Action 4.1- **Explore fee structure adjustments**
  - ❑ Action 4.2- **Analyze scaling select SDCs**
  - ❑ Action 4.3- **Evaluate MUPTE to incentivize needed housing and extension of the Vertical Housing Development Zone program**
  - ❑ Action 4.4: **Evaluate additional tax abatements**
  - ❑ Action 5.2- **Explore creation of ongoing revenue stream for affordable and middle-income housing**

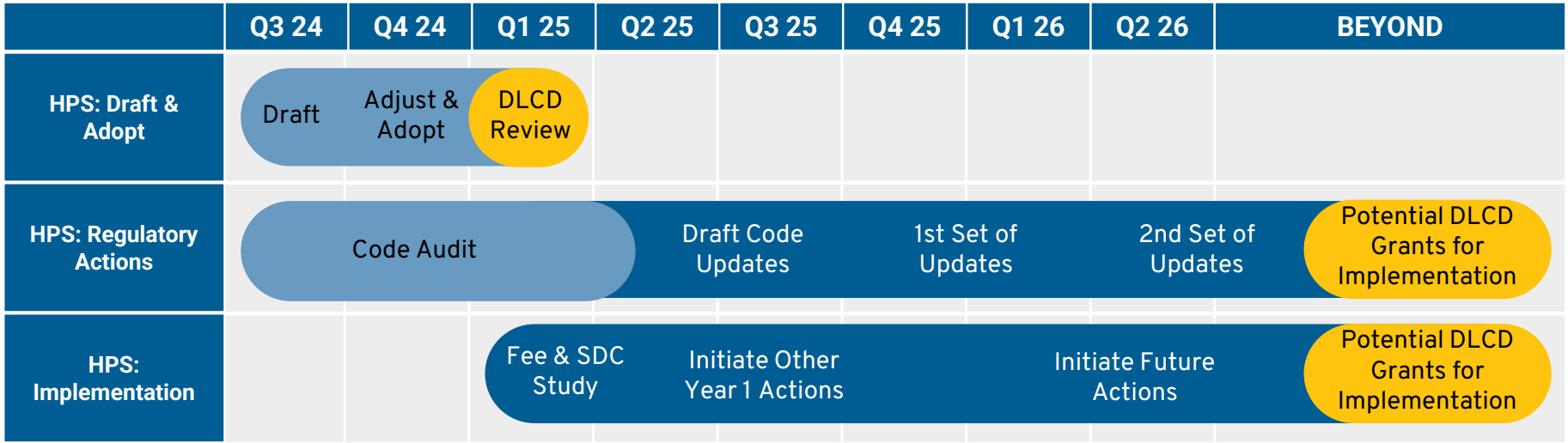
Integration of Focus Group Input Continued

- Importance of accessible/ADA housing: Challenges in finding accessible and ADA-compliant housing
  - ❑ Action 1.2- **Increase housing in Multi-Dwelling Zones**
  - ❑ Action 1.3- **Increase housing in Commercial and Mixed-Use Zones**
  - ❑ Action 4.3- **Evaluate MUPTE to incentivize needed housing and extension of the Vertical Housing Development Zone program**

Discussion/Questions

- Anything missing?
- Are there any questions or concerns about how your input was or wasn't included in the report?
- What would you change about the engagement process overall?

Implementation Timeline



City of Hillsboro

Department of Land Conservation & Development

City of Hillsboro + Consultants

Thank you for attending

- **Attend City Council Public Hearing**
  December 3rd, 7:00pm
  Hillsboro Civic Center
  150 E Main St

- **Visit the HPS website**

- Contact Becky Coutinho with any questions
  Becky.Coutinho@hillsboro-Oregon.gov
  (971) 258-0208

Hillsboro HPS – Focus Group Summary Report

Community: BIPOC
Name of Liaison/Facilitator: Xiuying Wongsomadi
Date of FG: 11/7/2024
No. of Participants: 11

1. Anything missing from the Hillsboro Housing Production Strategy report?

The Hillsboro Housing Production Strategy report could benefit from additional considerations regarding accessibility and connectivity, particularly concerning public transportation. It highlights the need for improved infrastructure to facilitate easier access for residents, as current public transport may not adequately serve all areas. There are also issues related to pedestrian pathways, specifically the necessity for more connected crosswalks to ensure safety and accessibility for walkers. Furthermore, there is a concern about insufficient parking in housing complexes, as many families require multiple cars, pointing to a gap in meeting their transportation needs. Addressing these issues could enhance the overall effectiveness of housing and transit strategies in the area.

2. Are there any questions or concerns about how your input was or wasn't included in the report?

1. **Integration of Transportation and Housing**: Current planning lacks a cohesive strategy that combines housing development with transportation access, which may not meet resident needs.

2. **Community Engagement**: There seems to be a disconnect between the city's planning efforts and community perspectives, emphasizing the necessity of involving residents in the planning process.

3. **Direct Actions**: The plan appears to lack specific, actionable steps related to transportation improvements, such as establishing new bus lines, despite the recognition of the potential benefits of mixed-use zoning.

4. **Focus on Accessibility**: Ensuring that new developments are accessible and affordable for diverse populations is crucial for promoting community equity.

5. **Examples of Best Practices**: Citing successful initiatives from other regions, like multi-dwelling housing and nursing facilities, can provide useful insights for local planning efforts.

6. **Feedback on Inclusion in Reports**: There is a need for transparency and feedback mechanisms in the planning process to ensure community input is acknowledged and incorporated.

3. What do you think about the process and this engagement effort? Is this a good way to get to the community and hear from them? Please share with us.

1. **Inclusivity**: While various demographics were present, there was a noted lack of white representation. Increasing outreach could ensure diverse perspectives are included.

2. **Engagement Format**: There is a preference for more interactive and community-based gatherings instead of traditional presentations, which would facilitate dialogue.

3. **Accessibility**: Transportation challenges were highlighted as barriers to attendance. Future meetings could incorporate virtual options or rotate locations for ease of access.

4. **Childcare and Meals**: Offering childcare and meals could boost participation from families and caregivers.

5. **Focused Discussions**: Each meeting could focus on specific topics with invited local experts, fostering deeper discussions.

6. **Community Needs Assessment**: Conducting surveys to gather community input on discussion topics would help tailor meetings to their interests.

7. **Feedback Mechanism**: Implementing a feedback loop post-meetings could help identify improvements for future gatherings.

8. **Consistent Outreach**: Ongoing communication through newsletters and social media is essential to keep community members informed.

Overall, while community engagement efforts are positive, enhancing participation through targeted feedback and addressing specific community needs would improve effectiveness and impact.

4. Please write down all the questions that participants asked, and responses that City staff provided.

Q1. Is this a plan for the future?
A: 2025

Q2. What effect do large layoffs at intel have on the housing market in Hillsboro?
A: Large layoffs at Intel could negatively impact the housing market in Hillsboro. As Intel provides many high-paying jobs, a significant reduction in employment could lead to fewer residents who can afford the current housing prices. With a drop in income, existing residents might struggle to pay rent or mortgage, potentially leading to increased vacancies. This could result in a decline in housing demand, causing prices to decrease. Additionally, laid-off workers may choose to relocate to find new employment opportunities elsewhere, further reducing the housing market's demand. Overall, while the layoffs might make housing more affordable, the lack of income and job loss are the primary concerns affecting housing prices.

5. Please include other comments, statements or observations that are not stated above.

The discussion on affordable housing in Hillsboro highlights several key challenges, including inadequate living space, lack of essential amenities (like balconies and parking), poor construction quality, and social stigma surrounding low-income housing. Participants argue that affordability should not come at the cost of livability and quality.

To address these issues, strategies are being explored to incentivize developers to enhance housing quality through financial incentives and tax breaks, provided they maintain affordable rental prices and incorporate necessary amenities. Increased city oversight is deemed necessary to ensure developers adhere to quality standards.

Concerns raised include insufficient amenities, substandard construction, and the economic impact of layoffs from high-paying employers like Intel, which could further affect housing affordability. Suggested measures include implementing minimum housing standards, conducting regular inspections, and fostering community feedback to improve living conditions.

Overall, the conversation indicates that poor housing quality is an issue that affects not just affordable units but all housing developments, underscoring the importance of community involvement and cooperation between developers and city officials to effectively tackle these challenges.

Grupo de Consulta Nº 3 sobre la Estrategia de Producción de Vivienda de Hillsboro

14 de noviembre de 2024

Con el apoyo de
PKS International

Agenda

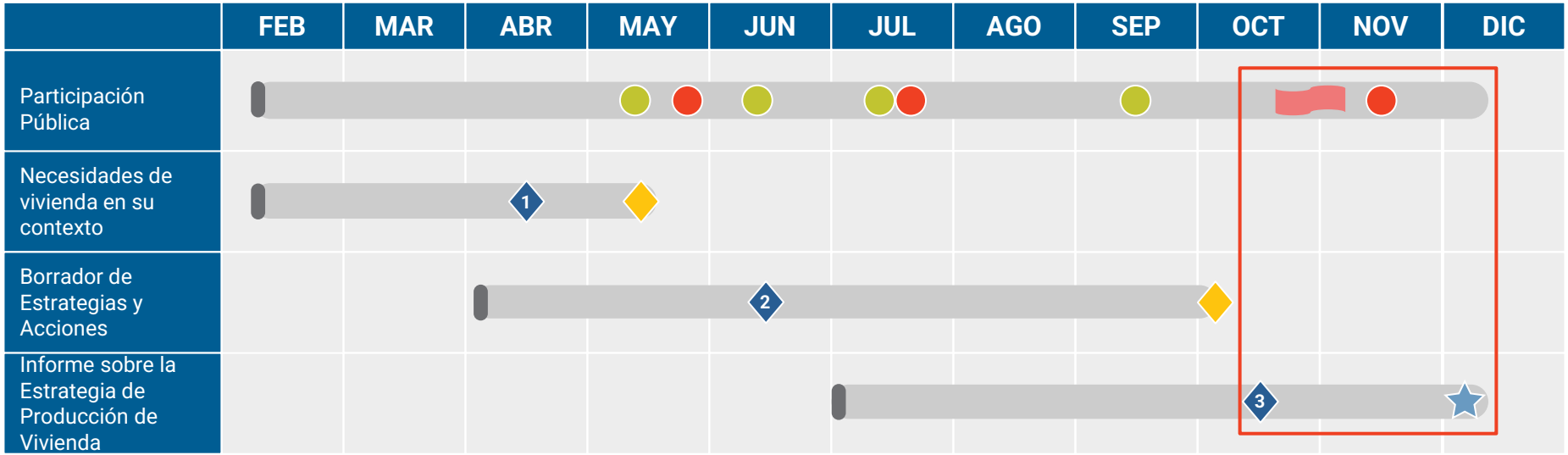
- Presentaciones y Rompehielos (10 minutos)
- Calendario del Proyecto (3 minutos)
- Comentarios de los Grupos de Consulta (10 minutos)
- Acciones de la Estrategia de Producción de Vivienda (15 minutos)
- Incorporación de los comentarios de los Grupos de Consulta (10 minutos)
- Diálogo (30 minutos)
- Implementación (5 minutos)
- Conclusiones (2 minutos)

Bienvenidos de regreso y Rompehielos:

- Diga su nombre
- ¿Qué es lo que más le gusta hacer en su vecindario en otoño?

Calendario del Proyecto

Estamos aquí en la etapa de Análisis y perfeccionamiento de la estrategia



PARTICIPACIÓN Y SESIONES DE TRABAJO

- Reuniones del Comité de Asesoría Técnica
- Grupos de Consulta de comunidades históricamente marginadas
- Sesiones de trabajo del Consejo Municipal
- Sesiones de trabajo de la Comisión de Planeación
- Audiencia del Consejo Municipal para la Aprobación
- Período de recepción de comentarios públicos sobre el borrador (del 25/oct al 8/nov)

Comentarios de los Grupos de Consulta

Puntos más destacados:

- Viviendas con acceso al transporte público: Es importante que las viviendas estén cerca del transporte público.
- Viviendas en zonas comerciales y mixtas: Dar prioridad a construcciones compactas y de uso mixto como solución fundamental para mejorar el acceso al transporte y reducir la contaminación.
- Viviendas a bajo costo: La demanda de viviendas económicas es mayor que la oferta. El alto costo de la vivienda de alquiler en Hillsboro puede hacer que uno se sienta excluido de ciertos vecindarios o incluso de la ciudad entera.
- Viviendas para personas con ingresos medios: Hay una mayor necesidad de viviendas para personas con ingresos medios, ya que tienen dificultades para pagar el alquiler y los ingresos familiares están justo por encima del límite para ser elegible para una vivienda económica.
- Viviendas accesibles para discapacitados: Es difícil encontrar una vivienda accesible para discapacitados y conforme con la ADA (Ley de Estadounidenses con Discapacidad).

Acciones dentro de la Estrategia de Producción de Vivienda

Grupo de Acciones	Título de la Acción	Años de Implementación 1-2	3-4	5-6	7-8	Impacto en la Producción de Viviendas
Acciones normativas	Acción 1.1: Evaluar posibles modificaciones al Plan Global y actualizaciones al mapa de zonificación.					Mediano
	Acción 1.2: Aumentar el número de viviendas en zonas multifamiliares.					Alto
	Acción 1.3: Aumentar el número de viviendas en zonas comerciales y de uso mixto.					Alto
	Acción 1.4: Perfeccionar las normas de construcción de viviendas medias.					Mediano
	Acción 1.5: Simplificar las normas de diseño.					Mediano
	Acción 1.6: Hacer el código más fácil de usar.					Bajo
	Acción 1.7: Identificar y reducir las barreras del proceso.					Bajo
	Acción 1.8: Estudiar la posible aprobación de planos de vivienda preaprobados.					Mediano
Acciones sobre los terrenos	Acción 2.1: Coordinarse con los socios para identificar terrenos poco aprovechados.	Continuo				Mediano
	Acción 2.2: Ampliar los límites de crecimiento urbano para obtener más terrenos residenciales.					Alto
Acciones de colaboración	Acción 3.1: Desarrollar nuevas colaboraciones estratégicas para la abogacía a nivel estatal y federal.	Continuo				Mediano
	Acción 3.2: Mantener y ampliar las colaboraciones para facilitar la adquisición de viviendas a precios accesibles.	Continuo				Mediano
	Acción 3.3: Emprender una estrategia de desarrollo equitativo de la Calle Díez.					Bajo
Acciones de incentivación	Acción 4.1: Estudiar posibles ajustes a la estructura de tarifas.					Mediano
	Acción 4.2: Analizar la posibilidad de ampliar algunos SDCs.					Alto
	Acción 4.3: Evaluar MUPTE y la posible extensión del programa VHDZ.					Mediano
	Acción 4.4: Evaluar posibles reducciones adicionales de impuestos.					Mediano
Acciones de inversión	Acción 5.1: Explorar inversiones estratégicas en infraestructuras para desbloquear la producción de viviendas.	Continuo				Mediano
	Acción 5.2: Explorar la creación de una fuente de ingresos permanente para la producción de viviendas de bajo precio y para los de ingresos medios.					Mediano
	Acción 5.3: Construir un albergue para personas sin techo que funcione todo el año.					Bajo
	Acción 5.4: Explorar formas de apoyar la producción de Viviendas de Apoyo Permanente.	Continuo				Bajo

Incorporación de los comentarios de los Grupos de Consulta

- Viviendas con acceso al transporte y en zonas comerciales y de uso mixto:
  - ❑ Acción 1.1- **Evaluar posibles modificaciones al Plan Global y actualizaciones al mapa de zonificación.**
  - ❑ Acción 1.2- **Aumentar el número de viviendas en zonas multifamiliares.**
  - ❑ Acción 1.3- **Aumentar el número de viviendas en zonas comerciales y de uso mixto.**
- Viviendas a bajo costo y para personas de ingresos medios:
  - ❑ Acción 2.1- **Coordinarse con los socios para identificar terrenos poco aprovechados.**
  - ❑ Acción 4.1- **Estudiar posibles ajustes a la estructura de tarifas.**
  - ❑ Acción 4.2- **Analizar la posibilidad de ampliar algunos SDCs.**
  - ❑ Acción 4.3- **Evaluar MUPTE para incentivar la construcción de las viviendas requeridas y la posible extensión del programa Zona de Desarrollo de Vivienda Vertical.**
  - ❑ Acción 4.4: **Evaluar posibles reducciones adicionales de impuestos.**
  - ❑ Acción 5.2- **Explorar la creación de una fuente de ingresos permanente para la producción de viviendas de bajo costo y para las personas de ingresos medios.**

Incorporación de los comentarios de los Grupos de Consulta

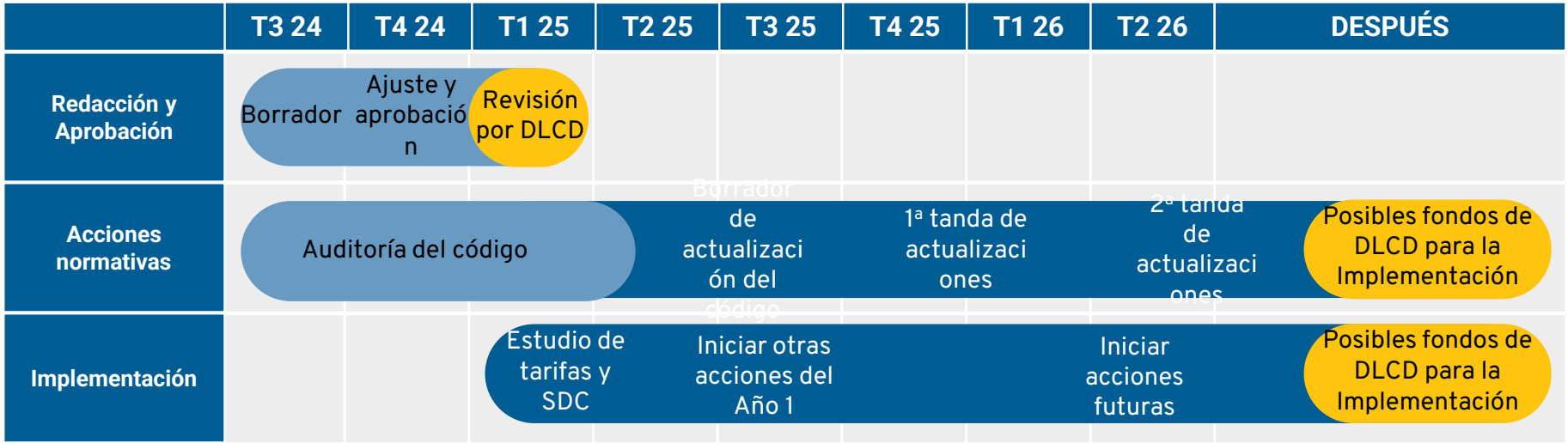
- Viviendas accessibles para discapacitados:
  - ❑ Acción 1.2- **Aumentar el número de viviendas en zonas multifamiliares.**
  - ❑ Acción 1.3- **Aumentar el número de viviendas en zonas comerciales y de uso mixto.**
  - ❑ Acción 4.3- **Evaluar MUPTE para incentivar la construcción de las viviendas requeridas y la posible extensión del programa Zona de Desarrollo de Vivienda Vertical.**

Diálogo y Preguntas

- ¿Falta algo?

- ¿Tiene alguna pregunta o preocupación sobre cómo se incorporaron o no sus comentarios al informe?

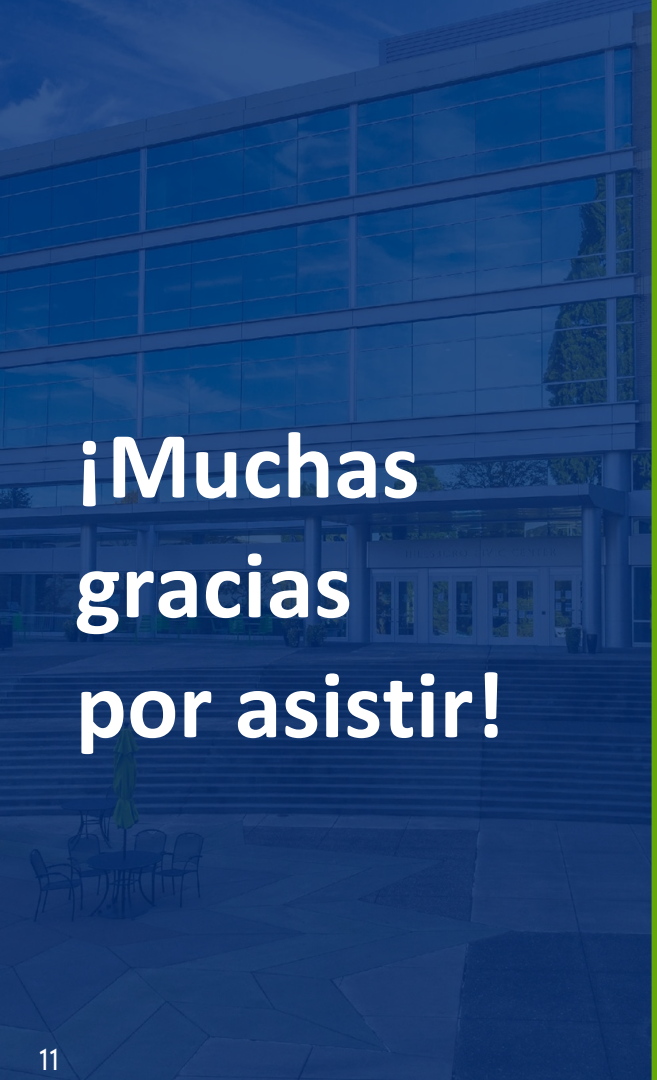
Calendario de Implementación – Estrategia de Producción de Vivienda



Ayuntamiento de Hillsboro

Departmento de Conservación y Desarrollo del Suelo

Ayuntamiento de Hillsboro y Contratistas



¡Muchas gracias por asistir!

- **Les invitamos a la Audiencia Pública del Concejo Municipal**
  3 de diciembre a las 7:00pm
  Hillsboro Civic Center
  150 E Main St

- **Visite el sitio web de la Estrategia de Producción de Vivienda**

- Si tiene alguna pregunta, favor de comunicarse con Becky Coutinho
  Becky.Coutinho@hillsboro-Oregon.gov
  (971) 258-0208

Hillsboro HPS – Focus Group Summary Report

Community: Latinx
Name of Liaison/Facilitator: Anabella Salkind
Date of FG: 11/14/2024
No. of Participants: 11

1. Anything missing from the Hillsboro Housing Production Strategy report?
The report includes most major points discussed, such as the need for affordable housing, access to public transport, and environmental considerations like green spaces and roofs. However, some participants mentioned the lack of specific plans for housing for older adults, which could be an area to expand on. Additionally, there was no detailed mention of how sustainability measures (like solar panels) would be integrated into the housing projects, which could be included in future updates.

2. Are there any questions or concerns about how your input was or wasn't included in the report?
Some participants expressed concern that the report may not fully capture all their suggestions, particularly the emphasis on more green spaces and the need for affordable housing for medium-income families. There were also concerns about the lack of detailed plans for incorporating accessible parking and housing for seniors. However, the community was generally encouraged to continue submitting feedback through various channels, indicating that future revisions might address these gaps.

3. What do you think about the process and this engagement effort? Is this a good way to get to the community and hear from them? Please share with us.
Overall, the process was seen as positive, with several participants appreciating the opportunity to engage with city staff and voice their opinions. Many felt that the inclusion of a Spanish-speaking coordinator was a significant step toward making the process more accessible for Latino community members. The process was generally viewed as an effective way to gather community input and create transparency in the development process.

4. Please write down all the questions that participants asked, and responses that City staff provided.
Q: How will the city address the shortage of parking for new apartments?
R: The city staff explained that the new law allows for fewer parking spots near public transportation hubs to encourage the use of public transit. However, they acknowledged the concern and noted that parking options will be evaluated based on future needs.

Q: Will the city consider including housing for older adults?
R: The city staff responded that housing for seniors had not been specifically included in the early stages of the planning process, but it is a priority moving forward, and discussions on adapting the plans for this group will be included.

Q: Will green energy solutions, like solar panels, be incorporated into the new housing?
R: The city staff indicated that sustainability is an important consideration and that the project would explore options for integrating green energy solutions, though they did not provide specifics.

Q: How will the city handle the increasing number of displaced renters?
R: The staff emphasized that affordable housing is a priority and that the project aims to increase the availability of low-cost housing, but acknowledged that challenges remain in addressing the high cost of rents.

Q: Can pets be included in housing developments?
R: The city staff responded that while housing policies are still being finalized, they recognize the importance of pets for emotional support and will consider this as they move forward with housing regulations.

5. Please include other comments, statements or observations that are not stated above.

- One participant emphasized the importance of ensuring that small, local businesses are supported during the construction of these projects. They suggested offering opportunities for small businesses to be involved in the construction process.

- Another participant expressed concern about the quality of life in high-density housing, particularly regarding the need for outdoor spaces and the impact of limited yard space. There were also discussions on keeping a balance between increasing density and maintaining a good standard of living for residents.

- Participants showed enthusiasm for the project but stressed the need for continued community involvement, transparency, and communication to ensure that all community members' needs are met.

- A participant noted the importance of ensuring that the design of the new housing projects promotes inclusivity, particularly for families with members who have disabilities. They suggested that buildings should include universal design features, such

as wider doorways and accessible entrances, to accommodate individuals with mobility challenges.

- Another comment raised concerns about the environmental impact of the construction process, particularly regarding waste management and building materials. The participant suggested that the city should explore sustainable construction practices, such as using recycled materials or low-impact foundations, to minimize the carbon footprint of the new developments.

- A third participant shared that, while they appreciated the efforts to create affordable housing, they were worried about the potential for gentrification. They expressed concern that the availability of affordable housing might attract higher-income individuals, which could lead to the displacement of long-time residents. They urged the city to develop policies that ensure the new housing remains affordable for current and future low-income residents.

Appendix E: 2023 Housing Needs Analysis

City of Hillsboro
Housing Needs Analysis Report

December 2023

Source: City of Hillsboro

Acknowledgements

Community Advisory Committee
- Andrea Wallace
- Bob Abbey
- Brad Smith
- Brian Fogg
- Cindy Cosenzo
- Eric Peterson
- Jilian Saurage-Felton
- Karl Buchholz
- Madison Johnston
- Maria Hernandez
- Nicole Swearingin
- Rhys Ramey
- Sarah Radcliffe
- Stef Kondor
- Wendy Jones

Planning Commission
- Anne Thrall-Nash, President
- Jeff Bennett, Vice President
- Mujidat Saaka
- Subhan Usmani
- Joe Grillo
- Shree Aier
- Eddie Plourde

City Council
- Steve Callaway, Mayor
- Anthony Martin, Council President
- Olivia Alcaire
- Rick Van Beveren
- Beach Pace
- Gina Sanchez Roletto
- Kipperlyn Sinclair

City Staff
- Karen Perl Fox, Project Manager, Senior Planner-Long Range
- Becky Coutinho, Senior Planner, City of Hillsboro
- Dan Rutzick, Long Range Planning Manager
- Dan Dias, Economic and Community Development Director
- Chris Hartye, Senior Project Manager
- Nick Baker, Planner & Visual Communications Specialist
- Lauren Scott, Public Information Officer

Consultants
- MIG
- Johnson Economics

Community Based Organizations
- Centro Cultural of Washington County
- PKS International

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Executive Summary

What is a Housing Needs Analysis?

Cities in Oregon are required to assess current and future housing needs in a report called a Housing Needs Analysis (HNA). The HNA is essentially a comparison of the amount and types of housing units needed to accommodate Hillsboro's growth for the next 20 years, and the amount of land available in the City and adjacent Urban Growth Boundary (UGB) expansion areas ("study area") to meet those needs. It includes the following components:

- **Housing Needs Projection.** This is a projection of the amount of housing the City will need in the next 20 years, based on current needs and projected future trends. State regulations require this projection be calculated using region-wide population projections, which are prepared periodically by the Metro regional government for each of the cities in its boundary.
- **Residential Buildable Lands Inventory (BLI).** This is a description of the amount of land in study area planned and designated to accommodate future housing. It sets the stage for future discussions of how to utilize this land and the implications of policy decisions about housing in Hillsboro.
- **Comparison of Availability and Need.** The crux of the analysis is a comparison of the supply of buildable land with land needed for housing. A subsequent process, called a Housing Production Strategy (HPS) is required by the State of Oregon and entails a detailed evaluation of strategies that the City can undertake with community partners to produce needed housing. The City is looking forward to this process to strategize increased housing production in Hillsboro.

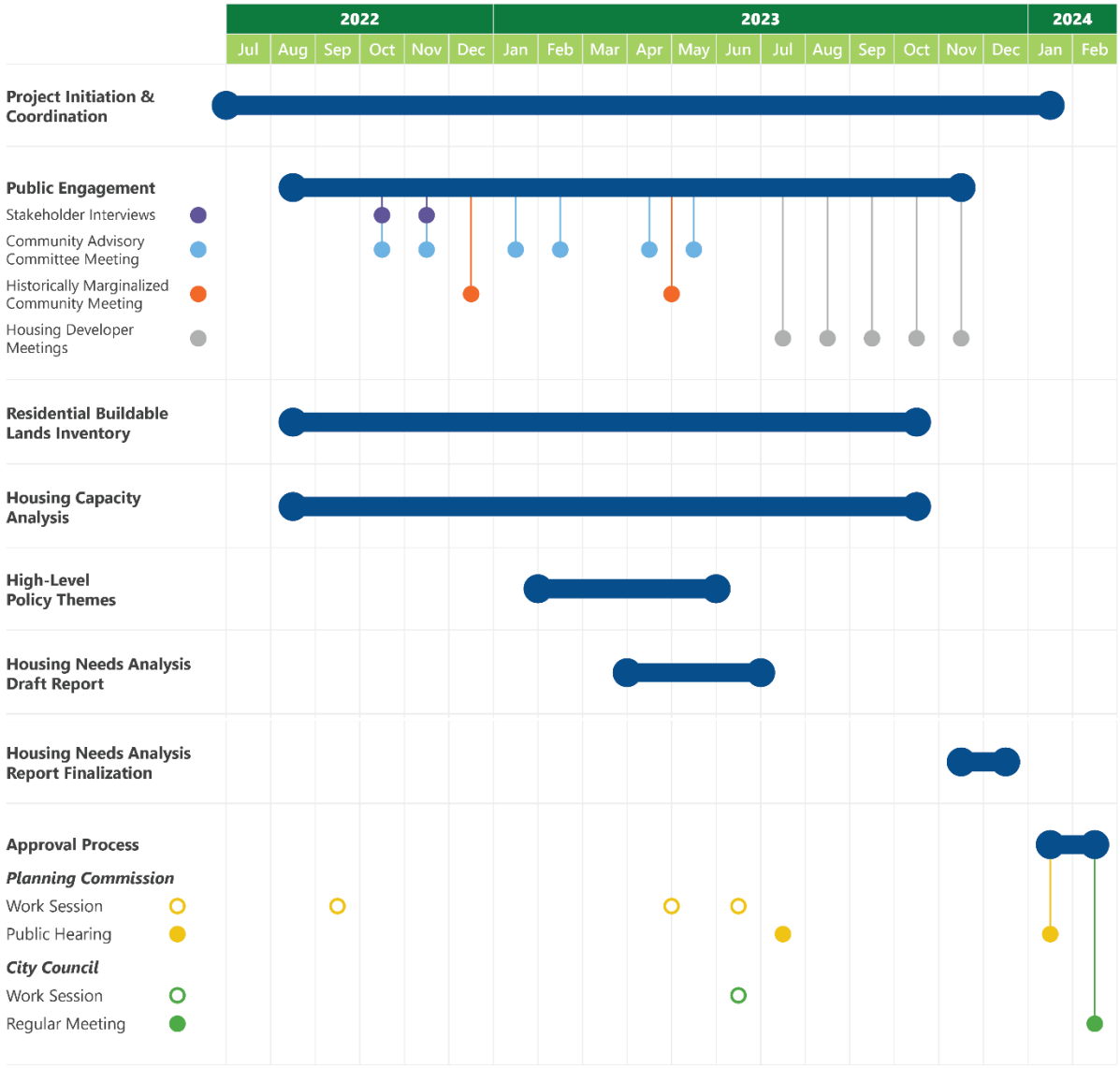
Key takeaways from each of these components are summarized below. Greater detail is provided in later sections of this report, and the full technical documentation is included in the appendix.

How Was This Document Prepared?

The City developed this HNA with the help of a consultant team (MIG and Johnson Economics) and a robust and multi-pronged community engagement effort, described below and in Figure EX-1 below.

- **Community Advisory Committee (CAC).** The City appointed a CAC to review the methodology and findings of this analysis. The CAC met a total of six times throughout the process.
- **Historically Marginalized Communities Focus Groups.** City staff conducted two rounds of focus groups with historically marginalized communities to learn about housing priorities and challenges.
- **Stakeholder Interviews.** The consultant team conducted a total of five stakeholder interviews with housing professionals, advocates, and interested community members to learn about the opportunities and challenges to housing in Hillsboro.
- **Housing Developer Meetings.** City staff and the consultant team met multiple times with housing developers. Summaries of these meetings and interviews can be found in **Appendix A: Summary of Community Engagement.**

Figure EX-1: Summary of Planning Process



What are the Key Takeaways of this Report?

Housing Needs Takeaways

Demographic Profile

The following table (Figure EX-2) presents a profile of Hillsboro's demographics based on U.S. Census (Census) data, and the 2022 population estimate via the Portland State University (PSU) Population Research Center (PRC).

- Hillsboro had an estimated population of 109,532 residents in 2022, making it the 5th largest city in the state by city population and the third largest city in the Metro area (excluding Vancouver).
- Hillsboro has experienced steady growth in population, growing an estimated 57% since 2000. In contrast, Washington County and the state experienced population growth of 36% and 25%, respectively, during that same period.
- Hillsboro was home to an estimated 40,970 households in 2022, an increase of over 15,900 households since 2000. The percentage of families has fallen since 2000 from 68.5% to an estimated 66.1%.
- Average household size has fallen slightly since 2000. Hillsboro's estimated average household size is now 2.64 persons, similar to County and statewide averages.

FIGURE EX-2: Hillsboro Demographic Profile

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS					
	2000 (Census)	2010 (Census)	Growth 00-10	2022 (PSU)	Growth 10-22
Population[1]	69,883	91,611	31%	109,532	20%
Households[2]	25,028	33,289	33%	40,970	23%
Families[3]	17,142	22,440	31%	27,081	21%
Housing Units[4]	27,192	35,487	31%	43,037	21%
Group Quarters Population[5]	948	1,528	100%	1,391	-9%
Household Size (non-group)	*2.75*	*2.71*	-1%	*2.64*	-3%
Avg. Family Size	*3.28*	*3.24*	-1%	*3.18*	-2%

SOURCE: Census, Metro Consolidated Forecast, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901; S19301

1 From Census, PSU Population Research Center, growth rate 2010-2021 extended to 2022

2 2022 Households = (2022 population - Group Quarters Population)/2022 HH Size

3 Ratio of 2022 Families to total HH is based on 2020 ACS 5-year Estimates

4 4.8% vacancy rate is based on the most recent Decennial Census (2020)

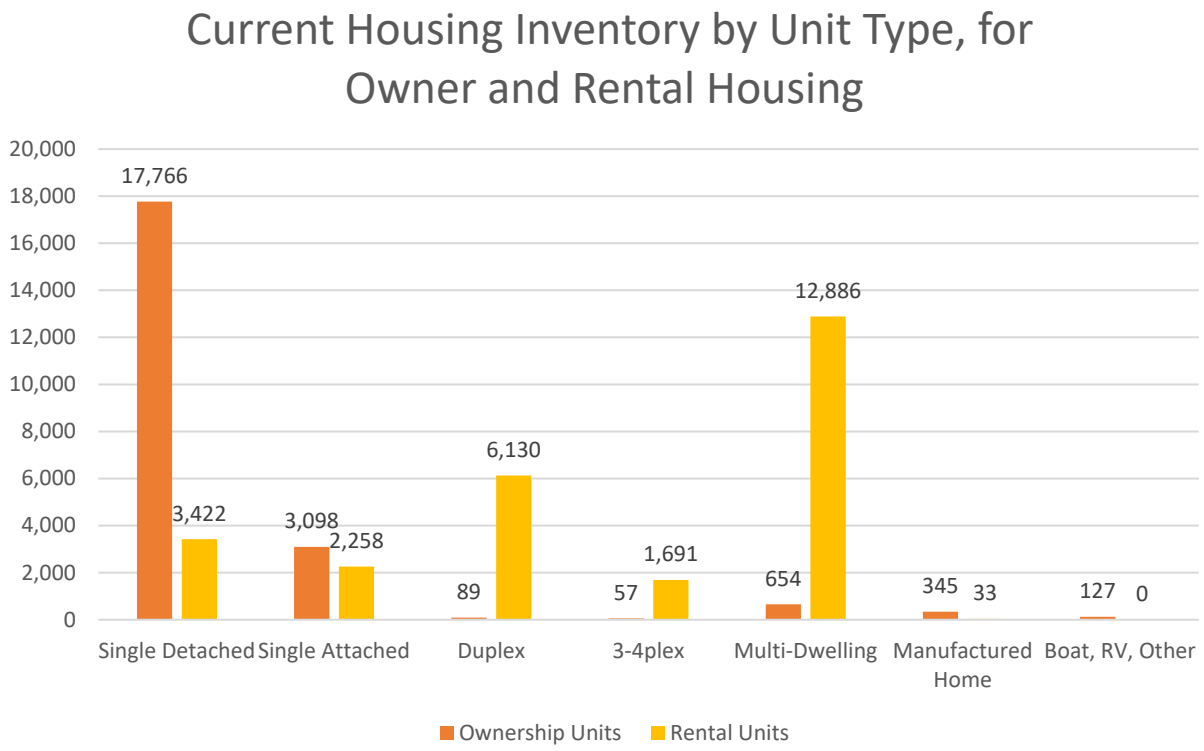
5 2022 Group Quarters Population based on 5-year ACS estimates 2017-2021

Current Housing Conditions

Hillsboro has an estimated 43,040 housing units in 2022, with a vacancy rate of 4.8% (includes ownership and rental units). The housing stock has increased by roughly 15,850 units (58% increase) since 2000.

As shown below, a large share of owner-occupied units (80%) are detached homes, which tend to have more bedrooms on average than attached or rental units. This is a key factor in the high cost of many single detached homes and a barrier to homeownership for many. Over 3% of ownership units are in buildings of three or more units, meaning these are likely condominium units. Renter-occupied units are more distributed among a range of structure types. About 16.5% of rented units are estimated to be detached homes or manufactured homes, while the remainder are some forms of attached unit. Nearly 62% of rental units are in larger apartment complexes.

Figure EX-3: Current Housing Inventory by Unit Type, for Owner and Rental Housing



Sources: Census, Johnson Economics, City of Hillsboro

Future Housing Need

The projected future (20-year) housing profile in the study area is based on the current housing profile (2022)[1], with a projected future household growth rate applied. The projected future growth is based on the forecasted 2043 population for Hillsboro from the most recent Metro Consolidated Forecast for cities in the Metro region (completed in 2021). This forecast estimates that Hillsboro's population will grow at a rate of 0.7% annually between 2022 and 2043. (This annual growth rate is lower than the actual annual rate experienced since 2010, which was 1.5% according to the Census and PSU PRC.)

[1] The base year for the HCA forecast is 2022, reflecting the latest population estimate available from PSU PRC at the time of the analysis. However, because the analysis was completed in 2023, the year 2043 was used as the end of the forecast period.

Figure EX-4: Future Housing Profile (2043)

PROJECTED FUTURE HOUSING CONDITIONS (2022 - 2043)			SOURCE
2022 Population (Minus Group Pop.)	108,141	(Est. 2022 pop. - Group Housing Pop.)	PSU
Projected Annual Growth Rate	0.7%	Metro Coordinated Forecast (2021)	Metro
2043 Population (Minus Group Pop.)	124,644	(Total 2043 Population - Group Housing Pop.)	
Estimated group housing population:	1,603	1.3% of total pop. (held constant from 2022)	US Census
Total Estimated 2043 Population:	**126,247**	Metro Coordinated Forecast (2021)	Metro
Estimated Non-Group 2043 Households:	**54,229**	Metro Coordinated Forecast (2021)	Metro
New Households 2022 to 2043	13,259		
Avg. Household Size:	2.30	Projected 2043 pop./2043 houseolds	US Census
Total Housing Units:	**57,083**	Occupied Units plus Vacant	
Occupied Housing Units:	54,229	(= Number of Non-Group Households)	
Vacant Housing Units:	2,854	(= Total Units - Occupied Units)	
Projected Market Vacancy Rate:	5.0%	Stabilized vacancy assumption	

Sources: PSU PRC, Census, Johnson Economics LLC

The mix of needed units reflects past and anticipated future trends. Since 2000, single detached units (including manufactured and mobile homes) have constituted a little over 50% of the permitted units in Hillsboro, with attached housing making up the other half. Single detached units are expected to continue to make up a large share of new housing development for ownership households over the next 20 years. However, an increasing share of new needed units is anticipated to be made up of attached housing types to accommodate renters and first-time home buyers.

- Over the 20-year planning period, an increasing share of renter households are expected to be younger households, those with modest incomes, and the growing share of minority households in the area. These households will need a variety of densities and sizes to accommodate single and family households.
- 37% of the new units are projected to be single detached homes or new manufactured homes, while 63% are projected to be some form of attached housing.
- Single attached units (townhomes on individual lots) are projected to meet roughly 15% of future need.
- Duplex, triplex, and four-plex units are projected to represent a growing 12% of the total need, in part reflecting new state rules for middle housing zoning.
- 36% of all needed units are projected to be multi-dwelling units in structures of 5 or more attached units.
- 1.2% of new needed units are projected to be manufactured home units, which meet the needs of some low-income households for both ownership and rental.

- Of ownership units, 70% are projected to be single detached homes or manufactured homes, and 30% are projected to be attached forms.
- Nearly all new rental units are projected to be found in new attached buildings, with 66% projected in rental properties of 5 or more units, and 31% in other attached housing forms. Only 3.5% of new rental units are projected to be detached homes, including manufactured homes.
- There will continue to be a need for group housing, with an estimated 1,631 individuals living in group housing in 2043. In Hillsboro, this includes people living in correctional facilities (including juveniles), nursing facilities, and "other noninstitutional facilities" including residential group homes, emergency and transitional shelter, and residential treatment facilities.
- Housing is needed for people at all affordability levels, including those with extremely low, very low, low, and moderate incomes, as well as people with higher incomes. Figure EX-6 presents some of the types of housing products that might commonly serve households in these income ranges.
- Many low-income households, particularly the *lowest* income households, need subsidized affordable housing in order to find rents affordable given their modest resources and other household spending needs. Figure EX-7 presents estimates of need at key low-income affordability levels in 2022 and in 2043.
- There is a modest current and future need for farmworker housing Hillsboro, although this population may also be served by other available affordable units, and new market rate units to some degree.

Figure EX-5: Projected Future Need for NEW Housing Units (2043), Hillsboro

OWNERSHIP HOUSING									
			Multi-Family						
Unit Type:	Single Detached	Single Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	4,838	1,204	241	231	422	151	0	7,087	50.5%
Percentage:	68.3%	17.0%	3.4%	3.3%	6.0%	2.1%	0.0%	100%	

RENTAL HOUSING									
			Multi-Family						
Unit Type:	Single Detached	Single Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	235	960	413	772	4,568	11	0	6,959	49.5%
Percentage:	3.4%	13.8%	5.9%	11.1%	65.6%	0.2%	0.0%	100%	

TOTAL HOUSING UNITS									
			Multi-Family						
Unit Type:	Single Detached	Single Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	5,073	2,165	654	1,002	4,990	162	0	**14,046**	**100%**
Percentage:	36.1%	15.4%	4.7%	7.1%	35.5%	1.2%	0.0%	100%	

Sources: Metro, City of Hillsboro, Census, Claritas, Johnson Economics

Figure EX-6: Projected Need for NEW Housing at Different Income Levels

Household Income Segment		Income Level (Rounded)*	Owner Units	Renter Units	Total	Share	Common Housing Product
Extremely Low Inc.	< 30% MFI	< $27,500	521	825	1,346	10%	Government-subsidized; Voucher; Shelter; Transitional
Very Low Income	30% - 60% MFI	$27.5k - $55k	752	1,389	2,141	15%	Aging/substandard rentals; Government-subsidized; Voucher; Manufactured homes
Low Income	60% - 80% MFI	$55k - $73k	688	1,084	1,772	13%	Aging apartments; Government-subsidized; Plexes; Aging single-detached; Small homes
Middle Income	80% - 120% MFI	$73k - $110k	1,418	1,513	2,931	21%	Single-detached homes; Townhomes; Condominiums; Newer apartments
Upper Income	> 120% MFI	> $110,000	3,708	2,147	5,855	42%	Single-detached homes; Townhomes; Condominiums; New apartments
TOTAL:			***7,087***	***6,959***	***14,046***	***100%***	

Sources: HUD, Census, Claritas, Johnson Economics

Figure EX-7: Projected Need for Housing Affordable at Low-income Levels, Hillsboro

Affordablilty Level	Income Level*		Current Need (2022)		Future Need (2043)		NEW Need (20-Year)	
			# of Units	% of All	# of Units	% of All	# of Units	% of All
Extremely Low Inc.	≤ 30% MFI	≤ $27,500	3,900	10%	5,246	10%	1,346	10%
Very Low Income	30% - 50% MFI	≤ $45,800	3,920	9%	5,279	10%	1,359	10%
Low Income	50% - 80% MFI	≤ $73,300	6,962	17%	9,517	18%	2,555	18%
TOTAL:	*≤ 80% MFI*	*≤ $73,300*	*14,782*	36%	*20,042*	37%	*5,259*	37%
Tax Credit	≤ 60% MFI	≤ $55,000	10,941	27%	14,429	27%	3,487	25%

Sources: OHCS, Claritas, Johnson Economics, HUD

Homeless Population Housing Needs: In 2022, Hillsboro was home to an estimated 808 homeless individuals, or 0.8% of the total population. If this rate were to persist into the future, this would imply 948 homeless individuals based on the total estimated population in 2043. This would be an increase of roughly 150 individuals over the next 20 years. Homeless individuals and families may require a mixture of shelter types depending on individual circumstances, ranging from emergency shelter to transitional housing to permanent subsidized housing. This population is a subset of the extremely-low-income population shown in prior figures.

Comparison of Future Need (2043) and Land Supply

A Buildable Lands Inventory (BLI) was conducted to estimate the acreage and unit capacity of residential land in the study area. The BLI is consistent with the requirements of OAR 660-024-0050 modeled after the BLI used for the most recent Metro Urban Growth Report for cities in the Metro region (completed in 2021).

- The BLI takes into account the City's zoning and comprehensive plan designations, environmentally constrained areas, publicly owned land, communally owned land such as HOAs, and religious/fraternal properties that are generally not expected to develop.
- Based on the assumptions in the BLI, overall capacity in the study area with adopted City comprehensive plan designations) is about 12,500 units.
- Roughly 36% of this capacity is in single detached units, 32% in Middle Housing units, and 32% in Multi-Dwelling units.
- Roughly 25% of capacity lies within the expansion areas of unincorporated South Hillsboro and Witch Hazel Village South, and another 24% is on land that has some form of development approval currently.
- Redevelopment on mixed-use land accounts for about 1% of capacity, though market dynamics and City policy could affect this number significantly. This analysis assumes a modest amount of infill (680 units) through conversion of existing single detached units into duplexes and other middle housing.

Figure EX-8 presents the estimated new unit capacity of the buildable lands identified in study area. Residential zones, as well as mixed-use zones that can accommodate some residential uses, were included in the inventory, and are broken into broad categories based on housing density. The inventory includes the unincorporated portions of Hillsboro's current known expansion areas of South Hillsboro and Witch Hazel Village South.

Figure EX-9 shows land within study area by "Development Status," indicating where future residential capacity may occur.

Figure EX-8: Estimated Buildable Lands Capacity by Acreage and No. of Units (2023)

Development Category	Tax lots	Gross acres	Buildable Acres (minus constrained land)	Net Acres (subtracts future set-asides and existing structures)	Unit Capacity			
					Single Detached	Middle Housing	Multi-Dwelling	Total
Residential Land	**883**	**611**	**484**	**318**	**1,885**	**792**	**438**	**3,115**
Vacant	57	185	156	117	581	463	324	1,368
Partially Vacant	414	382	289	162	893	328	114	1,335
Platted	412	44	39	39	412	0	0	412
Mixed Use Land	**378**	**227**	**195**	**79**	**243**	**1,125**	**1,284**	**2,652**
Vacant	119	72	72	34	105	359	489	953
Partially Vacant	228	134	114	36	112	711	702	1,525
Redevelopable	31	22	9	9	27	55	93	174
Approved Development					**600**	**551**	**1,831**	**2,982**
Expansion Areas (S Hillsboro Unincorporated and Witch Hazel Village South)					**1,718**	**863**	**499**	**3,080**
Middle Housing Infill			n/a		**0**	**680**	**0**	**680**
TOTAL					**4,447**	**4,011**	**4,052**	**12,509**

Source: MIG

Figure EX-9. Development Status of Land, Buildable Lands Inventory

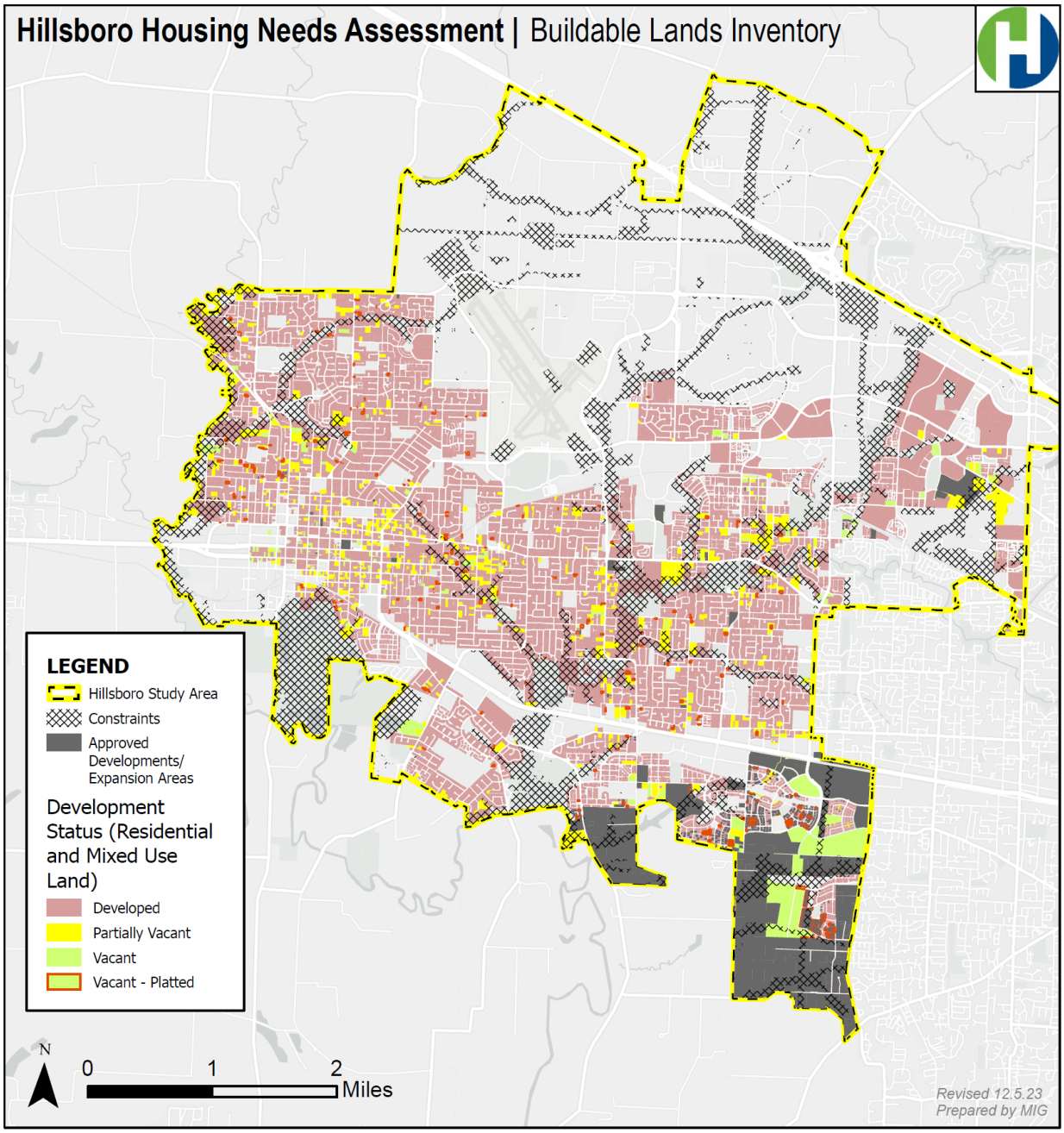
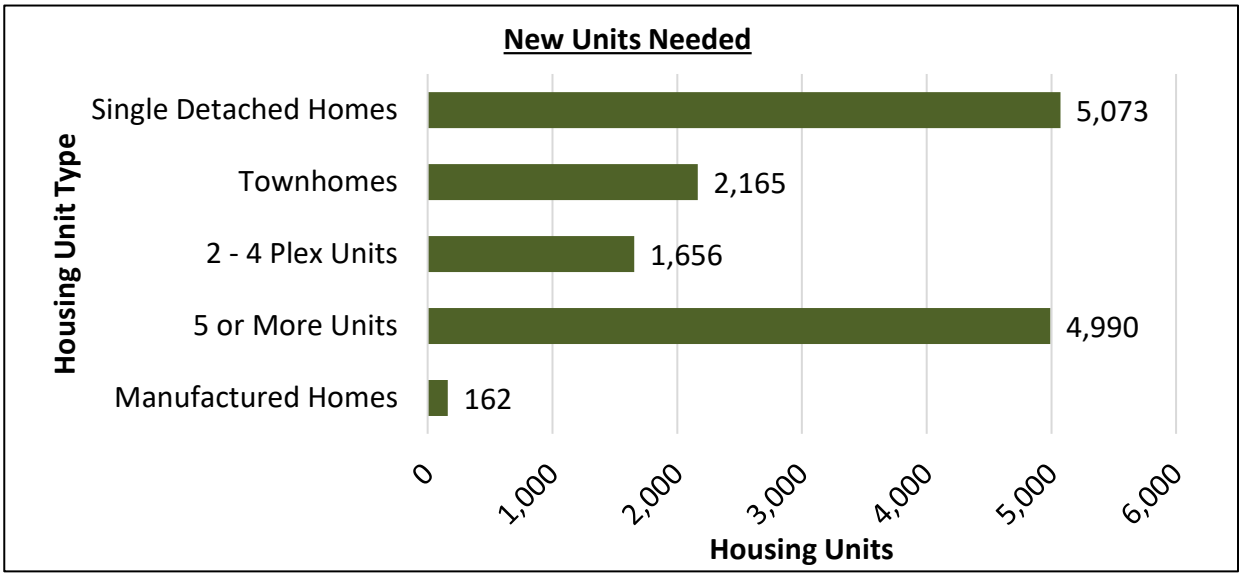


Figure EX-10: Summary of Forecasted Future Unit Need (2043)



Sources: PSU PRC, Census, Johnson Economics

Figure EX-10 summarizes the forecasted future unit need for Hillsboro. There is a total forecasted need for roughly 14,050 units over the next 20 years based on the forecasted growth rate. This is greater than the estimated total capacity of 11,723 units. Figure EX-11 presents a comparison of the BLI capacity for new housing units, compared to the estimate for new units needed by 2043. It breaks down need by general zoning category (LDR, MDR, HDR). Highlights include:

- The projected demand for low-density housing types is higher than the remaining capacity by an estimated 1,116 units, or the equivalent of 139 acres of low-density residential land.
- The results find a modest deficit for medium-density housing of 3 acres.
- The projected demand for high-density housing types is higher than the remaining capacity by an estimated 1,141 units, or the equivalent of 33 acres of high-density residential land. This is the greatest deficit of capacity in terms of number of units among these three categories.
- These findings assume that under newly adopted state rules, 3% of available buildable parcels in the LDR zone will used for the various types of smaller attached "middle housing" units (single attached townhomes, duplex – fourplex, and cottage cluster housing).

Figure EX-11: Comparison of Forecasted Future Land Need (2043) with Available Capacity

WITHIN CITY LIMITS		SUPPLY	DEMAND				
Zone & Plan Category	Typical Housing Type	Buildable Land Inventory (Unit Capacity)	Growth Rate (0.7%)				
			New Unit Need (2043)	Avg. Density (units/ac)	Surplus or (Deficit)		
					Units	Net Acres	Gross Acres
Low-Density	Single-detached; Single-attached & plex	4,447	5,428	8.0	(981)	(123)	(163)
Med-Density	Single-attached; Manufact. home; 2-4 plexes	4,011	3,628	20.0	383	19	26
High-Density	Multi-Unit apartments	4,052	4,990	35.0	(939)	(27)	(36)
	TOTALS:	*12,509*	*14,046*	*20.7*	*(1,537)*	*(130)*	*(174)*

Sources: MIG, Johnson Economics

These findings do not require rezoning of medium- or high-density zoned land to meet the need for low-density land. A range of potential housing policies and strategies will be considered in future development of a HPS by the City, including the ability of future planning areas to meet the need for different types of housing during the 20-year planning period.

Introduction

Cities in Oregon are required to assess current and future housing needs in a report called a Housing Needs Analysis (HNA). The HNA is essentially a comparison of the amount and types of housing units needed to accommodate Hillsboro's growth for the next 20 years with the land the City has available to do meet those needs. It includes the following components:

- **Housing Needs Projection.** This is a projection of the amount of housing the City will need in the next 20 years, based on current needs and projected future trends. State regulations require this projection be coordinated with state- and region-wide population projections.
- **Residential Buildable Lands Inventory (BLI).** This is a description of the amount of land in Hillsboro and adjacent UGB expansion areas ("study area") planned and designated to accommodate future housing. It sets the stage for future discussions of how to utilize this land and the implications of policy decisions about housing in Hillsboro.
- **Comparison of Availability and Need.** The crux of the analysis is a comparison of the supply of buildable land with the amount of needed housing. A subsequent process, called a Housing Production Strategy (HPS) is required by the State of Oregon and entails a detailed evaluation of strategies that the City can undertake with community partners to produce needed housing. The City is looking forward to this process to strategize increased housing production in Hillsboro.

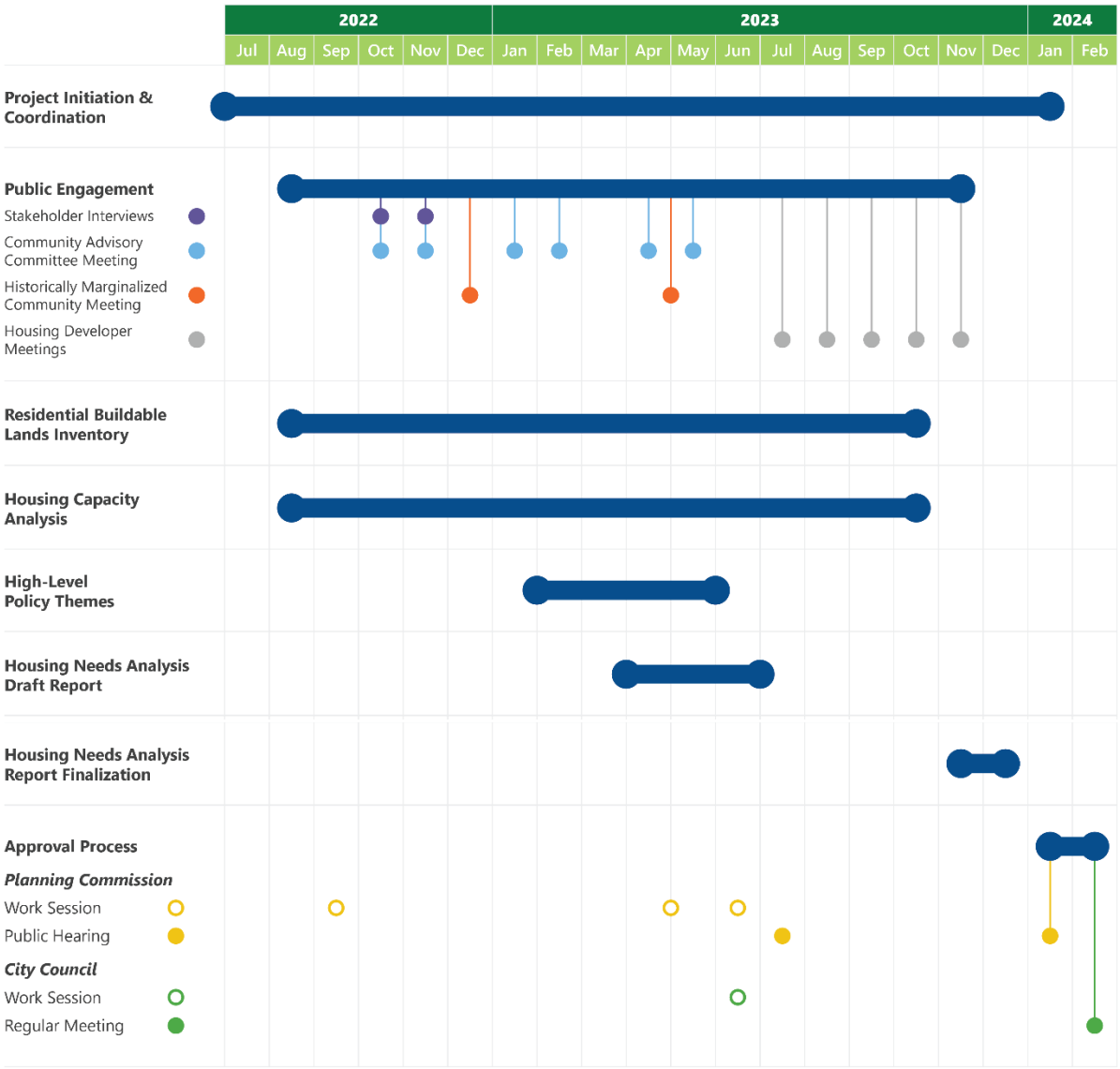
Project Timeline and Public Engagement Overview

The City began this HNA effort in July of 2022 and completed this report in January 2024. Figure 1 below shows a generalized timeline of the process. This project was guided by a robust and multi-pronged community engagement effort, as follows.

- **Community Advisory Committee (CAC).** The City appointed a CAC to review the methodology and findings of this analysis. The CAC met a total of six times throughout the process.
- **Historically Marginalized Communities Focus Groups**. City staff conducted four focus group meetings with historically marginalized communities to learn about housing priorities and challenges.
- **Stakeholder Interviews.** The consultant team conducted five stakeholder interviews with housing professionals, advocates, and interested community members to learn about the opportunities and challenges to housing in Hillsboro.
- **Housing Developer Meetings.** City staff and the consultant team met multiple times with housing developers.

Summaries of these meetings can be found in **Appendix A: Summary of Community Engagement.**

Figure 1. Summary of Planning Process



The Housing Continuum

Housing needs are not a constant throughout a person's or household's lifetime. The average individual or family is likely to move into a range of living situations and unit types as life circumstances change.

These changes may include a young person leaving home, meeting a partner, adding children, living with three or more generations, retirement, assisted living, but many other permutations of lifestyle may make other housing arrangements preferable or necessary. Throughout this cycle, changes in income, and unexpected challenges or opportunities, can impact the housing preferences of a household.

Ideally, a community should offer a full range of housing types to meet the needs of households of different financial means, ages, family sizes, abilities, and other factors. This helps meet the needs of the city's residents over time and ensures a community supports a diverse range of residents. The average person or family will also move between communities, regions, and even countries over a lifetime. Another key goal of promoting housing diversity across the metropolitan region and state is to supply available housing for households who may be relocating due to preference, cost, family, or work.

Housing Needs Over a Lifetime: While each household is unique, the following is an example of what one typical lifecycle might include:

- A child grows up with a family in housing that is preferably large enough to accommodate the family size. This might be a single-family home (owned or rented), or a larger apartment unit (2 to 3 bedrooms), or perhaps a townhome.
- As a young adult, the person moves out of their childhood housing, and often into some denser form of housing such as an apartment (studio or one bedroom) or group living situation (rental house with roommates). It is common for young adults to rent rather than own as they start their working lives and may not have the means to purchase a home. Young adults, single or couples, are key consumers of denser apartment housing in urban areas.
- The young person meets a partner, who shares the denser rental housing until they start a family. With a child in the home, the couple may seek to find a larger rental unit or small single-family home to rent or buy. Rental housing options might include larger apartments, middle housing (duplex or townhome), or older and smaller single detached homes that have filtered into the rental market. Or as first-time homebuyers, they may seek a modest, older home. If the couple remains childless, they might purchase an attached condo unit.
- As the family grows in age and income and perhaps adds additional children, they may move up the home buying "ladder" to a larger home, preferable neighborhood, and/or newly built home. If they lack the means to buy a home, they may seek to rent a single detached home in a preferable neighborhood or school district, even stretching their means to do so while their children are young.
- The family may yet move once or twice while children are at home, seeking a larger or "nicer" home, or perhaps having to relocate for work or extended family needs. This may also be a period where one or more extended family members, such as a grandparent, joins the household. A larger home, renovation, or ADU addition may be needed at this stage.
- When the children become young adults themselves (and start their own housing cycle), the couple may choose to remain in the home, or may change their housing preferences. At this "empty nest" stage or at retirement, the couple may decide to downsize, or relocate altogether. A smaller single detached home, or condominium or town home may be

appropriate. The couple may re-enter the rental market as well. Their house, if it is older and perhaps hasn't been updated in many years, may become a more modestly priced homebuying opportunity for new first-time or younger buyers.

- As the couple age, they may live with their children, forming a new multi-generational family. Or they may seek a retirement community, or eventually require assisted living. The passing of one of the partners may accelerate downsizing, or the move to an apartment.

The above is just one example of a "typical" lifecycle. It is important to note that each household is unique, and the range of housing "lifecycles" is as broad as human experience. Most importantly, some households will remain renters throughout their lives by choice or due to limited means. A full range of housing types must include recognition of the full range of income and affordability levels in the community as well.

The Continuum of Housing Affordability: Different housing types tend to meet the needs of households at different points on the income spectrum. Broadly speaking, lower income residents are more likely to rent their homes and high-income residents are more likely to own their homes.

- Middle income to upper income households (median income and higher) are most often served by the private housing market for single detached homes, condos, or newer high-quality apartments. These households have the means to own or rent without subsidy or assistance and can afford to meet more of their preferences for larger or nicer units and location. In a competitive market, middle income households will still make more trade-offs in housing size, condition, and location.
- Lower-middle income households (roughly 60% to 100% of median income) will also be largely served by the private real estate market for rentals and the low-priced homes. Many of these households will rent in older apartment complexes or single detached homes that may be in poor condition or less desirable locations. These are units that have "filtered" down the affordability ladder as they age and become outdated. If these households are able to own a home, it might be a similarly aged or modest unit in a less desirable location, or it may be a manufactured home. Some households earning 60% to 80% may find subsidized affordable housing, particularly in "tax credit" properties that offer units aimed at this income level. This is an important form of assistance to the households who can secure it, but like all affordable housing is undersupplied in most communities.
- The lowest income households (roughly 60% or lower income) are not well-served by the private real estate market and must generally find some form of subsidized affordable housing or face high rent burdens. Because there is not sufficient subsidized affordable housing to meet their needs, many of these households live in substandard housing situations including market units in very poor condition, overcrowded housing, and/or transitory and precarious housing situations. These households can be served by housing choice vouchers and subsidized units including tax credit properties and public housing. Households earning 30% or less of the median income are considered "extremely low-income" and generally must secure a rental housing voucher or federal public housing administered by a Housing Authority in order to escape extreme rent burdens.

Factors of Development Housing Cost: There are many factors that impact the cost of developing new housing. These costs will impact both the pace of new development, and the price/rent level of the finished housing. Some of these factors are within the public sector's influence, but some are not.

Factors that contribute to housing cost include:

- **Financial Policies:** System development charges, taxes and fees, utility rates, and incentives.
- Development Policies and Regulations: Zoning code, land availability, development standards, permitting process and timeliness, infrastructure design and construction standards.
- **Economic Development Programs:** Workforce development, job creation, resiliency to improve the means of householders.
- **Regulated Affordable Housing Providers and Funding:** Programs to directly serve households in lower income segments. Federal, state, Metro and local programs. Public private partnerships with agencies that build and operate this housing.
- **Public Infrastructure Availability:** Transportation, water, and telecommunication service to buildable properties. Multimodal traffic design and management, transit options.
- **Market Forces:** Much of the decision-making process for private real estate developers is out of the hands of the public sector to influence. Broad forces such as the state of the national and regional economy, population and job growth, interest rates and lending standards, the cost of labor and materials, and expectations of return from investors, all create the general environment in which the developer will make the decision to build and in what location. The public sector can ensure that the factors discussed above are addressed to make the city an attractive and accessible development destination when these market forces align.

Housing Need Findings of the Washington County Consolidated Plan

The five-year Washington County Consolidated Plan (2020-2024)[2] provides additional extensive information about the specific housing needs of Washington County residents, including those in Hillsboro.

The Consolidated Plan used an equity lens throughout to reach findings that echo and support many of those revealed through the City's HNA planning process. These include a focus on special needs and priority populations:

- Elderly and frail elderly;
- Persons with physical, cognitive, and developmental disabilities;
- Persons with mental illness and substance abuse challenges;
- Adults and/or youth at-risk and experiencing homelessness;
- Large families;
- Agricultural workers and families; and,
- Extremely low and very low-income households.

Housing Market and Needs Analyses that accompanied the Plan identified the largest countywide need from the low-income groups, with a large disparity between the number of households in this income segment, and the insufficient number of rental units affordable to them. Among the other (non-income) categories of priority populations, the analysis projected the largest growing need for housing for those with disabilities, the elderly, and large families, though there is a projected need for new housing for all of the identified groups.

The Plan emphasizes the following main goals for housing production:

- Increase the inventory of deeply affordable rental housing in good condition.
- Increase the inventory of accessible and visitable housing to serve persons with disabilities and the elderly.
- Improve the quality of affordable ownership housing in good condition and with accessibility features.
- Improve access to ownership for low to moderate income households through homebuyer assistance programs/products and by helping increase the affordable ownership inventory.

In addition to housing goals, the Plan identifies a number of community development and public service actions to support these populations achieve stability in housing and employment. The Plan identified the following key action items related to housing:

[2] Available at https://www.washingtoncountyor.gov/commdev/2020-2024-consolidated-plan

Rental Housing

- Focus on the construction of affordable rental housing serving a range of extremely low and very low-income households.
- Expand affordable rental housing options for persons with disabilities and elderly.
- Focus on creation of housing with supportive services to serve households at 30 percent of MFI, especially projects that are in alignment with countywide plans to address homelessness.

Homeownership

- Expand homeownership opportunities that reach moderate-income renters who desire to be owners, including community land trusts, down payment assistance, cooperative housing models, sweat equity products, and potential partnerships with home builders.

Housing Preservation

- Focus preservation on regulated and/or low-cost market rate housing serving extremely low to moderate income households.

Assisting Vulnerable Populations

- Foster the creation of affordable rental and ownership housing for special needs populations in a range of community-support and geographic settings.
- Broaden the business community's knowledge of how to be a partner in employing people who have experienced homelessness, including youth, and/or previously justice involved.
- Support household stabilization and displacement mitigation for households at-risk of displacement from public investment and housing price increases.

Housing Needs Projection

This analysis outlines a forecast of housing needs within the City. Housing need and resulting land need are forecast to 2043 consistent with the 20-year need assessment requirements of Oregon Revised Statutes.[3]

This section of the Report presents a housing need analysis (expressed in number and types of housing units) and a residential land need analysis, based on those projections. The study area for this analysis is the city boundary of Hillsboro and adjacent UGB expansion areas.

The primary data sources used in generating this forecast were:

- 2020 Decennial Census
- American Community Survey
- Metro Urban Growth Report
- Metro RLIS
- Portland State University Population Research Center
- Point-In-Time Homeless Count
- Oregon Housing and Community Services
- Oregon Employment Department
- City of Hillsboro
- Washington County
- Census Employment Dynamics
- Regional Multiple Listing Service
- Zonda Market Research
- Caritas Spotlight[4]
- Other sources as appropriate.

This analysis relies heavily on Census data from the 2020 Decennial Census and the American Community Survey (ACS). All Census data feature some margin of error but remain the best data source available on many demographic and housing subjects.

One limitation of the 2020 Census is the release schedule of data sets, which takes place over several years following the year of the Census. Thus far, data has been released on: Population; Race; Latino ethnicity; number of Households; number of Housing Units; and Group Quarters population. While these are key baseline data sets utilized in this analysis, any additional nuance on demographics and housing from the 2020 Census is not yet available, with the next data release expected in 2023.

Despite the limitations, the 2020 Census is relied upon here as the best available source for the key indicators listed above in Hillsboro as of 2020.

For more detailed data sets on demographics and housing, this analysis relies on the American Community Survey (ACS), which features a higher margin of error on all tables than the Decennial Census. The ACS is a survey of a representative sample of households which the Census uses to make estimates generalized to the population of the relevant geography. This analysis relies, whenever

[3] ORS 197.628; OAR 660-025

[4] Claritas Spotlight is a third-party company providing data on demographics and market segmentation. It licenses data from the Nielson Company which conducts direct market research including surveying of households across the nation. Nielson combines proprietary data with data from the Census, Postal Service, and other federal sources, as well as local-level sources such as Equifax, Vallassis and the National Association of Realtors. Projections of future growth by demographic segments are based on the continuation of long-term and emergent demographic trends identified through the above sources.

possible, on the most recent 2021 ACS 5-year estimates. The 5-year estimates have a lower margin of error than the ACS 1-year estimates.

Hillsboro Demographic Profile

Table 1 is a profile of Hillsboro's demographics based on Census data and the 2022 population estimate provided by PSU PRC. Some key points include:

- As of the 2020 Decennial Census, Hillsboro had an estimated population of 106,477 people within the city boundary. The PRC estimates that the population has grown to 109,532 residents in 2022. Based on the estimated population, Hillsboro is the 5th largest city in the state by city population. Hillsboro has surpassed Beaverton to become the third largest city in the Metro area (excluding Vancouver) and trails Gresham by roughly 5,000 residents.
- Hillsboro has experienced steady growth in population, growing an estimated 57% since 2000. In contrast, Washington County and the state experienced population growth of 36% and 25%, respectively, during that same period. (Census and PSU PRC)
- Hillsboro is home to an estimated 40,970 households in 2022, an increase of over 15,900 households since 2000. The percentage of families has fallen since 2000 from 68.5% to an estimated 66.1%. The city has a similar share of family households as Washington County (67%) and a higher share than the state (62%).
- Average household size has fallen slightly since 2000. Hillsboro's estimated average household size is now 2.64 persons, roughly equivalent to the Washington County average of 2.6 and the statewide average of 2.5.

Table 1. Hillsboro Demographic Profile (2000-2022)

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS					
	2000 (Census)	**2010 (Census)**	**Growth 00-10**	**2022 (PSU)**	**Growth 10-22**
Population[1]	69,883	91,611	31%	109,532	20%
Households[2]	25,028	33,289	33%	40,970	23%
Families[3]	17,142	22,440	31%	27,081	21%
Housing Units[4]	27,192	35,487	31%	43,037	21%
Group Quarters Population[5]	948	1,528	100%	1,391	-9%
Household Size (non-group)	*2.75*	*2.71*	-1%	*2.64*	-3%
Avg. Family Size	*3.28*	*3.24*	-1%	*3.18*	-2%

SOURCE: Census, Metro Consolidated Forecast, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901; S19301

1 From Census, PSU Population Research Center, growth rate 2010-2021 extended to 2022

2 2022 Households = (2022 population - Group Quarters Population)/2022 HH Size

3 Ratio of 2022 Families to total HH is based on 2020 ACS 5-year Estimates

4 4.8% vacancy rate is based on the most recent Decennial Census (2020)

5 2022 Group Quarters Population based on 5-year ACS estimates 2017-2021

Population Growth

Since 2000, Hillsboro has grown by over 39,600 residents or 57%, in 22 years. This was much higher than the countywide rate of growth. Washington County has grown an estimated 36% since 2000, or 160,000 people (PSU PRC). Hillsboro accounted for roughly one quarter of countywide growth.

PSU estimates that the population of Hillsboro increased each year between 2020 and 2022, defying the trend of some other large Metro-area cities that experienced a net out-migration of residents during the unusual COVID years of 2020 and 2021. Overall, Washington County grew modestly by 1,500 residents, while Multnomah County lost population over the year. This is part of a pattern that saw a net decline in population in Oregon between 2021 and 2022, according to the Census. Oregon has long seen more deaths than births among its population, which has traditionally been outweighed by net in-migration.

The pandemic disrupted long term growth patterns in many metropolitan areas due to the increased prevalence of work-from-home, which freed many workers from needing to be proximate to their place of work. This was true of white-collar office workers, and less so of those in the blue collar or service industries, many of whom had to remain on-site. The closure of some businesses and services during the pandemic's "shut down" phase reduced the attractiveness of denser urban areas for some residents, as many of the usual amenities were closed due to concerns over COVID risk. In the case of Hillsboro, the community likely gained population due to the development of new housing, and the migration of households out of denser cities (i.e., Portland) to more suburban environments during the pandemic.

As the state and Metro area recover from the extreme disruption of the past few years, many economists believe that growth will return to the long-term trend. Increased housing vacancies in areas that experienced out-migration should be met by returning demand in a Metro housing market that remains undersupplied and expensive for both owners and renters. At the same time, urban amenities are returning, as is the connection between workers and their place of work though many still working remotely at least part of the week. While the changes in location and habits due to COVID have become permanent for many households and workers, new residents should gradually fill the gap and return growth to pre-pandemic trends.

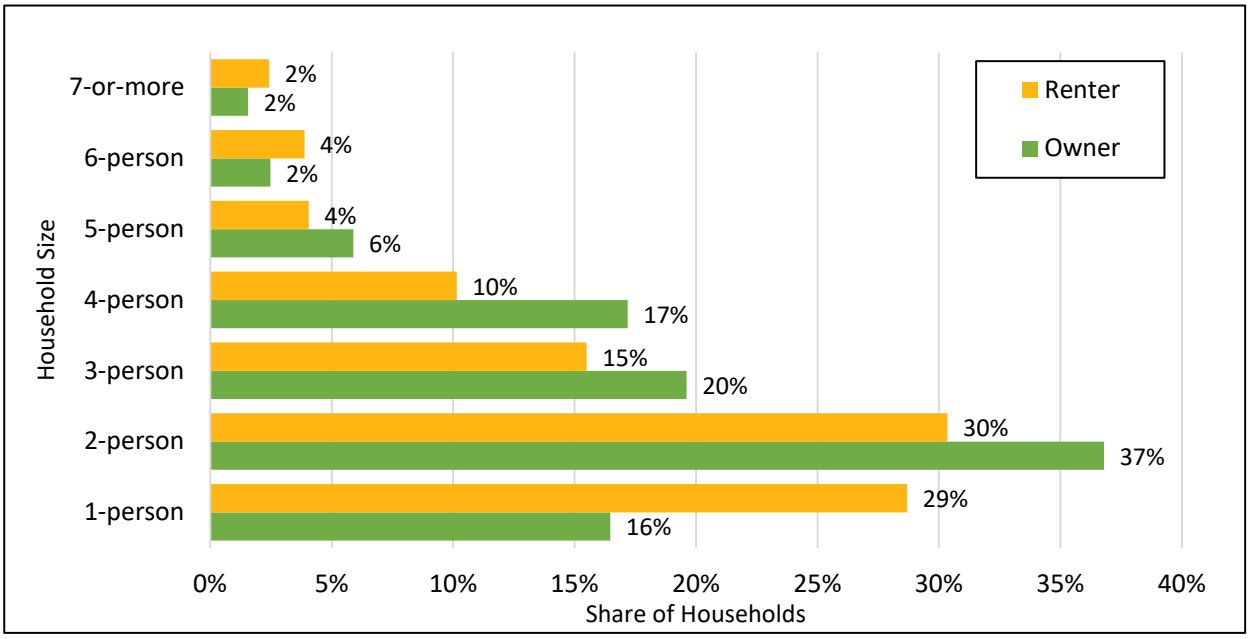
Household Growth & Size

As of 2022, the city has an estimated 40,970 households. Since 2000, Hillsboro has added an estimated 15,942 households. This is an average of roughly 725 households annually during this period. The growth since 2000 has roughly kept pace with the increase in new housing units, which were permitted at an average rate of 740 units per year between 2000 and 2022.

Hillsboro's average household size of 2.64 people, with 66% family households, is in keeping with the average across Washington County. There has been a general trend in Oregon and nationwide towards declining household size as birth rates have fallen, more people have chosen to live alone, and the Baby Boomers have become "empty nesters." While this trend of diminishing household size is expected to continue nationwide, there are limits to how far the average can fall.

Figure 2 shows the share of households by the number of people for renter and owner households in 2021 (latest data available), according to the Census. Renter households are more likely to have one person. Owner households are more likely to have two or more people. Household size correlates to housing needs.

Figure 2. Share Of Households by Household Size by Renters and Owners, Hillsboro



Sources: Census, Johnson Economics LLC; Census Tables: B25009 (2021 ACS 5-yr Estimates)

Family Households

The Census defines family households as two or more persons, related by marriage, birth or adoption and living together. As of the 2021 ACS, an estimated 66.1% of total Hillsboro households were family households, lower than the estimate in 2000 (68.5%). The total number of family households in Hillsboro is estimated to have grown by over 9,900 between 2000 and 2022. In 2022, family households in Hillsboro had an estimated average size of 3.2 people.

Group Quarters Population

As of the 2020 Census, Hillsboro had an estimated group quarters population of 1% of the total population, or roughly 1,100 persons. Group quarters include such shared housing situations as nursing homes, prisons, dorms, group residences, military housing, or shelters. In Hillsboro, the 2020 Census estimated that most group quarters population are in correctional facilities (36%), nursing facilities (26%) or unspecified "other noninstitutional facilities" (32.5%). The PSU PRC notes that "after declines in the GQ [group quarters] population during 2020-2021 associated with closures early during the pandemic, GQ population declined approximately 10% statewide, but the GQ populations have since returned to close to pre-pandemic level" (PSU PRC website). Hillsboro experienced a similar decline during this period. The 2020 Census estimated roughly 500 fewer group quarters residents than the 2010 Census.

In Hillsboro, it is estimated that group quarters population fell in 2020 due to the impacts of the COVID pandemic but has since rebounded to a level closer to the pre-pandemic period. Between the 2017 and 2021 ACS, the estimated group quarters population in Hillsboro ranged from 1,375 to 1,404 persons. This analysis draws on an average of these figures to estimate 1,391 group quarters residents as of 2022. This is an estimated 1.3% of the total population.

For this analysis, group quarters residents are removed from the estimated population total, before determining the number of other types of housing that are needed for non-group households.

Housing Units & Vacancy

Data from the City and the Census indicate that the city added an estimated 15,840 new housing units between 2000 and 2022, representing a 58% growth in the housing stock.

As of 2022, the city has an estimated housing stock of roughly 43,040 units for its 40,970 estimated households. This translates to an estimated average vacancy rate of 4.8%, which is the estimated vacancy rate found in the 2020 Decennial Census. The estimated vacancy in the Metro area was a higher 5.2%, and 7% statewide.

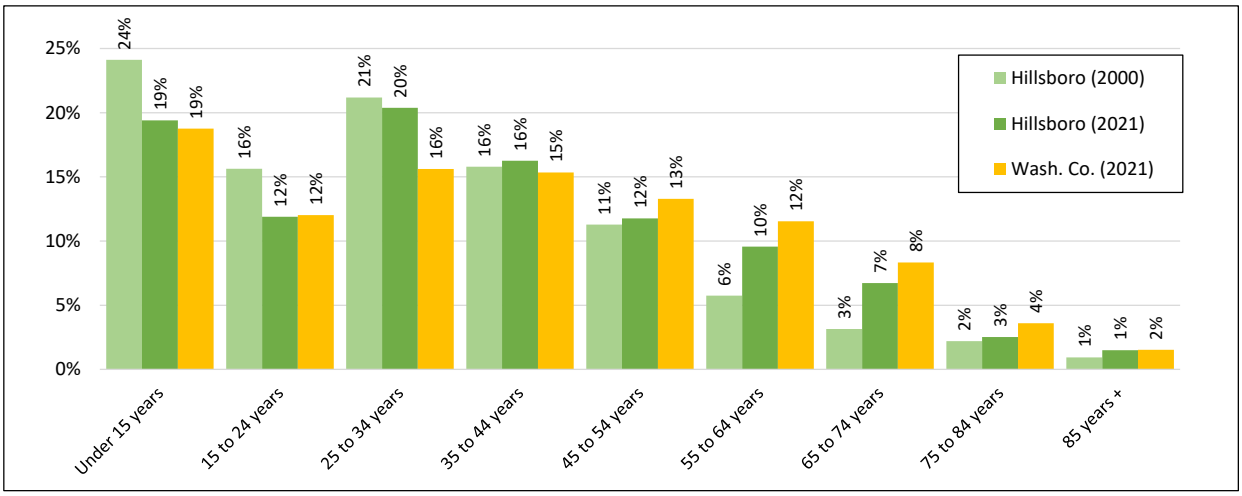
The most recent 2021 ACS estimated a lower vacancy rate of 3.5% in Hillsboro, but with a higher margin-of-error than the Decennial Census. In general, the local vacancy rate has been trending downwards since the 2008/9 recession. Vacancies peaked in 2013 near 7% in Hillsboro and have been declining ever since.

It is important to note that vacancies are not evenly distributed across housing types and price points. Vacancy includes rentals and homes for sale, or otherwise kept vacant. In a tight housing market like the one currently experienced by most of the Portland Metro area, including Hillsboro, the vacancy rate for the lowest cost units will be the lowest, as more households are competing for cost-effective units. For instance, in subsidized affordable housing, there is generally no real vacancy, as lower-income households wait on waiting lists to move into any available unit. Similarly, the inventory of for-sale housing affordable to many middle-income first-time homebuyers is very low, as these units are rarer, and sell quickly.

Age Trends

Figure 3 shows the share of the population falling into different age cohorts between the 2010 Census and the most recent 5-year American Community Survey estimates. The chart shows that children and young adults have fallen as a share of the population. The middle age segments have remained steady as a share of the population as the large Baby Boom generation has aged towards retirement. This is in keeping with the national trend. But overall, Hillsboro has a younger population than the county, which has an even greater share of those over 55 years in age.

Figure 3. Age Cohort Trends, 2010 - 2021

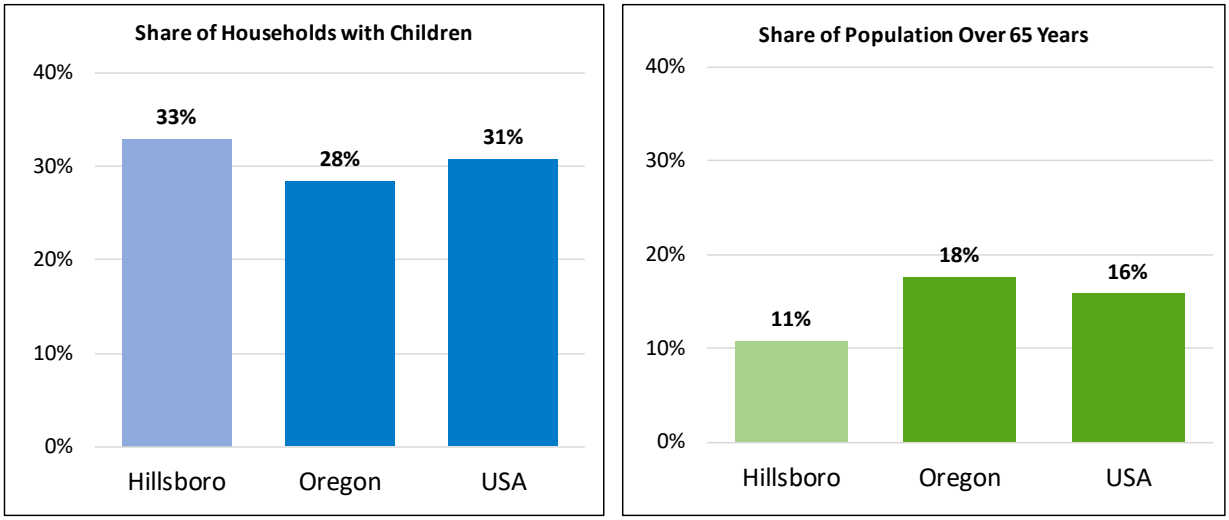


Sources: Census, Johnson Economics LLC; Census Tables: QT-P1 (2000); S0101 (2021 ACS 5-yr Estimates)

- Despite the general aging of the population, nearly 90% of the population is under 65 years of age, and nearly 20% are under age 15.
- In the 2021 ACS, the local median age was an estimated 34 years, compared to 40 years across Oregon.

Figure 4 presents the share of households with children, and the share of the population over 65 years of age for comparison. Compared to state and national averages, Hillsboro has a higher share of households with children at 33%. At 11%, the share of the population over 65 is lower than the state and national figures.

Figure 4. Share of Households with Children/ Population over 65 years (Hillsboro)



Sources: Census, Johnson Economics LLC; Census Tables: B11005; S0101 (2021 ACS 5-yr Estimates)

Diversity Trends

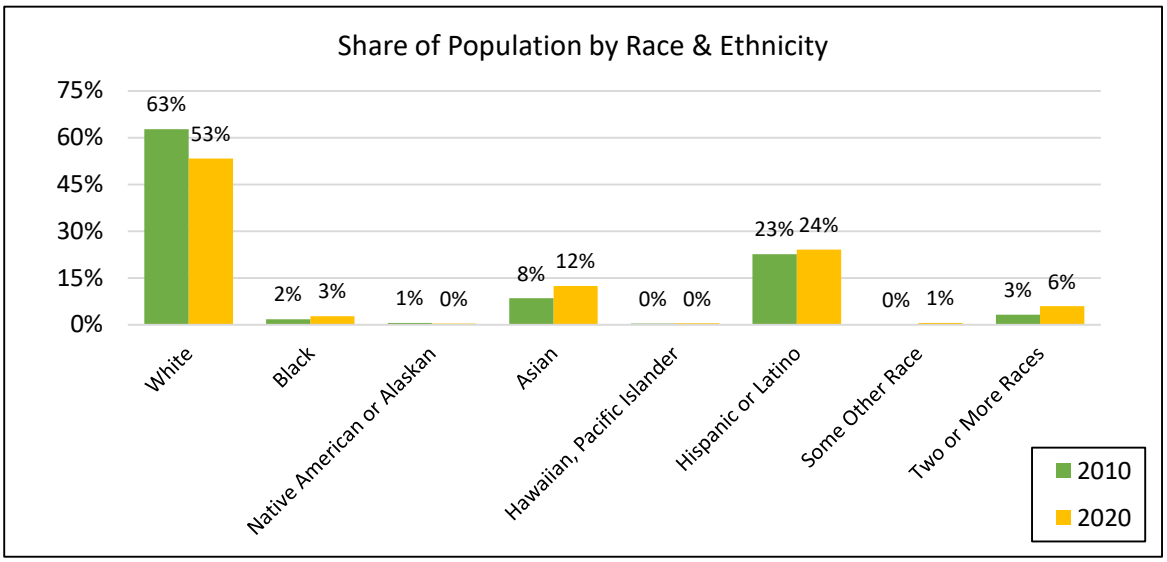
The following figure presents the distribution of Hillsboro's population by race and Hispanic ethnicity. As shown in Figure 5, the community grew more diverse between the 2010 and 2020 Census, with the population's white (non-Hispanic) share falling from 63% to 53%. The Hispanic or Latino population makes up 24% of residents, and the Asian population is 12% of the population. In comparison, the share of the population identifying as "white alone" is 61% in Washington County, and a much higher 72% statewide. The share of Hillsboro's population identifying as Hispanic or Latino is 24% of the population, indicating over 25,000 people as of the 2020 Census. This is higher than the 14% share statewide.

Minority households tend to have a larger average household size than the average of all households (Figure 6 presents statewide data due to the high margin of error for local data in this data set.) Households identifying as "white alone" have the lowest average household size (2.4 persons), while all other racial and ethnic categories have a larger estimated average household size. Some of the non-white categories, such as black households and those of two or more races, are still similar in average size (2.5 and 2.7 persons, respectively). Those with the largest estimated households are Latinos, Pacific Islanders, and those identifying as "some other race."

Larger average household size indicates a need for units with more bedrooms on average among many minority households. Each household has its own housing needs in terms of the number of bedrooms and other factors, based on the specific makeup of each family. Based on voluntary guidelines provided

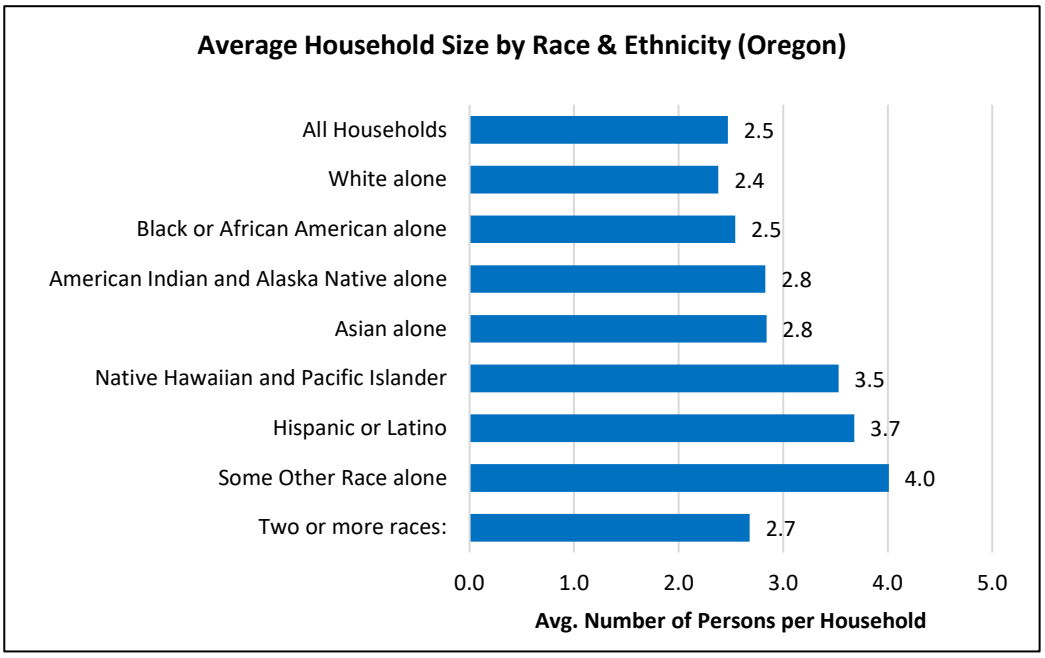
by HUD for public housing programs, households of between 2 persons generally need a one-bedroom unit, households with 3 persons might need two bedrooms, and those with 4 persons might need three bedrooms. Larger households may need four or more bedrooms, which are typically found in single detached homes.

Figure 5. Racial and Ethnic Diversity, 2010 – 2020 (Hillsboro)



Sources: Census, Johnson Economics LLC; Census Tables: P1, P2 (2010, 2020)

Figure 6. Average Number of Persons per Household by Racial and Ethnic Category (Oregon)



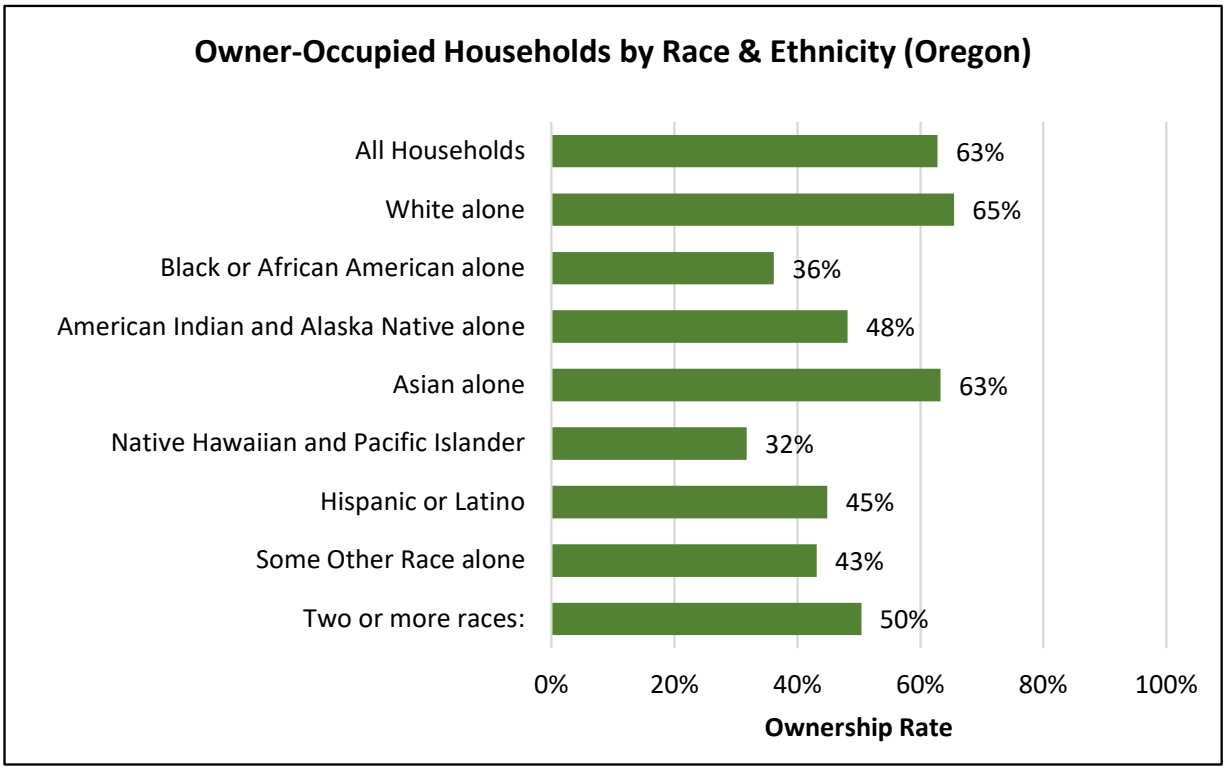
Sources: Census, Johnson Economics LLC; Census Tables: P17A-H, (State of Oregon, 2020)

** This data is presented on a statewide basis using the most recent Census data available (2010). The data for the Hillsboro or Washington County geographies feature unusually large margins of error due to small sample size.*

Currently, many racial and ethnic minorities are less likely to own the homes they occupy based on statewide data (Figure 7) meaning that they tend to occupy rental units. These communities face systemic obstacles to home ownership including lower generational wealth, access to capital and financing, and a history of discrimination in lending and geography (e.g., redlining). While the country and state try to address explicit discrimination through the law, the legacy of these barriers continue to hamper home ownership for many minority households. Going forward, Hillsboro would benefit from more entry-level homebuying opportunities for these households, as well as additional rental housing for those who are still unready or unable to buy a home.

Populations from some racial and ethnic minority groups also have lower average incomes and are more likely to have income below the official poverty level compared to the total population. This is correlated with their greater share of renter households and will also impact the types of housing they consume, as discussed later in this report.

Figure 7. Home Ownership Rate by Racial and Ethnic Category (Oregon)



Sources: Census, Johnson Economics LLC; Census Tables: B25003A-H, (State of Oregon, 2021 ACS 5-year)

** This data is presented on a statewide basis using the most recent Census data available (2020). The data for the Hillsboro or Washington County geographies feature larger margins of error due to small sample size in some of the racial categories.*

Income Trends

Table 2 presents data on Hillsboro's income trends.

Table 2. Income Trends, 2000 – 2022 (Hillsboro)

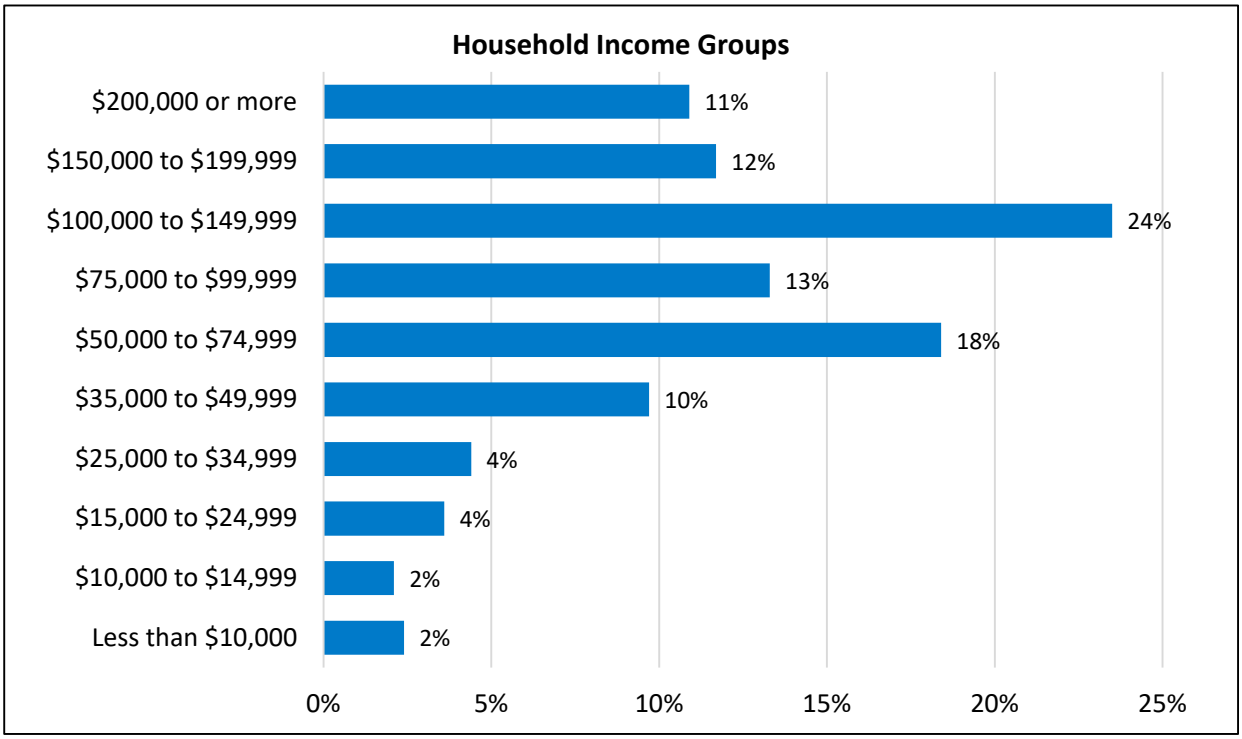
PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000 (Census)	**2010 (Census)**	**Growth 00-10**	**2022 (Proj.)**	**Growth 10-22**
Per Capita ($)	$21,680	$27,481	27%	$42,938	56%
Median HH ($)	$51,575	$62,474	21%	$94,075	51%

SOURCE: Census, Metro Consolidated Forecast, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901; S19301

- Hillsboro's per capita income was roughly $41,625 in 2021, compared to the statewide per capita income of $37,800. The projected per capita income in 2022 is nearly $43,000, based on the growth rate between 2000 and 2020.
- Hillsboro's estimated median household income was over $94,000 in 2022. This was similar to the Washington County median of $92,025, but 30% higher than the statewide median of $70,100. Based on the average annual rate of growth between 2000 and 2021, the estimated median income as of 2022 is $94,000.
- In real dollars, median income grew an estimated 82% between 2000 and 2022, in real dollars. Inflation was an estimated 55% over this period, so the local median income exceeded inflation in that period. This is not the case in many regions and nationally, where income growth has not kept pace with inflation.

Figure 8. Household Income Cohorts, 2021 (Hillsboro)



Sources: Census, Census Tables: S1901 (2021 ACS 5-yr Est.)

Figure 8 presents the estimated distribution of households by income as of 2021. The largest income cohorts are those households earning between $100k and $150k, followed by households earning between $50,000 and $75,000.

- 42% percent of households earn more than $100,000.
- 25% of households earn less than $50k per year, and 9% of households earn less than $25k per year.

Poverty Statistics

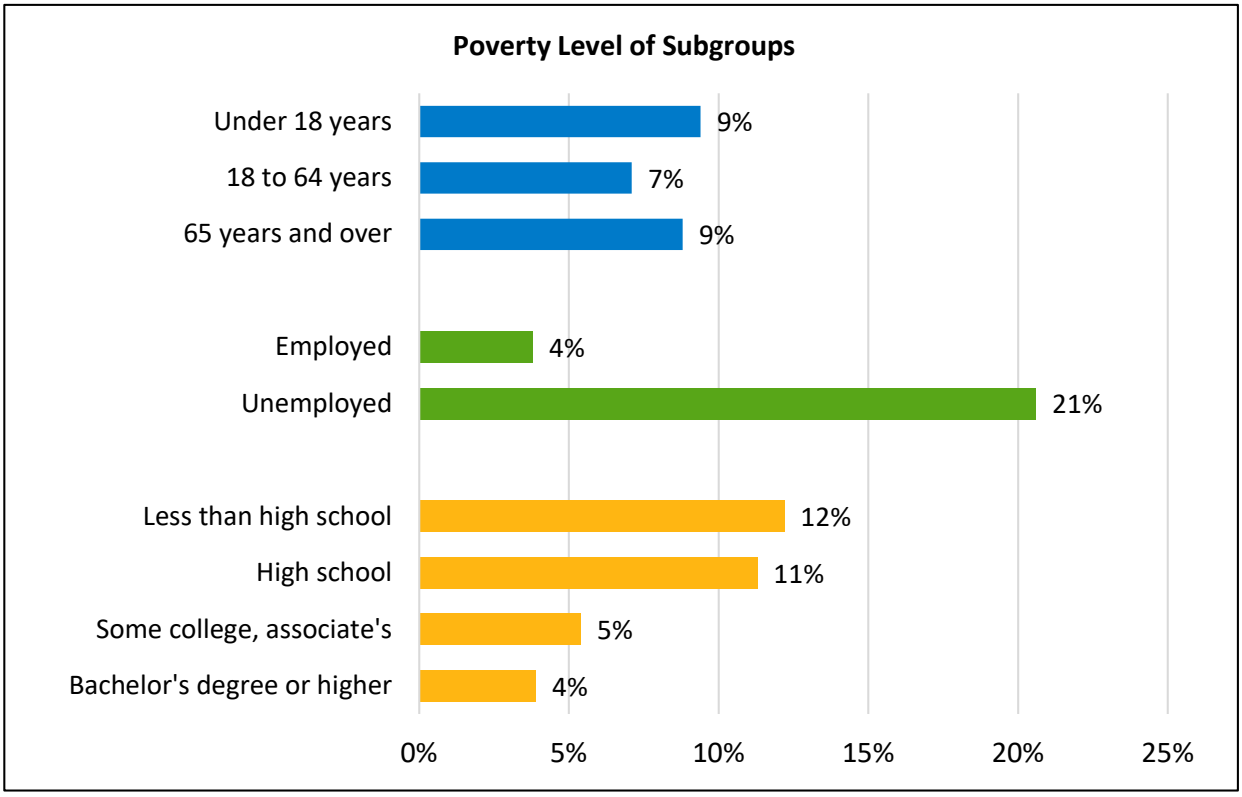
According to the Census, the official poverty rate in Hillsboro is an estimated 8% during the most recent period reported (2021 5-year estimates).[5] This is roughly 8,200 individuals in Hillsboro. In comparison, the official poverty rate in Washington County is a similar 8%, and at the state level is 12%. As shown in Figure 9, in the 2017-21 period:

- The Hillsboro poverty rate is highest for children and older residents at 9%, and 7% for those between 18 and 64 years.
- For those without a high school diploma, the poverty rate is 12%. For those with higher rates of education, the estimated poverty rate falls.
- Among those who are unemployed the poverty rate is 21%, while it is 4% for those who are employed.

[5] Census Tables: S1701 (2021 ACS 5-yr Estimates)

While the Citywide average poverty rate is comparable to that of the County, the estimated poverty rate in individual Census tracts can vary widely, including some with much higher poverty rates. Two tracts in southwest Hillsboro, that encompass the Downtown and surrounding areas, featured estimated poverty rates of 22% in the 2021 ACS, among the highest poverty rates in the state. Downtown Hillsboro is the seat of Washington County governance and where many public services for the low-income and homeless are centered. Another tract in northeast Hillsboro, east of Cornelius Pass Rd. and west of Rock Creek, features a comparable poverty rate of 19%.

Figure 9. Share of Population in Poverty by Category (Hillsboro)



Sources: Census; Census Tables: S1701 (2021 ACS 5-yr Est.)

Employment Location Trends

This section provides an overview of employment and industry trends in Hillsboro that are related to housing.

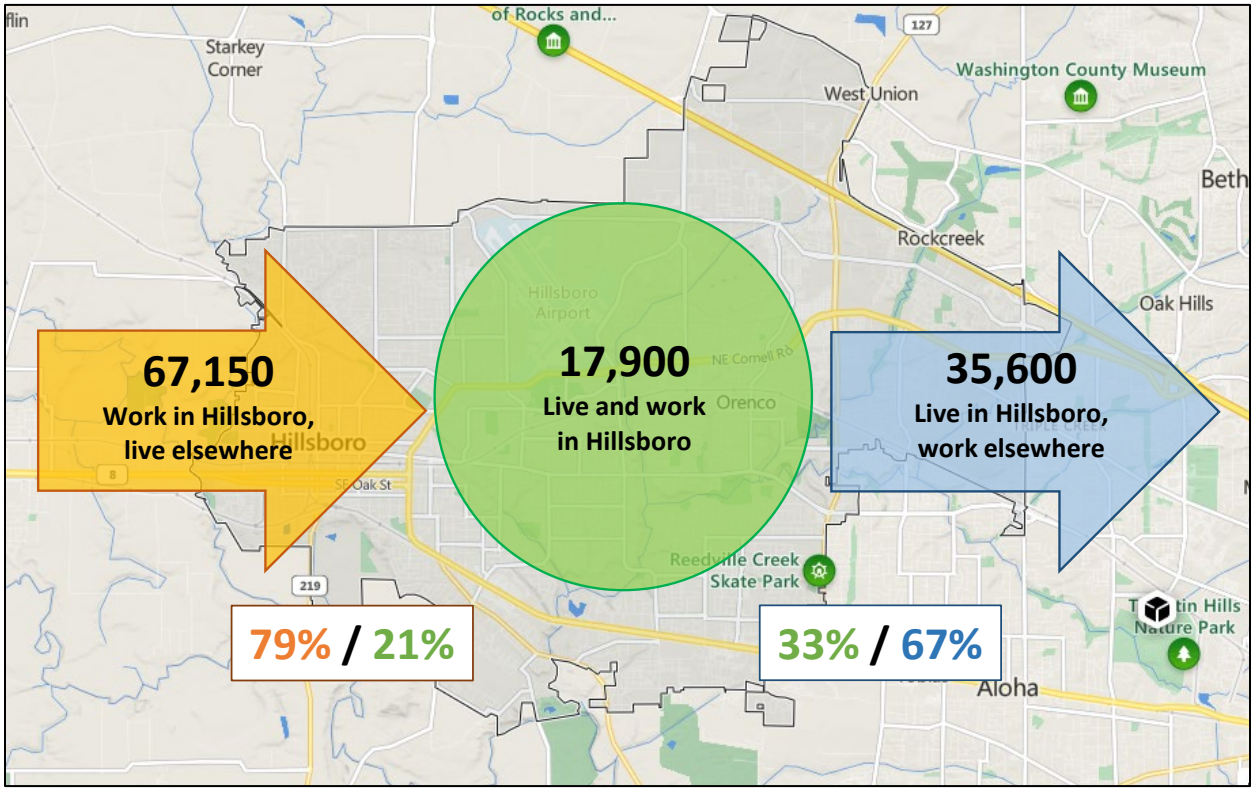
Commuting Patterns: The following figure shows the inflow and outflow of commuters to Hillsboro according to the Census Longitudinal Employer-Household Dynamics Database. These figures reflect "covered employment" as of 2019, the most recent year available. Covered employment refers to those jobs where the employee is covered by federal unemployment insurance. This category does not include many contract employees and the self-employed and therefore is not a complete picture of local employment. The figure discussed here is best understood as indicators of the general pattern of commuting and not exact figures.

As of 2019, the Census estimated there were roughly 85,000 covered employment jobs located in Hillsboro. Of these, an estimated 17,900 or 21%, were held by local residents, while over 67,000 employees commuted into the city from elsewhere (Figure 10). This general pattern of cross-commuting

is common among many communities within the Metro area. The most common places of residence for workers commuting into the city are Portland and Beaverton, with smaller shares from nearby areas including Aloha, Bethany, and Forest Grove.

Similarly, of the estimated 53,500 Hillsboro residents with covered employment, 67% of them commute elsewhere to their employment. The most common destinations for Hillsboro commuters are Portland, Beaverton, and Tigard. Smaller shares work elsewhere in the Portland metro or in the mid-Willamette Valley.

Figure 10. Commuting Patterns (Primary Jobs), Hillsboro



Source: Census Longitudinal Employer-Household Dynamics

Jobs/Household Ratio: Hillsboro features a high jobs-to-households ratio. There are an estimated 85,000 jobs in Hillsboro (covered), and an estimated 41,200 households in Hillsboro. This represents over two jobs per household. There is no standard jobs-to-households ratio that is right for all communities, but it can provide a guide to the balance between employment uses and residential uses in the city. In the case of Hillsboro, the community offers a high number of employment opportunities both for local and regional residents.

Current Housing Conditions

This section presents a profile of the current housing stock and market indicators in Hillsboro. This profile forms the foundation to which current and future housing needs will be compared.

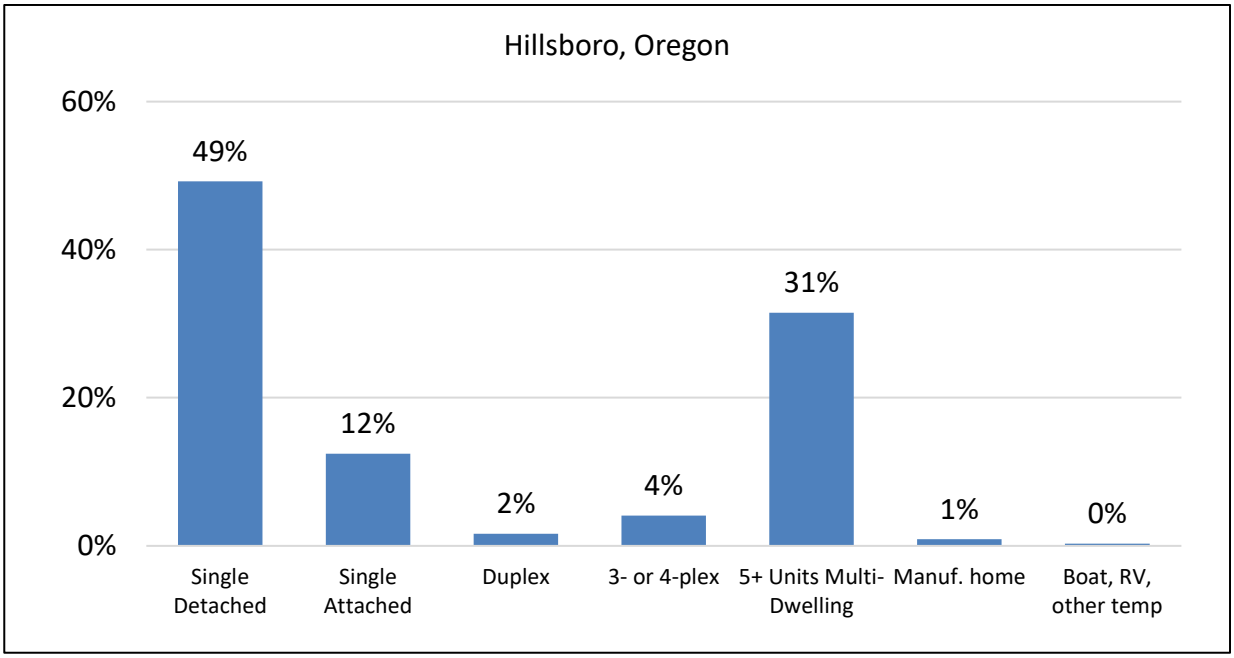
Housing Tenure

The Census estimates that Hillsboro has a slightly greater share of homeowner households than renter households. The 2021 ACS estimates that 51% of occupied units were owner-occupied, and 49% were renter occupied. The estimated ownership rate is similar to the rate in other large Metro cities, including Beaverton (50%) and Portland (53%), but the rate is higher across Washington County (61%) and statewide (63%). Nationally, the homeownership rate is now near the historical average of 65%.

Housing Stock

Hillsboro has an estimated 43,040 housing units in 2022, with a vacancy rate of 4.8% (includes ownership and rental units). The housing stock is projected to have increased by roughly 15,850 units since 2000, or a growth of 58%.

Figure 11. Estimated Share of Housing Units, By Property Type, 2022



Sources: Census, City of Hillsboro

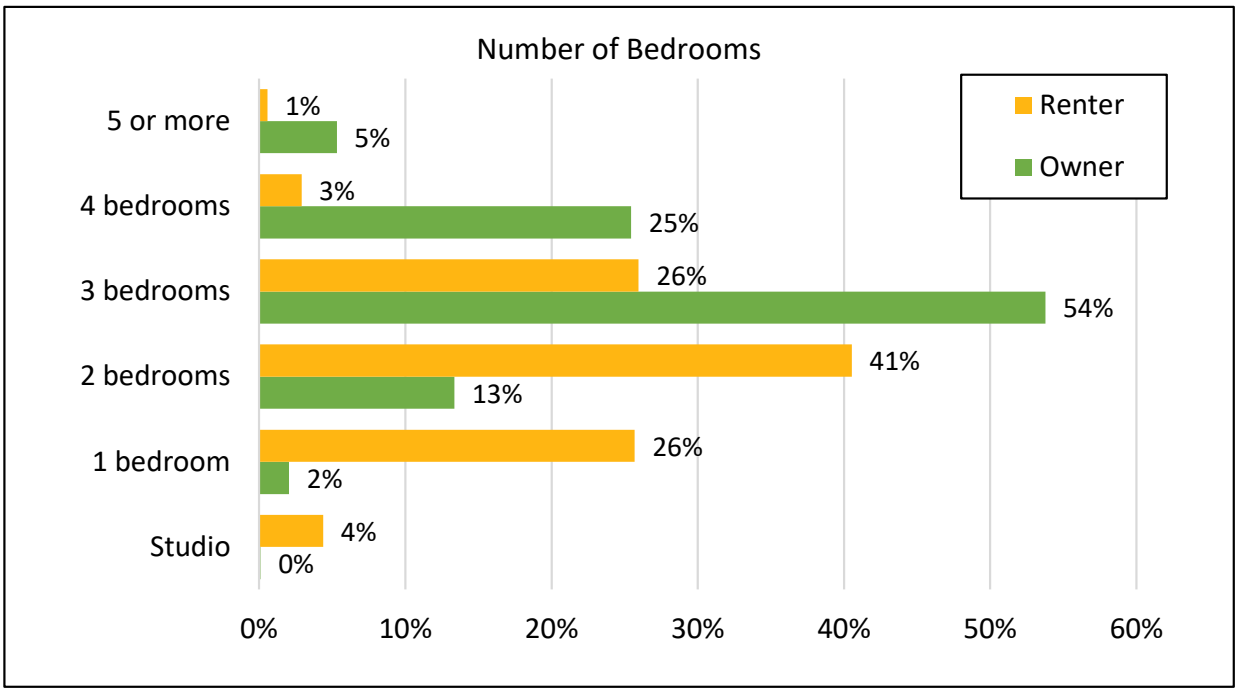
Figure 11 shows the estimated number of units by type in 2022 based on forecasting forward from the most recent Census and ACS data. Single detached homes represent an estimated 44% of housing units. Manufactured homes represent an additional 1% of the inventory.

Units in larger apartment complexes of 5 or more units represent 34% of units, and other types of attached homes (townhomes, duplexes and, 3-or 4 plexes) represent an additional 21% of units. (Single attached generally includes attached townhomes, and some 2 to 4-plexes which are separately metered).

Number of Bedrooms

Figure 12 shows the share of units for owners and renters by the number of bedrooms they have. In general, owner-occupied units are much more likely to have three or more bedrooms, while renter-occupied units are more likely to have two or fewer bedrooms. However, rental units with three or more bedrooms make up nearly 30% of rental units.

Figure 12. Number of Bedrooms for Owner and Renter Units, 2021



Source: Census; Census Tables: B25042 (2021 ACS 5-year Estimates)

Unit Types by Tenure

As shown in Table 3 and Figure 13, a large share of owner-occupied units (80%) are detached homes, which is related to why owner-occupied units tend to have more bedrooms on average. This is a key factor in the high cost of many single detached homes and a barrier to homeownership for many. Over 3% of ownership units are in buildings of three or more units, meaning these are likely condominium units. Renter-occupied units are more distributed among a range of structure types. About 16.5% of rented units are estimated to be detached homes or manufactured homes, while the remainder are some forms of attached unit. Nearly 62% of rental units are in larger apartment complexes.

Table 3. Current Housing Inventory by Unit Type, for Owner and Rental Housing

Ownership housing

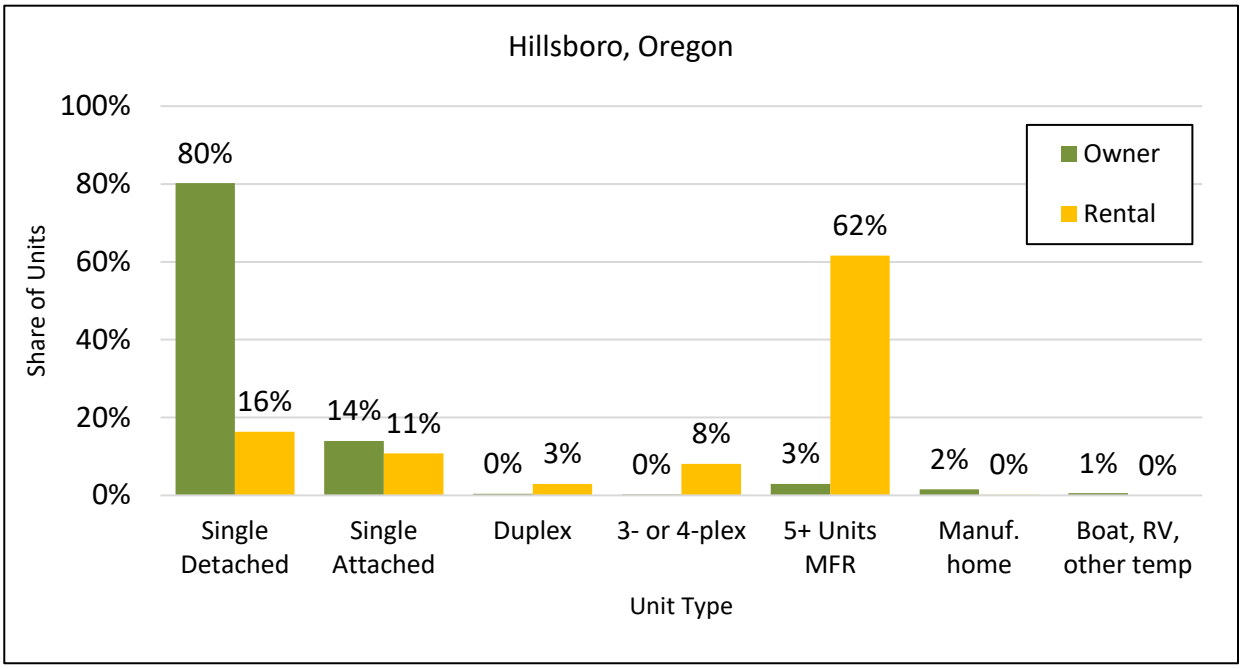
OWNERSHIP HOUSING								
	Single Detached	Single Attached	Duplex	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units
Totals:	17,766	3,098	89	57	654	345	127	22,135
Percentage:	80.3%	14.0%	0.4%	0.3%	3.0%	1.6%	0.6%	100%

Rental housing

RENTAL HOUSING								
	Single Detached	Single Attached	Duplex	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units
Totals:	3,422	2,258	613	1,691	12,886	33	0	20,903
Percentage:	16.4%	10.8%	2.9%	8.1%	61.6%	0.2%	0.0%	100%

Sources: Census, Johnson Economics, City of Hillsboro

Figure 13. Current Housing Inventory by Unit Type, by Share

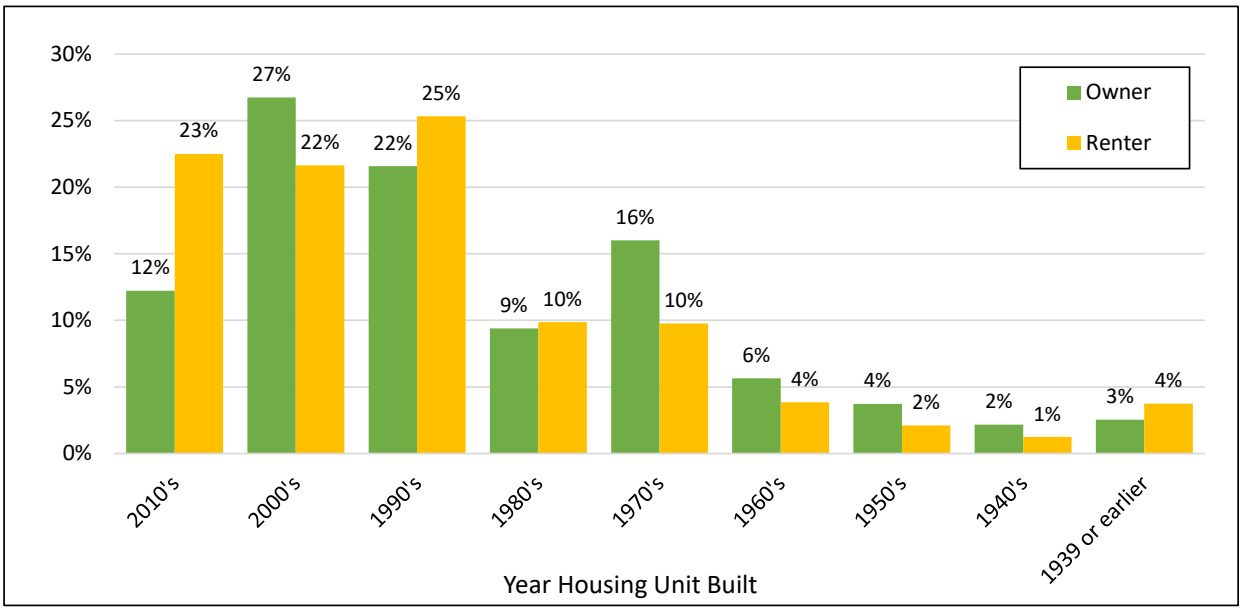


Sources: Census, Johnson Economics, City of Hillsboro

Age and Condition of Housing Stock

Hillsboro's housing stock reflects the pattern of development over time. As shown in Figure 14, an estimated 12% of owner housing and 23% of renter housing have been built over the last decade. An additional 50% of both ownership housing and rental housing was built in the 1990's and 2000's.

Figure 14. Age of Housing Units for Owners and Renters



Source: Census

Census Tables: B25036 (2021 ACS 5-year Estimates)

- Good quantitative data on housing condition is generally unavailable without an intensive on-site survey of all local housing that is beyond the scope of this analysis. Census categories related to housing condition are ill-suited for this analysis, dealing with such issues as units without indoor plumbing, which was more common in the mid-20th Century, but is an increasingly rare situation. Age of units serves as the closest reliable proxy for condition with available data.
- For ownership units, older homes may be in poor condition, but are also more likely to have undergone some repair and renovation over the years. Rental units are more likely to degrade steadily with age and wear-and-tear, and less likely to receive sufficient reinvestment to keep them in top condition, though this is not universally true.

Housing Costs vs. Local Incomes

Figure 15 shows the share of owner and renter households paying more than 30% of their household income towards housing costs (typically including utilities), by income segment. Spending 30% or less on housing costs is a standard measure of "affordability" used by HUD[6] and others, and in the analysis

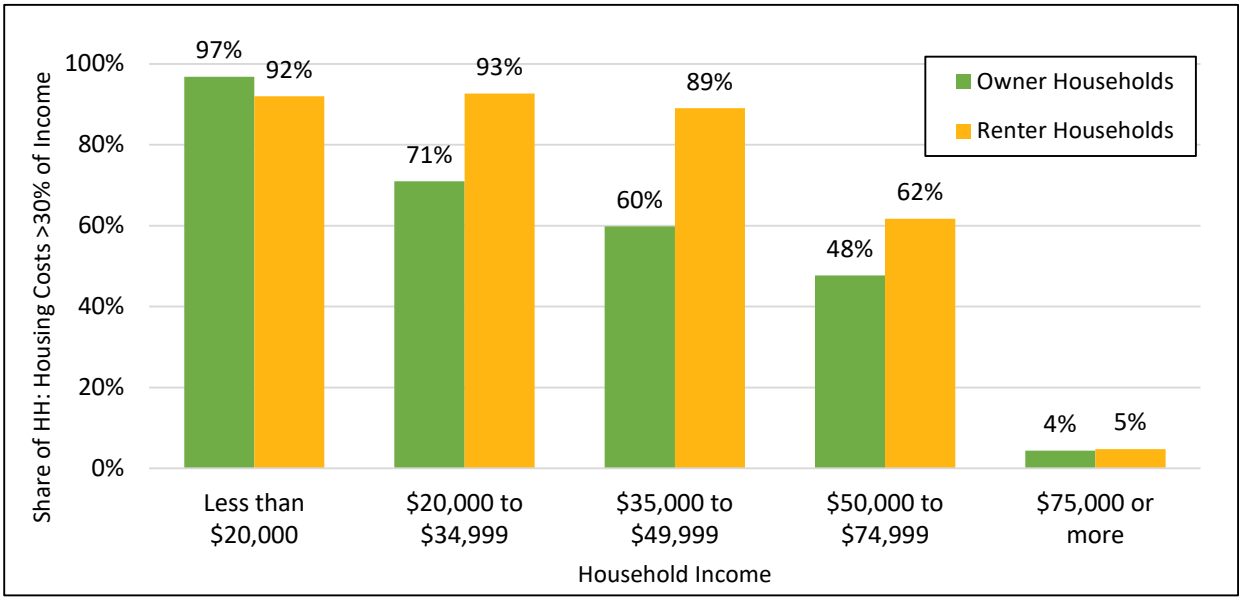
[6] "Cost burden – Monthly housing costs (including utilities) exceeding 30% of monthly income. Severe cost burden – Monthly housing costs (including utilities) exceeding 50% of monthly income." Source: www.huduser.gov/portal/datasets/cp/CHAS/bg_chas.html

presented in this report. HUD defines households spending more than 30% of income on housing as "rent burdened" or "cost burdened."

Households with lower incomes tend to spend more than 30% of their income on housing as they have less income, while incrementally, fewer of those in higher income groups spend more than 30% of their incomes on housing costs as they have greater financial resources. Of those earning less than $20,000, it is estimated that most owner and renter households spend more than 30% of their income on housing costs.

In total, the Census estimates that over 31% of Hillsboro households pay more than 30% of income towards housing costs (2021 American Community Survey, B25106).

Figure 15. Share of Households Spending More than 30% on Housing Costs, by Income Group



Sources: Census, Johnson Economics; Census Table: B25106 (2021 ACS 5-yr Estimates)

Housing is generally one of a household's largest living costs, if not the largest. The ability to find housing options that are affordable, and even build wealth through ownership, is one of the biggest contributors to helping lower income households save and cultivate wealth. Even if renting, housing costs that are affordable allow for more household income to be put to other needs, including savings.

Renters are disproportionately lower income relative to homeowners. Housing cost burdens are felt more broadly for these households, and as the analysis presented in a later section shows there is a need for more rental units at more affordable levels in Hillsboro, as in most communities.

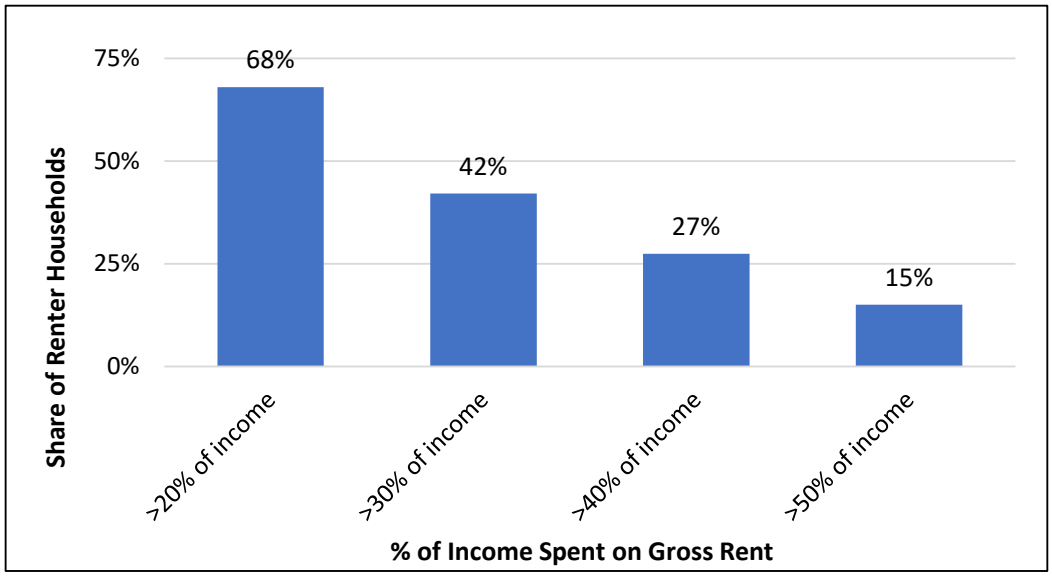
Figure 16 shows the percentage of household income spent towards gross rent[7] for local renter households only. This more fine-grained data shows that not only are 42% of renters spending more

[7] The Census defines Gross Rent as "the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid by the renter (or paid for the renter by someone else)." Housing costs for homeowners include mortgage, property taxes, insurance, utilities and condo or HOA dues.

than 30% of their income on gross rent, but an estimated 15% of renters are spending 50% or more of their income on housing and are considered "severely rent-burdened".

The state of Oregon tracks cities where at least 25% of renter households are severely rent burdened, identifying them as "severely rent burdened cities." With 15% of renter households meeting this threshold, Hillsboro does not currently qualify as one of these cities.

Figure 16. Percentage of Household Income Spent on Gross Rent, Hillsboro Renter Households



Sources: Census, Johnson Economics; Census Table: B25070 (2021 ACS 5-yr Estimates)

Publicly Assisted Housing

The Metro affordable housing database lists 2, 2,562 subsidized affordable units within Hillsboro in 77 separate properties. Table 4 lists those properties tracked by Oregon Housing and Community Services (OHCS) in Hillsboro, which is less complete but includes a breakdown of the eligible households. These are properties that are funded through HUD programs, tax credits and other programs which guarantee subsidized rents for qualified households. Most of these units are offered towards families (75%), while lesser amounts are aimed at other groups. The high share of renters still paying over 30% of their income towards housing costs indicates that there is an ongoing need for rental units at the lowest price points. Hillsboro is currently home to one property, the Montebello Apartments, dedicated to agricultural workers with 47 units.

Table 4. Subsidized Affordable Housing Inventory, Hillsboro

	# of Properties	# of Units	Share of Units
Agricultural Worker	1	47	2%
Developmentally Disabled	0	0	0%
Elderly	4	143	7%
Ex- or Released Offender	0	0	0%
Family	60	1,502	75%
Homeless	0	0	0%
Physically Disabled	3	89	4%
Substance Use Disorder	0	0	0%
Veterans	0	0	0%
Workforce	3	232	12%
Total:	***71***	***2,013***	***100%***

Source: OHCS

Homelessness: The Census does make a multi-faceted effort to include the homeless population in the total Decennial Census count, by attempting to enumerate these individuals at service providers, and in transitory locations such as RV parks or campgrounds, as of the official Census data (4/1/20). However, it is difficult to count this population accurately, and it is generally presumed that the homeless are undercounted in the Census.

The most recent (January 2022) Point-in-Time count of people experiencing homelessness and households experiencing homelessness in Washington County[8] found 808 homeless individuals in 571 households on the streets, in shelters, or other temporary and/or precarious housing. The estimated 808 homeless individuals represented 0.8% of Hillsboro's total estimated population in 2022.

- An estimated 72% of individuals were in some sort of temporary shelter, while 28% were unsheltered.
- The total included 171 children (under age 18), all of whom were sheltered, and 44 youth (aged 18-24) of whom 12 were unsheltered.
- 61% of those counted identified as men, 38% as women, and 1% as transgender or gender non-conforming.
- 24% of those counted were Hispanic or Latino compared to 18% in the general population.
- 250 individuals, or 31%, were counted as "chronically homeless".[9]

While the Point-in-Time count is one of the few systematized efforts to count homelessness across the country in a regular, structured way, it is widely thought to undercount the population of homeless

[8] Figures are for the entire County.

[9] HUD defines "chronically homeless" as an individual with a disability as defined by the McKinney-Vento Assistance Act, who has been in uninhabitable conditions for more than 12 mo. or on four separate occasions in the last three years; or has been in institutional care for less than 90 days; or a family with an adult head of household who meets this definition.

individuals and households. People who are doubled up, couch surfing, or experiencing domestic violence may not always be accurately counted. In addition to the impossibility of finding all unsheltered individuals experiencing homelessness, the count is conducted in late January, when homeless counts are likely near their lowest of the year due to inclement weather. It also relies on self-reporting.

A recent analysis prepared for OHCS to test a potential approach for preparing Housing Capacity Analyses on a regional basis included estimates of the homeless population in Oregon communities, including Hillsboro. The approach utilizes a combination of data from the bi-annual Point-in-Time count and from tracking of homeless school-aged children in keeping with the McKinney-Vento Act. The analysis estimates 768 homeless households in Hillsboro as of mid-2020. These include households that are unsheltered, in temporary shelters, or staying with friends or relatives. These households are a component of current and future housing needs.

The persistence of homelessness speaks to the need to continue to build a full spectrum of services and housing types to shelter this population, from temporary shelter to subsidized affordable housing. An analysis of the ability of current and projected housing supply to meet the needs of low-income people and the potential shortfall is included in the following sections of this report.

Market Conditions (For-Sale Housing)

Figure 17 and Figure 18 present home sales data from the Regional Multiple Listing Service (RMLS) for the prior 12 months (October 2021 to October 2022).

There were 1,585 home sales in Hillsboro over this period, or an average of 132 sales/month. Attached units and condominiums make up a significant share of home sales (29%).

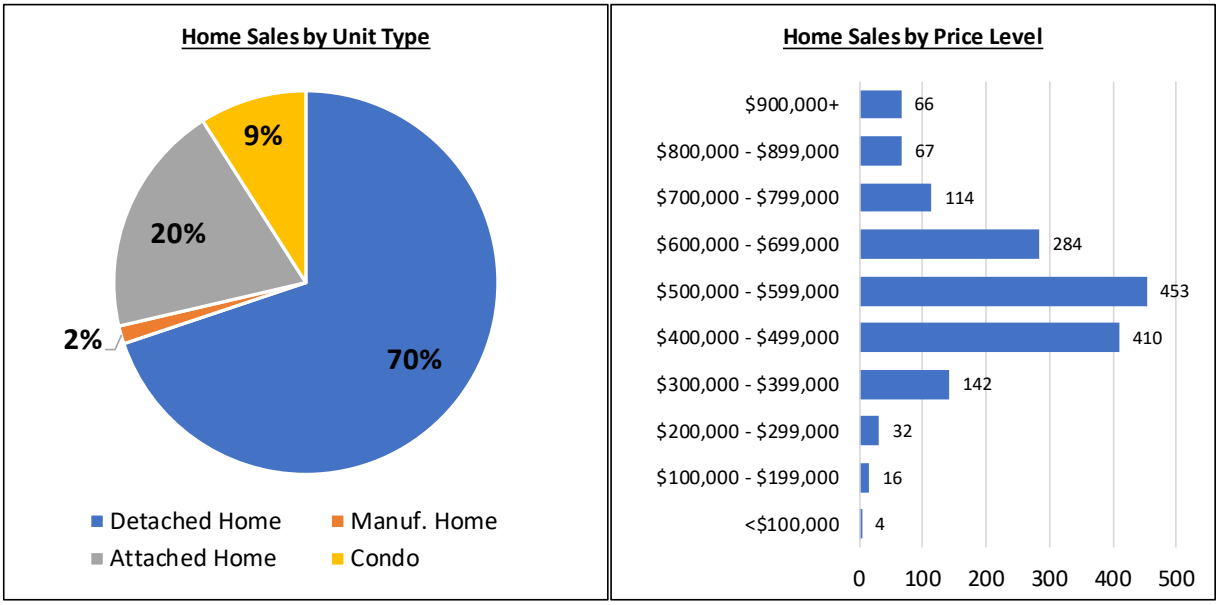
- The median sale price was $535,500.
- The average (mean) sale price was $564,000.
- The average price per square foot was $305/square foot.
- The median square footage was 1,715 square feet.
- A home affordable to the median-income household in Hillsboro (roughly $90,000), would cost around $350,000.
- Only 7% of total sales were priced below $350,000. Therefore, very few units are affordable to any would-be buyers making less than the median household income.
- 93% of total sales were priced at more than $350,000, and 62% of total sales were priced at $500,000 or more.

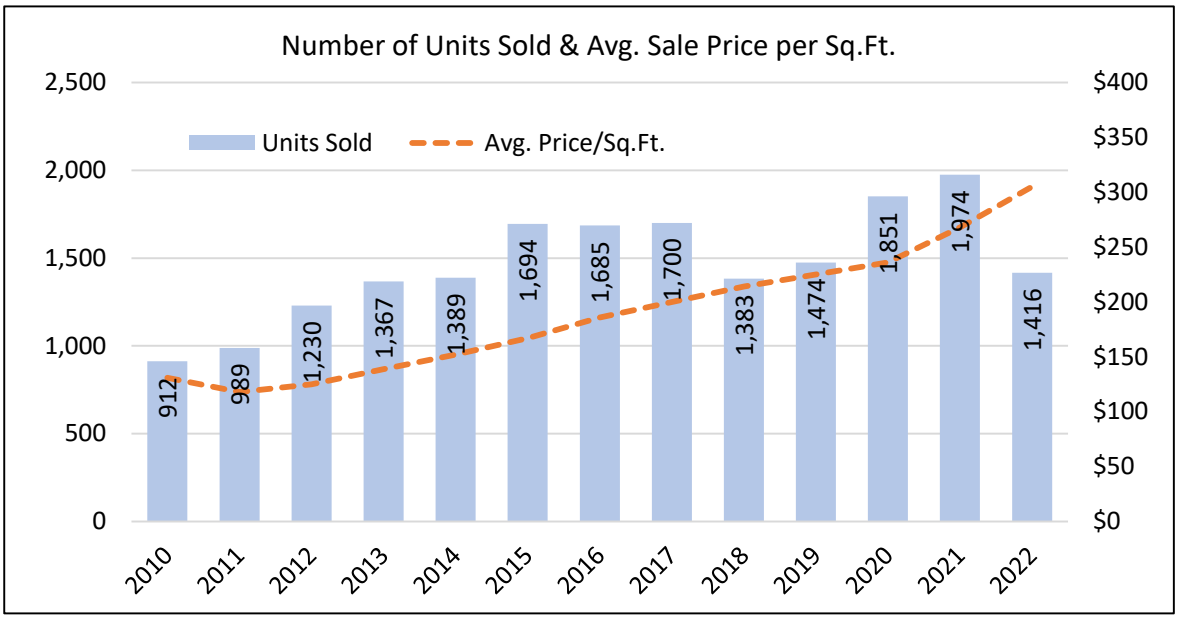
Currently, RMLS tracks 174 active listings, or about 1.5 months of for-sale inventory at the average rate of sales over the prior 12 months. Historically, this is a very low housing inventory and indicates a tight housing market.

Figure 18 presents the estimated home price affordable to the median-income household in Hillsboro and comparison market areas, compared to the actual median sale price for homes in 2022. In all cases, the median sale price is well in excess of what would be affordable to the median-income household.

In Hillsboro, the median sale price was roughly 60% higher than the affordable price for the median household. However, in the comparison jurisdictions the median sale price ranged from 70% to 90% higher.

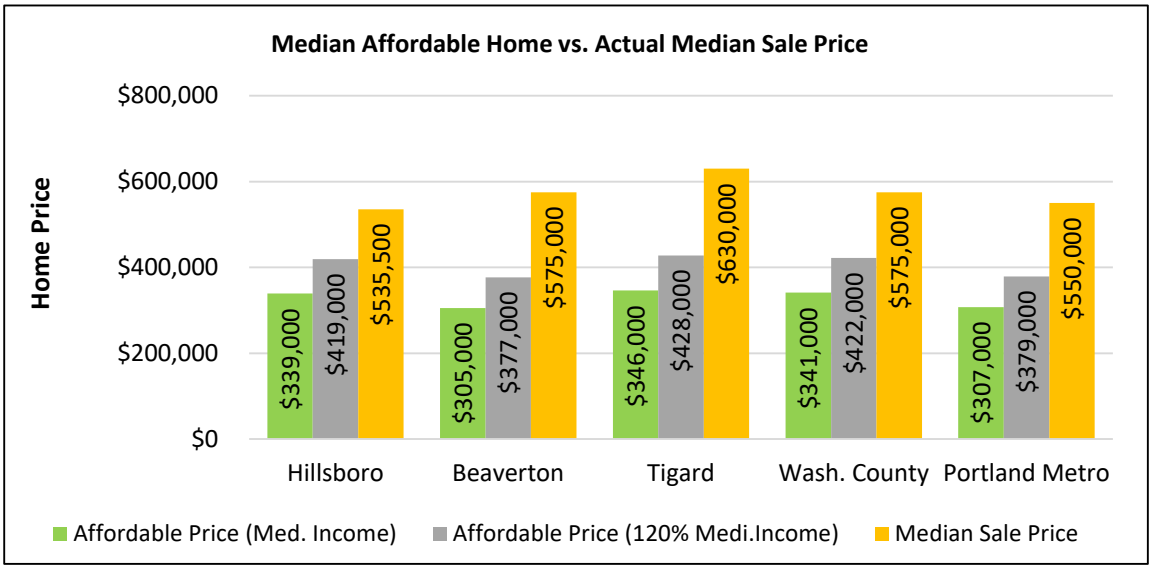
Figure 17. Hillsboro Home Sales (12 Months)





Sources: RMLS, Johnson Economics

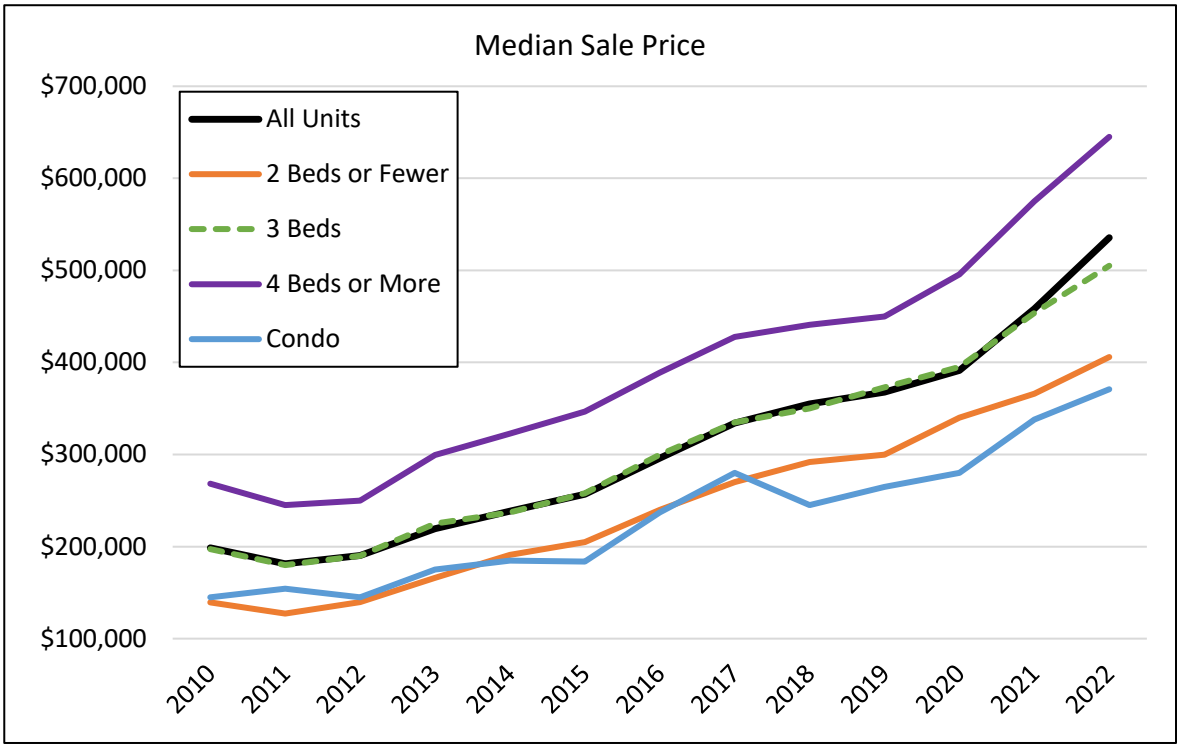
Figure 18. Home Price Affordable to Median Household vs. Actual Median Home Price (2022)



Sources: RMLS, Johnson Economics

As shown in Figure 19, Home prices in Hillsboro have doubled since 2015, from $260k to $535k. Since positive home price growth returned in 2012, home price growth has averaged 10% per year, and was estimated at 17% per year in each of the last two years.

Figure 19. Median Home Sale Price (2010-2022)

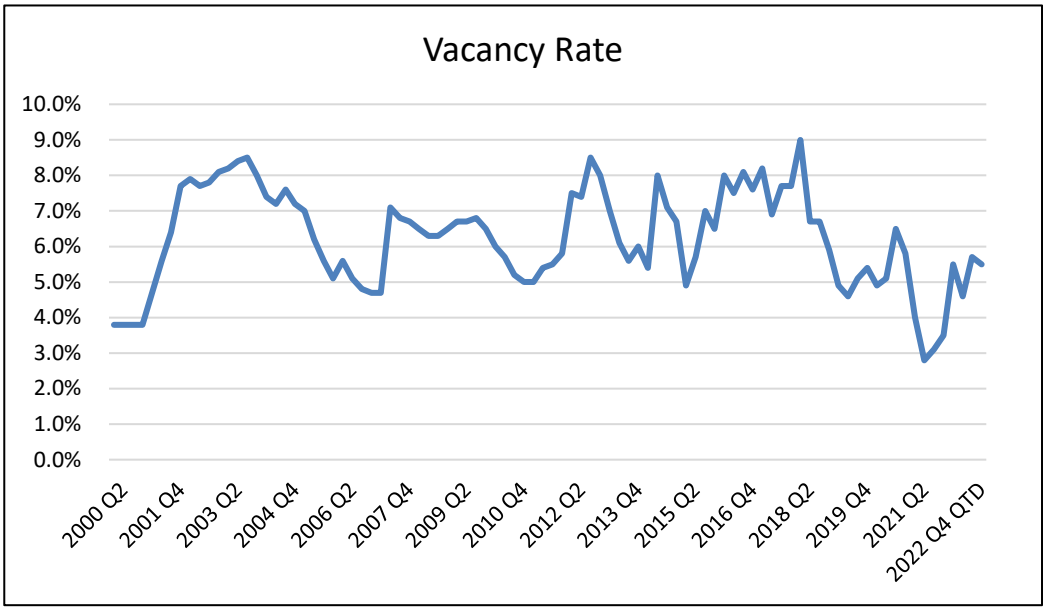


Sources: RMLS, Johnson Economics

Market Conditions (Rental Housing)

As shown on Figure 20, based on the inventory tracked by CoStar (13,500 units in 160 properties), estimated rental vacancy hovered above 5% for much of the last decade, before falling in 2020. The vacancy rate is now close to 5%. This includes units at all price points, as well as new properties in lease up. As noted previously, vacancies are not evenly distributed across rent levels, with few available units at low rent levels where the greatest unmet need remains (see following sections.)

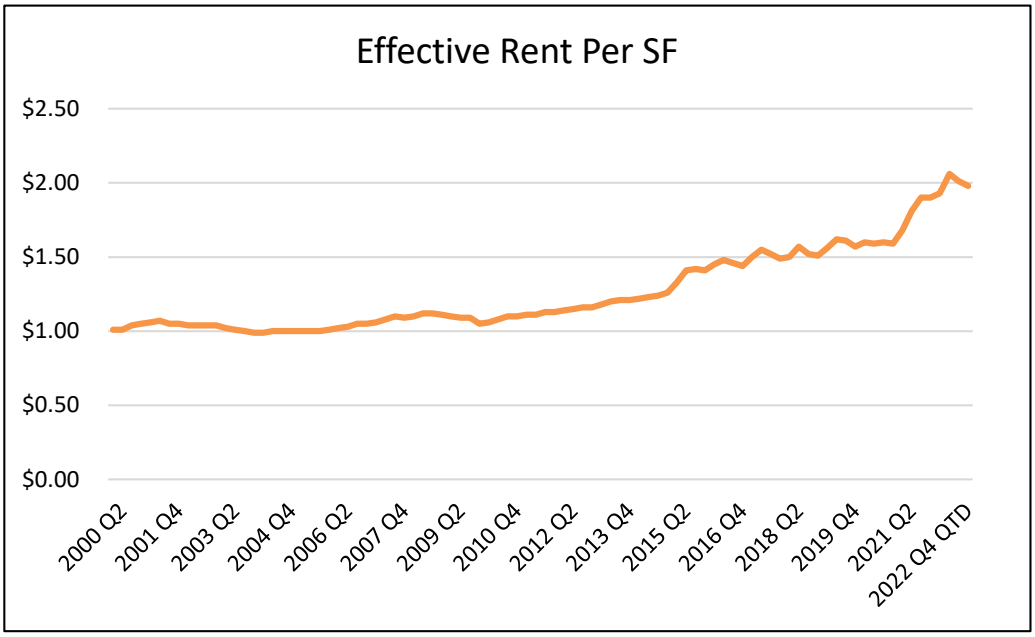
Figure 20. Rental Vacancy in Hillsboro (2000-2022)



Sources: CoStar, Johnson Economics

Average rents have climbed steadily since 2009. The average rent in Hillsboro has nearly doubled over that period, increasing to roughly $2.00/square foot, or an average of $1,800/month (Figure 21).

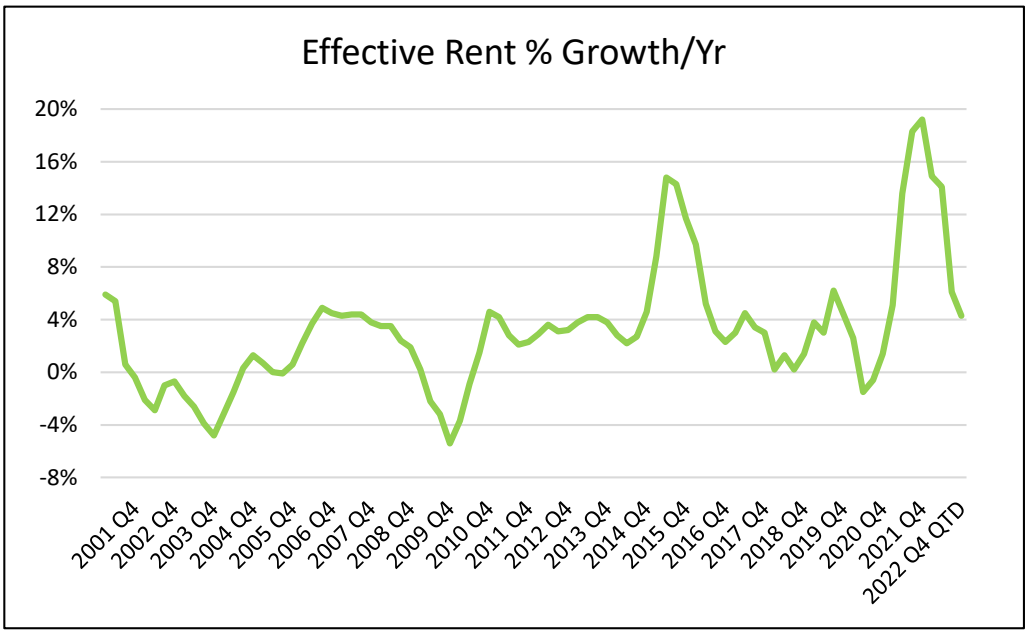
Figure 21. Avg. Rent/Sq.Ft. Hillsboro (2000-2022)



Sources: CoStar, Johnson Economics

Figure 22 presents the average annual rent growth since 2001. Rent growth has been positive since the prior recession. After the growth rate fell to near 0% at the outset of the COVID pandemic, it quickly reversed and rebounded with rent growth of roughly 20% in 2021, before falling to a more modest 4% by the end of 2022.

Figure 22. Annual Rent Growth Rate Hillsboro (2000-2022)



Sources: CoStar, Johnson Economics

Current Housing Needs

The profile of current housing conditions in the study area is shown in Table 5. This profile is based on Census 2020 and informed by the PRU PRC finalized estimate for 2022.

Table 5. Current Housing Profile (2022)

CURRENT HOUSING CONDITIONS (2022)			SOURCE
Total 2022 Population:	109,532		PSU Pop. Research Center
- Estimated group housing population:	1,391	(1.3% of Total)	US Census
Estimated Non-Group 2022 Population:	**108,141**	(Total - Group)	
Avg. HH Size:	2.64		US Census
Estimated Non-Group 2022 Households:	**40,970**	(Pop/HH Size)	
Total Housing Units:	**43,037**	(Occupied + Vacant)	Census 2010 + permits
Occupied Housing Units:	40,970	(= # of HH)	
Vacant Housing Units:	2,067	(Total HH - Occupied)	
Current Vacancy Rate:	4.8%	(Vacant units/ Total units)	

Sources: Johnson Economics, City of Hillsboro, PSU Population Research Center, U.S. Census

**This table reflects population, household and housing unit projections shown in Table 1.*

We estimate a 2022 population of roughly 109,532 residents, living in 40,970 households (excluding group living situations). The average household size is 2.64 persons.

There are an estimated 43,040 housing units in Hillsboro, indicating an estimated vacancy rate of nearly 5%. This includes units vacant for any reason, not just those which are currently for sale or rent.

Estimate of Current Housing Demand

Following the establishment of the current housing profile, the current housing demand was determined based upon the age and income characteristics of current households.

The analysis considered the propensity of households in specific age and income levels to either rent or own their home (tenure), to derive the current demand for ownership and rental housing units and the appropriate housing cost level of each. This is done by combining data on tenure by age, and tenure by income, from the Census American Community Survey (tables: B25007 and B25118, 2021 ACS 5-yr Estimates).

The analysis takes into account the average amount that owners and renters tend to spend on housing costs. For instance, lower income households tend to spend more of their total income on housing, while upper income households spend less on a percentage basis. In this case, it was assumed that households in lower income bands would prefer housing costs at no more than 30% of gross income (a standard measure of affordability). Higher income households pay a decreasing share down to 20% for the highest income households.

While the Census estimates that most low-income households pay more than 30% of their income for housing, this is an estimate of the current need. It assumes that low-income households prefer (or need) units affordable to them at no more than 30% of income, rather than more expensive units.

Table 6 presents a snapshot of current housing demand (i.e., preferences) equal to the number of households in the study area (40,970). The breakdown of tenure (owners vs. renters) reflects data from the 2021 ACS.

Table 6. Estimate of Current Housing Demand (2022)

Ownership				
Price Range	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0k - $80k	682	Less than $15,000	3.2%	3.2%
$80k - $130k	691	$15,000 - $24,999	3.2%	6.4%
$130k - $180k	766	$25,000 - $34,999	3.6%	10.0%
$180k - $230k	1,168	$35,000 - $49,999	5.5%	15.5%
$230k - $310k	2,585	$50,000 - $74,999	12.1%	27.7%
$310k - $370k	3,128	$75,000 - $99,999	14.7%	42.4%
$370k - $440k	2,828	$100,000 - $124,999	13.3%	55.6%
$440k - $510k	2,323	$125,000 - $149,999	10.9%	66.6%
$510k - $680k	3,374	$150,000 - $199,999	15.8%	82.4%
$680k +	3,745	$200,000+	17.6%	100.0%
Totals:	**21,291**		**% of All:**	**52.0%**

Rental				
Rent Level	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0 - $400	1,223	Less than $15,000	6.2%	6.2%
$400 - $700	839	$15,000 - $24,999	4.3%	10.5%
$700 - $900	1,092	$25,000 - $34,999	5.6%	16.0%
$900 - $1200	2,341	$35,000 - $49,999	11.9%	27.9%
$1200 - $1600	3,831	$50,000 - $74,999	19.5%	47.4%
$1600 - $1900	3,259	$75,000 - $99,999	16.6%	64.0%
$1900 - $2200	2,553	$100,000 - $124,999	13.0%	76.9%
$2200 - $2500	1,855	$125,000 - $149,999	9.4%	86.4%
$2500 - $3400	1,313	$150,000 - $199,999	6.7%	93.0%
$3400 +	1,372	$200,000+	7.0%	100.0%
Totals:	**19,678**		**% of All:**	**48.0%**

All Households
40,970

Sources: PSU PRC, Claritas., Census, Johnson Economics; Census Tables: B25007, B25106, B25118 (2021 ACS 5-yr Estimates); Claritas: Estimates of income by age of householder

The estimated home price and rent ranges are irregular because they are mapped to the affordability levels of the Census income level categories. For instance, a home affordable to those in the lowest income category (less than $15,000) would have to cost $80,000 or less. Rent affordable to someone in this category would be $400 or less.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 5% (in line with historical norms), with a 10% down payment. These assumptions are designed to represent prudent lending and borrowing levels for ownership households. The 30-year mortgage commonly serves as the standard. In the 2000's, down payment requirements fell significantly, but standards have tightened somewhat since the 2008/9 credit crisis. While 20% is often cited as the standard for most buyers, it is common for homebuyers, particularly first-time buyers, to pay significantly less than this using available programs.

Interest rates are subject to disruption from national and global economic forces, and therefore impossible to forecast beyond the short term. The 5% used here is roughly the average 30-year rate over the last 20 years. The general trend has been falling interest rates since the early 1980's. However, recent inflation has caused the Federal Reserve to raise its key rate, causing mortgage rates to climb above 7% for the first time since 2008. While forecasting these trends is impossible, many economists expect the inflation to be transitory, and the general long-term decline in interest rates to be reestablished.

Current Housing Inventory

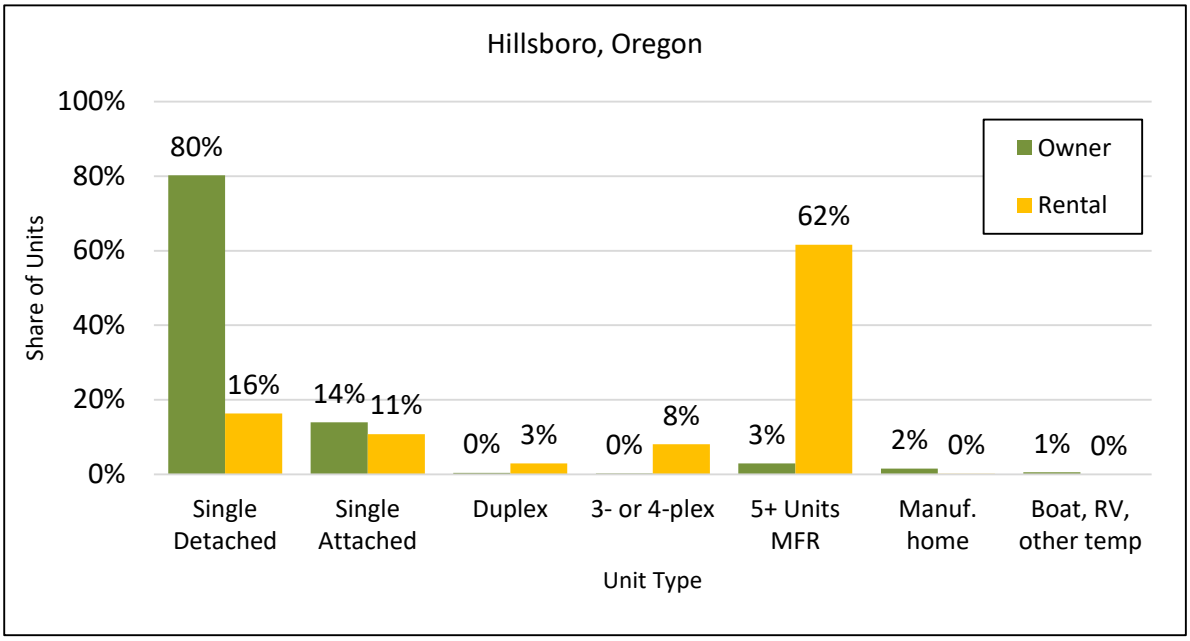
The profile of current housing need or demand (Table 6) represents the preference and affordability levels of households. The current housing supply (Figure 23 and Figure 24) differs from this profile, meaning that some households may find themselves in housing units which are not optimal, either not meeting the household's rent/own preference, or being unaffordable (requiring more than 30% of gross income).

A profile of the current housing supply in Hillsboro was estimated based on permit data from the City and Census data from the most recently available 2021 ACS 5-year estimates, which provides a profile of housing types (single detached, single attached, manufactured home, etc.), tenure, housing values, and rent levels.

- An estimated 51.4% of housing units are ownership units, while an estimated 48.6% of housing units are rental units. This is slightly different from the estimated demand profile shown in Figure 4.2, which estimates demand for ownership units from 52% of households based on their age and income characteristics. The inventory includes vacant units.
- 80% of ownership units are detached homes, and 2% manufactured homes, which are another form of detached dwelling. An estimated 14% of ownership units are single attached.
- 16.5% of rental units are single detached homes or manufactured homes, while 62% are in structures of 5 units or more.
- Of total housing units, an estimated 49% are detached homes, and an additional 1% are manufactured homes. 50% percent are some form of attached unit type.
- The affordability of different unit types is an approximation based on Census data on the distribution of housing units by value (ownership) or gross rent (rentals).
- Most of the inventory identified at the lowest end of the rental spectrum is likely subsidized affordable housing in some form.

- Ownership housing found at the lower end of the value spectrum generally reflects older, smaller homes, or homes in poor condition on small or irregular lots. **It is important to note that these represent estimates of current property value or current housing cost to the owner, not the current market pricing of homes for sale in the city.** These properties may be candidates for redevelopment when they resell but are currently estimated to have low value.
- Most housing in Hillsboro is found in price and rent levels attainable to those earning at least $50,000 per year. Only 12% percent of housing is estimated to be affordable to those earning less than this, which is an estimated 25% of households.

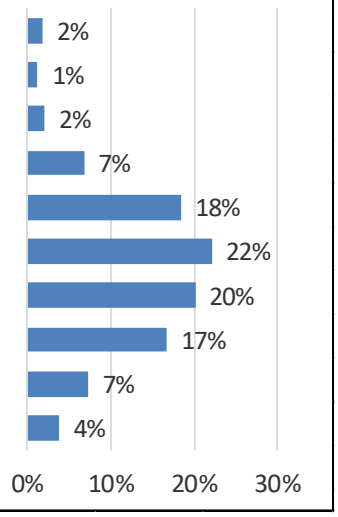
Figure 23. Profile of Current Housing Supply by Type (2022)



Sources: Census, PSU PRC, Johnson Economics; Census Tables: B25004, B25032, B25063, B25075 (2021 ACS 5-yr Estimates)

Figure 24. Profile of Current Housing Supply, by Estimated Affordability (2022)

Income Range	Ownership Housing: Affordable Price Level	Ownership Housing: Estimated Units	Rental Housing: Affordable Rent Level	Rental Housing: Estimated Units
Less than $15,000	$0k - $80k	618	$0 - $400	135
$15,000 - $24,999	$80k - $130k	64	$400 - $700	441
$25,000 - $34,999	$130k - $180k	162	$700 - $900	701
$35,000 - $49,999	$180k - $230k	722	$900 - $1200	2,170
$50,000 - $74,999	$230k - $310k	2,784	$1200 - $1600	5,149
$75,000 - $99,999	$310k - $370k	4,956	$1600 - $1900	4,557
$100,000 - $124,999	$370k - $440k	5,063	$1900 - $2200	3,589
$125,000 - $149,999	$440k - $510k	4,098	$2200 - $2500	3,106
$150,000 - $199,999	$510k - $680k	2,335	$2500 - $3400	774
$200,000+	$680k +	1,334	$3400 +	281
	51%	22,135	49%	20,903



Sources: Census, PSU PRC, Johnson Economics; Census Tables: B25004, B25032, B25063, B25075 (2021 ACS 5-yr Estimates)

Comparison of Current Housing Demand with Current Supply

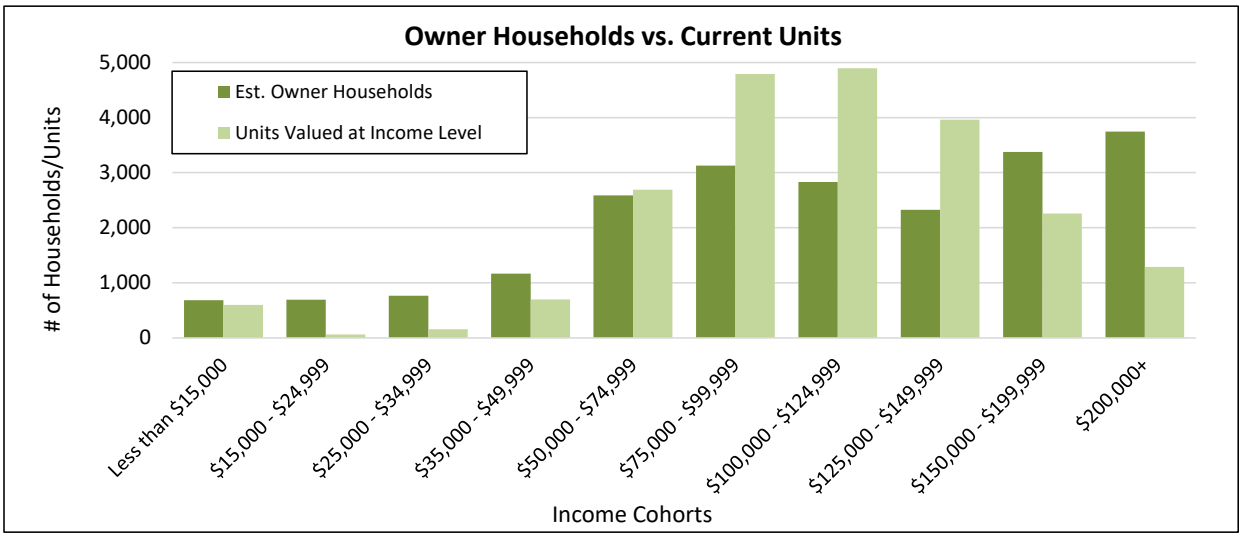
A comparison of estimated current housing demand with the existing supply identifies the existing discrepancies between needs and the housing which is currently available. The estimated number of units outnumbers the number of households by roughly 2,070 units, indicating an average vacancy rate of 4.8%.

This indicates that the middle and higher portion of the market is generally well supplied for ownership households. There is a finding that upper income households in Hillsboro could perhaps support some more expensive housing supply, though the large amount of new housing built in recent years is filling this niche. The largest supply is found around the middle price points, near the median home price, while income is more broadly distributed.

According to online property listings and Census estimates, the current market rates for most rental units are in the $1,200 to $2,200/month range, depending on unit size. There is still a cluster of rental housing in the community that is lower cost to the current tenants. These units are likely held by long-term tenants and would become more expensive if they were re-tenanted. There is support for more rental housing appropriate for lower-to-middle income households earning less than $50,000 per year. Rentals at the most expensive levels generally represent single detached homes for rent.

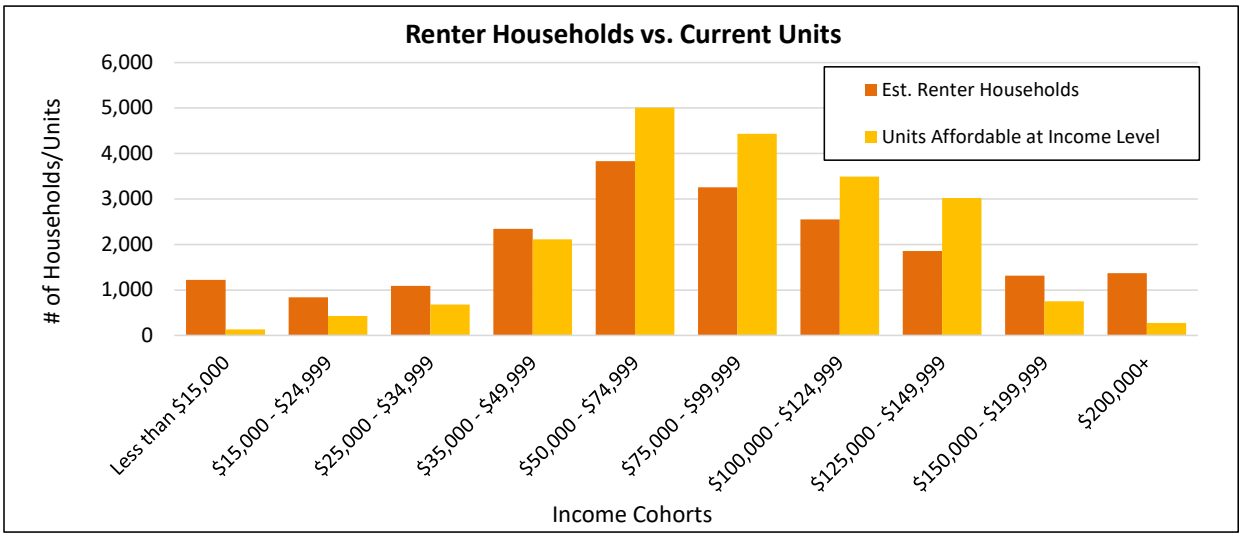
Figure 25 and Figure 26 present this information in chart form, comparing the estimated number of households in given income ranges, and the supply of units currently valued (ownership) or priced (rentals) within those income ranges. The data is presented for owner and renter households. (These figures present an estimate of current housing costs for current households. Some households may have a home price or rent that is tied to an earlier, lower-cost period. However, if relisted for sale or rent, these same units, would likely have their cost set to market, and therefore be more expensive.)

Figure 25. Comparison of Homeowner Household Income Groups to Estimated Supply of Housing Units Affordable at Those Income Levels (2022)



Sources: PSU PRC, City of Hillsboro, Census, Johnson Economics

Figure 26. Comparison of Renter Household Income Groups to Estimated Supply of Housing Units Affordable at Those Income Levels (2022)



Sources: PSU PRC, City of Hillsboro, Census, Johnson Economics

The home value and rent segments which show a "surplus" in Figures 4.5 and 4.6 illustrate where current property values and rent levels are clustered in Hillsboro. Housing prices and rent levels will tend to congregate around those market levels. These levels will be too costly for some (i.e., require more than 30% in gross income) or less than what might be reasonable for others (i.e., they have income levels that indicate they could afford more expensive housing if it were available, and they had the preference).

In general, these findings demonstrate that there are few lower-cost housing opportunities for many owner households. This may include more attached types of units such as townhomes, or smaller units

such as condos or cottage clusters. There may be support for more modern rental units aimed at lower-income households. (Housing need at specific income levels is discussed in more later in this report)

Home Sale Prices

It is important to note that the figures presented in the prior section represent estimates of current property value or current housing cost to the owner, not the current market pricing of homes for sale in the city. For instance, a household living in a manufactured home that has been paid off over many years may have relatively low housing costs. This indicates that one owner household is living in a "lower value" unit. It does not indicate that units at this price point are available on the current market.

If this hypothetical household were to sell their home, it would sell at a higher price reflecting inflation and current achievable market prices. For this reason, many of the lower value or lower rent units found in the previous section will become higher-priced units when they are sold or become vacant.

The findings of current need form the foundation for projected future housing need, presented in the following section. The 20-year projections of housing need are meant to achieve a healthy mix of unit types and affordability levels for all residents in 2043, including meeting the needs of current residents who may not be in optimal housing situations. Therefore, the total projected housing needs are inclusive of new and current households, while reflecting that the current housing inventory must serve as the starting point.

Future Housing Needs

The projected future (20-year) housing profile (Table 7) in the study area is based on the current housing profile (2022), with a projected future household growth rate applied. The projected future growth is based on the forecasted 2043 population for Hillsboro from the most recent Metro Consolidated Forecast for cities in the Metro region (completed 2021). This forecast estimates that the Hillsboro population will grow at a rate of 0.7% annually between 2022 and 2043. (This annual growth rate would be slower than the annual rate experienced since 2010, which was 1.5% according to the Census and PSU).

Table 7. Future Housing Profile (2043)

PROJECTED FUTURE HOUSING CONDITIONS (2022 - 2043)			SOURCE
2022 Population (Minus Group Pop.)	108,141	(Est. 2022 pop. - Group Housing Pop.)	PSU
Projected Annual Growth Rate	0.7%	Metro Coordinated Forecast (2021)	Metro
2043 Population (Minus Group Pop.)	124,644	(Total 2043 Population - Group Housing Pop.)	
Estimated group housing population:	1,603	1.3% of total pop. (held constant from 2022)	US Census
Total Estimated 2043 Population:	**126,247**	Metro Coordinated Forecast (2021)	Metro
Estimated Non-Group 2043 Households:	**54,229**	Metro Coordinated Forecast (2021)	Metro
New Households 2022 to 2043	13,259		
Avg. Household Size:	2.30	Projected 2043 pop./2043 houseolds	US Census
Total Housing Units:	**57,083**	Occupied Units plus Vacant	
Occupied Housing Units:	54,229	(= Number of Non-Group Households)	
Vacant Housing Units:	2,854	(= Total Units - Occupied Units)	
Projected Market Vacancy Rate:	5.0%	Stabilized vacancy assumption	

Sources: PSU PRC, Census, Johnson Economics LLC

**Projections are applied to estimates of 2022 population, households, and housing units shown in Table 1.*

The model projects growth in the number of non-group households over 20 years of nearly 13,300 households, with accompanying population growth of 16,715 new residents. (The number of households differs from the number of housing units, because the total number of housing units includes a percentage of vacancy. Projected housing unit needs are discussed below.)

In the Metro analysis relied on in this analysis, Metro forecast that between 2020 and 2045 Hillsboro will capture 12.5% of the population growth in Washington County (or 23k persons). Currently, Hillsboro represents 18% of the County population (or 606k persons), while Washington County is forecast to capture 38%, or 188k new persons, of the three-county Metro growth forecast over this period (or 491k new persons).

Projection of Future Housing Unit Demand (2043)

The profile of future housing demand was derived using similar assumptions as those used to produce the estimate of current housing need. This estimate includes current and future households *but does not include a vacancy assumption*. (The vacancy assumption is added in the subsequent step). Therefore, the need identified below is the total need for actual households in occupied units (54,229).

The analysis considered the propensity of households at specific age and income levels to either rent or own their home to derive the future need for ownership and rental housing units and the affordable cost level of each. The projected need is for *all* 2043 households and therefore includes the needs of current households.

The price levels presented here use the same assumptions regarding the amount of gross income applied to housing costs, from 30% for low-income households down to 20% for the highest income households.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 5%, with a 10% down payment. Because of the impossibility of predicting variables such as interest rates 20 years into the future, these assumptions were kept constant from the estimation of current housing demand. Income levels and price levels are presented in current dollars.

Table 8 presents the projected occupied future housing demand (current and new households, without vacancy) in 2043. The estimated demand is categorized by estimated price/rent levels and income levels.

The number of households across the income spectrum seeking a range of both ownership and rental housing is anticipated to grow. It is projected that the homeownership rate in Hillsboro will climb slightly over the next 20 years to above 52%, and the rental rate will fall slightly to 48%.

Table 8. Projected Occupied Future Housing Demand (2043)

Ownership				
Price Range	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0k - $80k	903	Less than $15,000	3.2%	3.2%
$80k - $130k	914	$15,000 - $24,999	3.2%	6.4%
$130k - $180k	1,014	$25,000 - $34,999	3.6%	10.0%
$180k - $230k	1,546	$35,000 - $49,999	5.5%	15.5%
$230k - $310k	3,421	$50,000 - $74,999	12.1%	27.7%
$310k - $370k	4,141	$75,000 - $99,999	14.7%	42.4%
$370k - $440k	3,744	$100,000 - $124,999	13.3%	55.6%
$440k - $510k	3,075	$125,000 - $149,999	10.9%	66.6%
$510k - $680k	4,466	$150,000 - $199,999	15.8%	82.4%
$680k +	4,958	$200,000+	17.6%	100.0%
Totals:	**28,182**		**% of All:**	**52.0%**

Extremely Low Income	<30% MFI
Very Low Income	<50% MFI
Low Income	<80% MFI

Rental				
Rent Level	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0 - $400	1,619	Less than $15,000	6.2%	6.2%
$400 - $700	1,110	$15,000 - $24,999	4.3%	10.5%
$700 - $900	1,446	$25,000 - $34,999	5.6%	16.0%
$900 - $1200	3,099	$35,000 - $49,999	11.9%	27.9%
$1200 - $1600	5,071	$50,000 - $74,999	19.5%	47.4%
$1600 - $1900	4,313	$75,000 - $99,999	16.6%	64.0%
$1900 - $2200	3,379	$100,000 - $124,999	13.0%	76.9%
$2200 - $2500	2,455	$125,000 - $149,999	9.4%	86.4%
$2500 - $3400	1,738	$150,000 - $199,999	6.7%	93.0%
$3400 +	1,816	$200,000+	7.0%	100.0%
Totals:	**26,047**		**% of All:**	**48.0%**

Extremely Low Income	<30% MFI
Very Low Income	<50% MFI
Low Income	<80% MFI

All Units
54,229

Sources: Metro, Census, Claritas, Johnson Economics

Comparison of Future Housing Demand to Current Housing Inventory

The profile of occupied future housing demand presented above was compared to the current housing inventory presented in the previous section to determine the total future need for *new* housing units by type and price range (Table 9).

This estimate includes a vacancy assumption. As reflected by the most recent Census data, and as is common in most communities, the vacancy rate for rental units is typically higher than that for ownership units. For this analysis, an average vacancy rate of 5% is assumed for both ownership and rental housing.

Table 9. Projected Future Need for NEW Housing Units (2043), Hillsboro

OWNERSHIP HOUSING									
	Multi-Family								
Unit Type:	Single Detached	Single Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	4,838	1,204	241	231	422	151	0	7,087	50.5%
Percentage:	68.3%	17.0%	3.4%	3.3%	6.0%	2.1%	0.0%	100%	

RENTAL HOUSING									
	Multi-Family								
Unit Type:	Single Detached	Single Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	235	960	413	772	4,568	11	0	6,959	49.5%
Percentage:	3.4%	13.8%	5.9%	11.1%	65.6%	0.2%	0.0%	100%	

TOTAL HOUSING UNITS									
	Multi-Family								
Unit Type:	Single Detached	Single Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	5,073	2,165	654	1,002	4,990	162	0	**14,046**	**100%**
Percentage:	36.1%	15.4%	4.7%	7.1%	35.5%	1.2%	0.0%	100%	

Sources: Metro, City of Hillsboro, Census, Claritas, Johnson Economics

- The results show a need for nearly 14,050 new housing units by 2043.
- Of the new units needed, roughly 51% are projected to be ownership units, while 49% are projected to be rental units. This represents more owners than the estimated tenure split, but it is projected that more ownership units will need to be added, to rebalance the current inventory and serve the slightly increased ownership rate in the future.
- New ownership housing at the lower-middle portion of the pricing spectrum. But income trends suggest that the most significant demand will remain in the middle and higher price ranges ($300k to $600k).
- The greatest need for rental units is found at the lowest income levels. Market rents are currently clustered in the $1,200 to $2,200 range in current dollars. Therefore, most units are to be found in this range. Many households will need rent levels lower than the market rate in order to maintain housing costs that are affordable (see more detail below).

Needed Unit Types: The mix of needed unit types shown in Table 9 reflects past and anticipated future trends. Since 2000, single detached units (including manufactured and mobile homes) have constituted a little over 50% of the permitted units in Hillsboro, with attached housing making up the other half. Single detached units are expected to continue to make up a large share of new housing development for ownership households over the next 20 years. However, an increasing share of new needed units is anticipated to be attached housing types to accommodate renters and first-time home buyers.

- Over the 20-year planning period, an increasing share of renter households are expected to be younger households, those with modest incomes, and the growing share of minority households in the area. These households will need more than just rental units, but units of a variety of densities and sizes to accommodate single and family households.
- 37% of the new units are projected to be single detached homes or new manufactured homes, while 63% are projected to be some form of attached housing.
- Single attached units (townhomes on individual lots) are projected to meet roughly 15% of future need. These are defined as units on separate tax lots, attached by a wall but separately metered, the most common example being townhome units.
- Duplex, triplex, and four-plex units are projected to represent a growing 12% of the total need, reflecting new state rules for middle housing zoning. Duplex units would include a single detached home with an accessory dwelling unit on the same lot, or with a separate unit in the home (for instance, a rental basement unit.)
- 36% of all needed units are projected to be multi-dwelling units in structures of 5+ attached units.
- 1.2% of new needed units are projected to be manufactured home units, which meet the needs of some low-income households for both ownership and rental.
- Of ownership units, 70% are projected to be single detached homes or manufactured homes, and 30% are projected to be attached forms.
- Nearly all new rental units are projected to be found in new attached buildings, with 66% projected in rental properties of 5 or more units, and 31% in other attached housing forms. Only 3.5% of new rental units are projected to be detached homes, including manufactured homes.

Group Housing Needs: There is an estimated population of 1,631 individuals living in group housing in 2043, based on an assumption that the share of the population living in group quarters (1.3%) remains stable from current levels. This would represent an increase of roughly 240 people living in group quarters.

In Hillsboro, the Census estimates that 39% of the group quarters population lives in correctional facilities (including juveniles), and an additional 26% live in nursing facilities. Roughly a third live in "other noninstitutional facilities" including residential group homes, emergency and transitional shelter, and residential treatment facilities.

Needed Affordability Levels

Table 10 presents the estimated need for net new housing units by major income segment, based on the projected demographics of new households to the market area. The needed affordability levels presented here are based on current dollars. Table 10 also discusses the housing types typically attainable by residents at these income levels.

This analysis presented in this table uses the official state measure of "low-income" used to set rent and income limits for various affordable housing programs. This estimate via OHCS and HUD are based on an estimate of median income in Washington County that is quite high (over $106k in 2021, based on a family of four), while this analysis estimates that the median income in Hillsboro was a lower $90k.

For this analysis, the estimated Median Family Income (MFI) for a family of four ($106k) was adjusted to match the average household size in Hillsboro of 2.64 persons ($91.6k) so that the estimates presented below reflect the city average.

Table 10 presents some of the types of housing products that might commonly serve households in these income ranges. Many households below 60% MFI or even higher income will require some form of subsidized affordable unit or voucher to find housing affordability. Those at 60% to 100% MFI may find housing in older and substandard market rate rentals, manufactured homes, and middle housing types.

Table 10. Projected Need for NEW Housing at Different Income Levels

Household Income Segment		Income Level (Rounded)*	Owner Units	Renter Units	Total	Share	Common Housing Product
Extremely Low Inc.	< 30% MFI	< $27,500	521	825	1,346	10%	Government-subsidized; Voucher; Shelter; Transitional
Very Low Income	30% - 60% MFI	$27.5k - $55k	752	1,389	2,141	15%	Aging/substandard rentals; Government-subsidized; Voucher; Manufactured homes
Low Income	60% - 80% MFI	$55k - $73k	688	1,084	1,772	13%	Aging apartments; Government-subsidized; Plexes; Aging single-detached; Small homes
Middle Income	80% - 120% MFI	$73k - $110k	1,418	1,513	2,931	21%	Single-detached homes; Townhomes; Condominiums; Newer apartments
Upper Income	> 120% MFI	> $110,000	3,708	2,147	5,855	42%	Single-detached homes; Townhomes; Condominiums; New apartments
TOTAL:			***7,087***	***6,959***	***14,046***	***100%***	

Sources: HUD, Census, Claritas, Johnson Economics

- Table 10 presents the *net NEW* housing unit need over the next 20 years. However, there is also a *current* need for more affordable units. For all households, current and new, to pay 30% or less of their income towards housing in 2043, more affordable rental units (subsidized and non-subsidized) would be required. This indicates that some of the current supply, while it shows up as existing available housing, would need to become less expensive to meet the needs of current households.
- There is a finding of new need at the lowest end of the rental spectrum ($800 and less).
- The projection of future ownership units finds that the supply at the lowest end of the spectrum will be insufficient due to the prevalence of newer homes, much of which will be detached houses. (This reflects the estimated *value* of the total housing stock, and not necessarily the average pricing for housing currently for sale.) Ownership options and lower and middle price points are often manufactured homes, townhomes, condos, and small detached homes, often on smaller lots.

Subsidized Affordable Housing Need

Some low-income households, particularly the *lowest* income households, typically need subsidized affordable housing in order to find rents affordable given their modest resources and other household spending needs. Table 11 presents estimates of need at key low-income affordability levels in 2022 and in 2043. The table uses HUD definitions of Extremely Low, Very Low, and Low-income, as well as 60% MFI which is a standard affordability level for tax credit properties.

Table 11. Projected Need for Housing Affordable at Low-income Levels, Hillsboro

Affordablilty Level	Income Level*		Current Need (2022)		Future Need (2043)		NEW Need (20-Year)	
			# of Units	% of All	# of Units	% of All	# of Units	% of All
Extremely Low Inc.	≤ 30% MFI	≤ $27,500	3,900	10%	5,246	10%	1,346	10%
Very Low Income	30% - 50% MFI	≤ $45,800	3,920	9%	5,279	10%	1,359	10%
Low Income	50% - 80% MFI	≤ $73,300	6,962	17%	9,517	18%	2,555	18%
TOTAL:	*≤ 80% MFI*	*≤ $73,300*	*14,782*	36%	*20,042*	37%	*5,259*	37%
Tax Credit	≤ 60% MFI	≤ $55,000	10,941	27%	14,429	27%	3,487	25%

Sources: OHCS, Claritas, Johnson Economics, HUD

** Income levels are based on OHCS guidelines for avg. Hillsboro household size of 2.64 persons.*

- There is an existing and on-going need at these levels, based on income levels specified by OHCS for Washington County. An estimated 36% of households qualify as at least "low-income" or lower on the income scale, while 10% of households qualify as "extremely low-income". (Again, this is based on the official state measure of Washington County median income for application to HUD and other subsidized affordable housing programs, which is relatively high.)
- Typically, only rent-subsidized affordable properties can accommodate these extremely-low-income households and many other low-income households at "affordable" housing cost levels. Often the lowest income households must be served by housing choice vouchers and public housing. Tax credit projects are often structured to serve those earning 60% and below of MFI, and sometimes can obtain vouchers tied to the buildings to serve the lowest end of the income levels.

Homeless Population Housing Need: In 2022, Hillsboro is home to an estimated 808 homeless individuals, or 0.8% of the total population. If this rate were to persist into the future, this would imply 948 homeless individuals based on the total estimated population in 2043. This would be an increase of roughly 150 individuals over the next 20 years. Homeless individuals and families may require a mixture of shelter types depending on individual circumstances, ranging from emergency shelter to transitional housing to permanent subsidized housing. This population is a subset of the extremely-low-income population shown in prior figures.

Agricultural Worker Housing: There is currently one property of 47 units meant for agricultural workers in Hillsboro. Based on the assumption that this type of housing will maintain its current representation in the local housing stock, this indicates that there will be a need for about 15 additional

housing units dedicated specifically for agricultural workers over the planning period. However, this population may also be served by other available affordable units, and new market rate units.

Conclusion of Need

The projected need for new housing types and estimated affordability levels are meant to help guide planning and policy decisions of the City moving forward. The vast majority of housing development, be it single or multi-dwelling, is undertaken by the private development sector and the real estate industry. Mission driven non-profit housing agencies are also a critical piece of the housing puzzle, City governments rarely directly develop housing itself, though cities often , support or partner with developers or housing providers, help acquire or assemble land for housing, and/or administer urban renewal, development incentive programs, and funding sources to support housing development.

Another important role of City government is to ensure that local policy and zoning code help to facilitate the production of the full spectrum of local housing needs by both market-rate and non-profit agencies. While this analysis assesses the current and future needs for a full range of housing types, including for households across the income spectrum, public policy will generally focus on those housing types and households that are not already supplied by market rate development. In many communities, the development and real estate industry will generally supply single detached housing and market-rate apartments without policy intervention if land and building sites are available and properly zoned.

However, the for-profit real estate industry generally will *not* supply the housing needed for low-income households without policy interventions, and non-profit housing agencies have difficulty meeting demand despite best efforts due to limited resources. Therefore, public policy and housing strategies are generally focused on those segments, which are not traditionally supplied by the development industry without partnerships or subsidies. The analysis presented in this report is meant to provide a dataset and baseline of findings to inform the recommended policy changes and finding of land need moving forward.

Residential Buildable Lands Inventory

This section describes the BLI for the study area. The BLI is consistent with the requirements of OAR 660-024-0050 modeled after the BLI used for the most recent Metro Urban Growth Report for cities in the Metro region (completed in 2021). The BLI been further discussed and refined with City staff, the CAC, regional and state agencies, and elected and appointed City officials.

The BLI is conducted in the following steps:

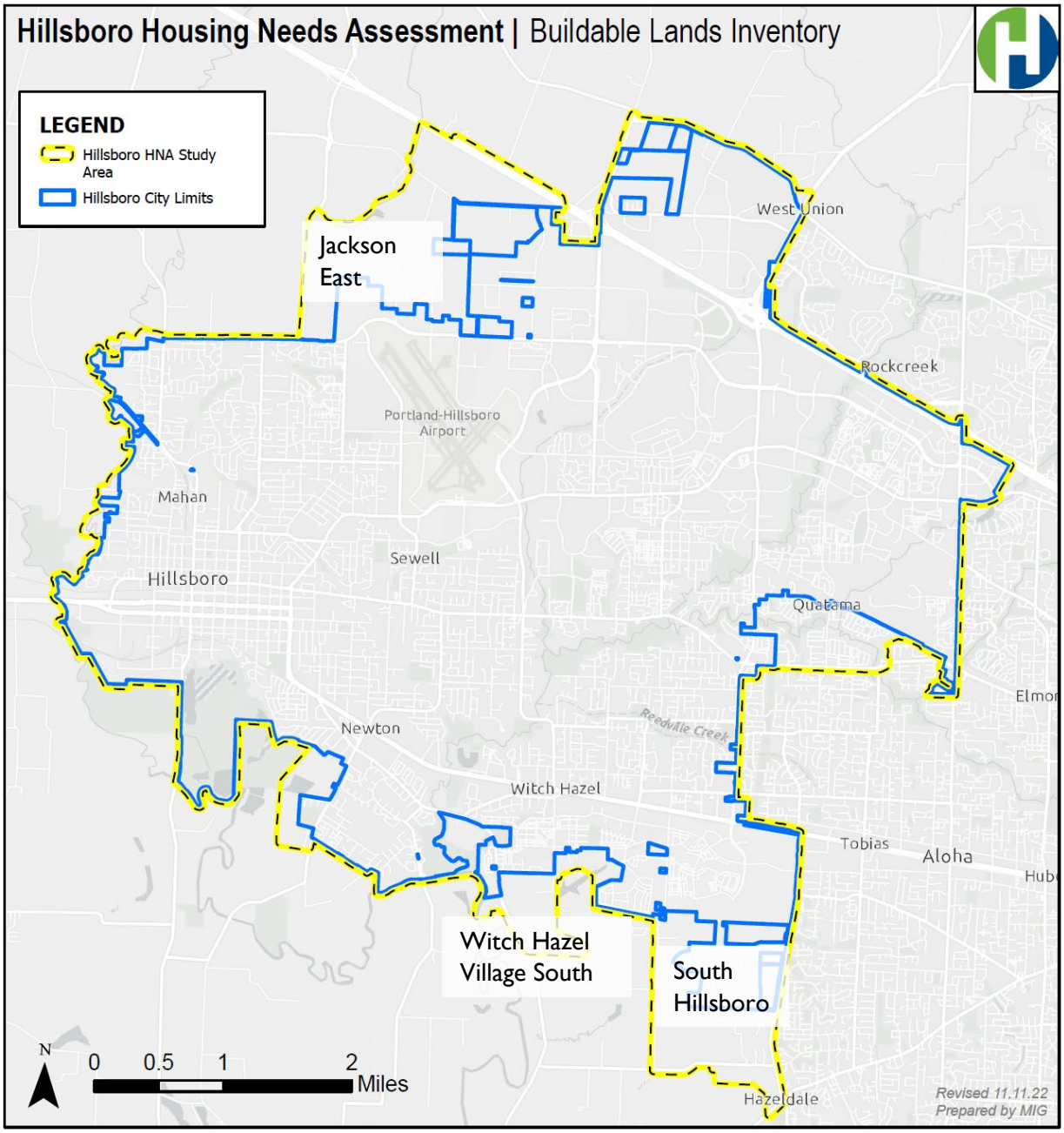
- **Step 1: Land classification.** This step identifies the land in the City that is available for residential uses.
- **Step 2: Constraints to Development.** This step identifies constraints such as natural resources, steep slopes, and utility easements that limit development.
- **Step 3: Development Status.** This step assigns a "Development Status" of vacant, partially vacant, or developed to tax lots in the inventory.
- **Step 4: Net Buildable Area.** This step removes land for future rights-of-way and other land needs to provide a net number of acres for each City zoning designation.
- **Step 5: Estimated Unit Capacity.** This step estimates the number of units and mix of unit type (single detached, multi-dwelling, middle housing) expected based on the results of Step 4.

Step 1: Land Classification

Study Area

The study area for this analysis is shown in Figure 27. The study area includes land within Hillsboro city limits, as well as adjacent UGB expansion areas.

Figure 27. Study Area Map



Comprehensive Plan Designations and Zoning

A list of the City Comprehensive Plan designations is shown in Table 12. This is the primary basis for classifying lands into the categories of Residential, Mixed-Use, Nonresidential, and Publicly Owned/Other. The purpose statements in Table 12 are taken from the City's existing Comprehensive Plan. The City's Comprehensive Plan and Zoning maps are shown in Figure 28 and Figure 29, respectively. Overarching categories of land and how they are considered in this inventory are described on the pages following those figures.

Table 12. City Comprehensive Plan Designations and Implementing Zones

Comp Plan Designations	Implementing Zones	Purpose
RL: Residential Low Density	• R-10 Residential • R-8.5 Residential • R-7 Residential • R-6 Residential	Provides for large to moderate lot, detached residential development, middle housing, and accessory dwelling units in a neighborhood with compatible uses such as schools, assembly facilities, and parks. This designation may act as a transition between rural agricultural areas and the urban edge.
RM: Residential Medium Density	• R-4.5 Residential • MR-1 Multi-Dwelling Residential	Provides for a mix of small-lot single detached dwellings, second dwellings, duplexes, triplexes, quadplexes, townhomes, cottage clusters and lower density multi-dwelling units in a neighborhood with compatible uses such as schools, assembly facilities, and parks.
RH: Residential High Density	• MR-2 Multi-Dwelling Residential	Provides for higher density middle housing or multi-dwelling developments in a neighborhood with compatible uses such as schools, assembly facilities, and parks.
RMR: Residential Mid-Rise Density	• MR-3 Multi-Dwelling Residential	Provides for higher density middle housing or multi-dwelling developments in a neighborhood with compatible uses such as schools, assembly facilities, and parks.
C: Commercial	• C-G Commercial – General • MU-C Mixed-Use – Commercial	Provides for retail, service, and office commercial developments in small-scale neighborhood nodes to serve daily community needs or at larger scales along highways and transit routes, or in downtown and other employment areas, for more convenient access to goods and services by various transportation modes.
SCPA: Station Community Planning Area	• SCR-LD Station Community Residential Low Density • SCR-OTC Station Community Residential Orenco Townsite Conservation • SCR-DNC Station Community Residential Downtown Neighborhood Conservation • SCR-MD Station Community Residential – Medium Density • SCR-HD Station Community Residential – High Density • SCC-DT Station Community Commercial – Downtown • SCC-SC Station Community Commercial – Station Commercial • SCC-MM Station Community Commercial – Multi-Modal • SCR-V Station Community Residential Village • SCBP Station Community Business Park • SCI Station Community Industrial • SCFI Station Community Fair Complex Institutional	Provides for medium- to high-density transit-oriented and pedestrian-sensitive mixed-use developments, authorized at more intensive land use densities and floor area ratios than other residential zones, in areas within reasonably close proximity of light rail transit stations.
MU: Mixed-Use	• MU-N Mixed-Use – Neighborhood • MU-C Mixed-Use – Commercial	Provides for a mix of commercial and residential uses on the same site, either horizontally side-by-side or vertically in the same structure, in appropriate locations to shorten

Comp Plan Designations	Implementing Zones	Purpose
	• MU-VTC Mixed-Use – Village Town Center • UC-NC Urban Center – Neighborhood Center	transportation trips and facilitate multi-modal development.
MU-UR: Mixed-Use – Urban Residential	• UC-RM Urban Center – Residential Medium Density • UC-MU Urban Center – Mixed-Use Urban Density	Provides for a range of medium- to high-density housing types (e.g., townhomes, apartments, and condominiums) with an urban character, constructed at or near the street frontage and sidewalk, while also accommodating complementary office and retail, and schools, assembly facilities, and parks.
MU-UC: Mixed-Use – Urban Commercial	• UC-AC Urban Center – Activity Center	Provides for a vibrant mix of retail, restaurants, civic, cultural, entertainment, and recreational uses, complemented by secondary office and residential uses, creating focused activity served by high-capacity transit and active street frontages that provide visual and physical connections to other activity centers.
MU-UE: Mixed-Use – Urban Employment	• UC-MU Urban Center – Mixed-Use Urban Density • UC-OR Urban Center – Office/Research	Provides concentrated opportunities for office and research employment to complement residential, retail, and commercial services within high intensity areas of the City served by transit that provide visual and physical connections to other activity centers.
MU-I: Mixed-Use – Institutional	• UC-MU Urban Center – Mixed-Use Urban Density • UC-OR Urban Center – Office/Research • UC-RP Urban Center – Research Park	Provides for a range of research, development, and testing laboratory; educational; medical research and clinical; and high-tech and bio-tech research and applied technology uses, encouraging a transit-supportive, pedestrian-sensitive campus environment, and preventing conflicts among the mix of uses and activities.
OS: Open Space	• All base zones are considered implementing zones. Standards for usable open space are defined in 12.50.210, and by plan district in 12.61.400-800, 12.62.500, 12.63.300, 12.64.210, and 12.65.210.	Provides usable open space for active or passive recreation (e.g., parks, golf courses, playgrounds) and unusable open space for natural resource preservation as an important aspect of livability, public health, and well-being for residents, employees, and customers.
FP: Floodplain	• All base zones are considered implementing zones. The corresponding RFO Regulatory Floodplain Overlay zone may be applied.	Identifies the boundaries of the 100-year base flood maps by the National Flood Insurance Program for agricultural, wetland, or recreational use, or some underground utility or accessory structures in order to protect the public from damage to life and property from flooding.
PF: Public Facility	• SCFI Station Community Fair Complex Institutional	Provides for public facilities such as airports, schools, fire stations, police stations, public buildings (e.g., libraries, public offices), public utilities (e.g., wastewater treatment center) and similar types of public uses and facilities.
IN: Industrial	• I-G Industrial General • I-P Industrial Park • I-S Industrial Sanctuary • SSID Shute Road Special Industrial District • ESID Evergreen Area Special Industrial District • HSID Helvetia Area Special Industrial District	Provides for all types of research and development, manufacturing, warehouse, and wholesale industrial, which may take a traditional form concentrated along highways and freight and transit routes, or as industrial park neighborhoods or mixed commercial business parks with high-amenity multi-modal access.

Figure 28. City Comprehensive Plan Map

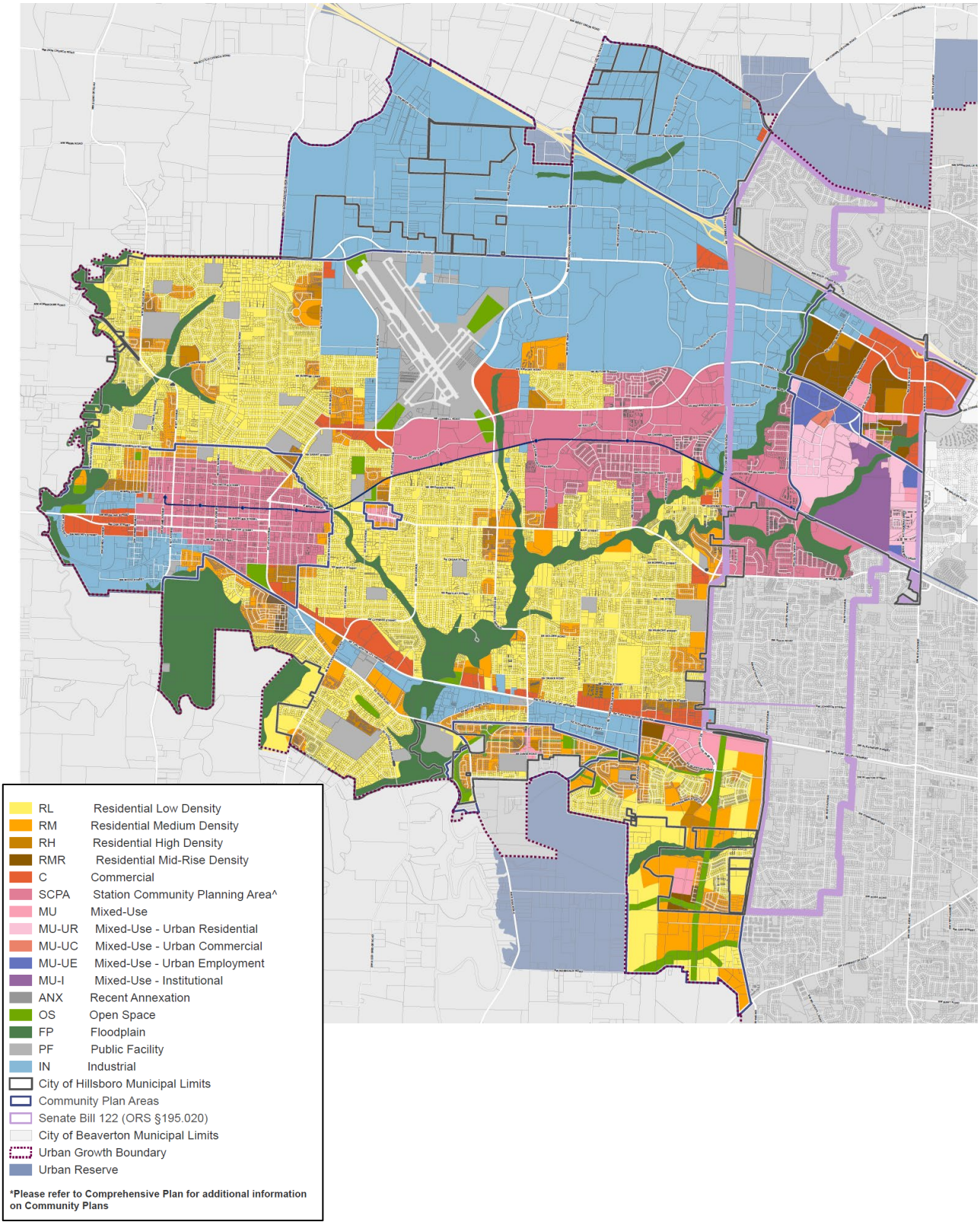
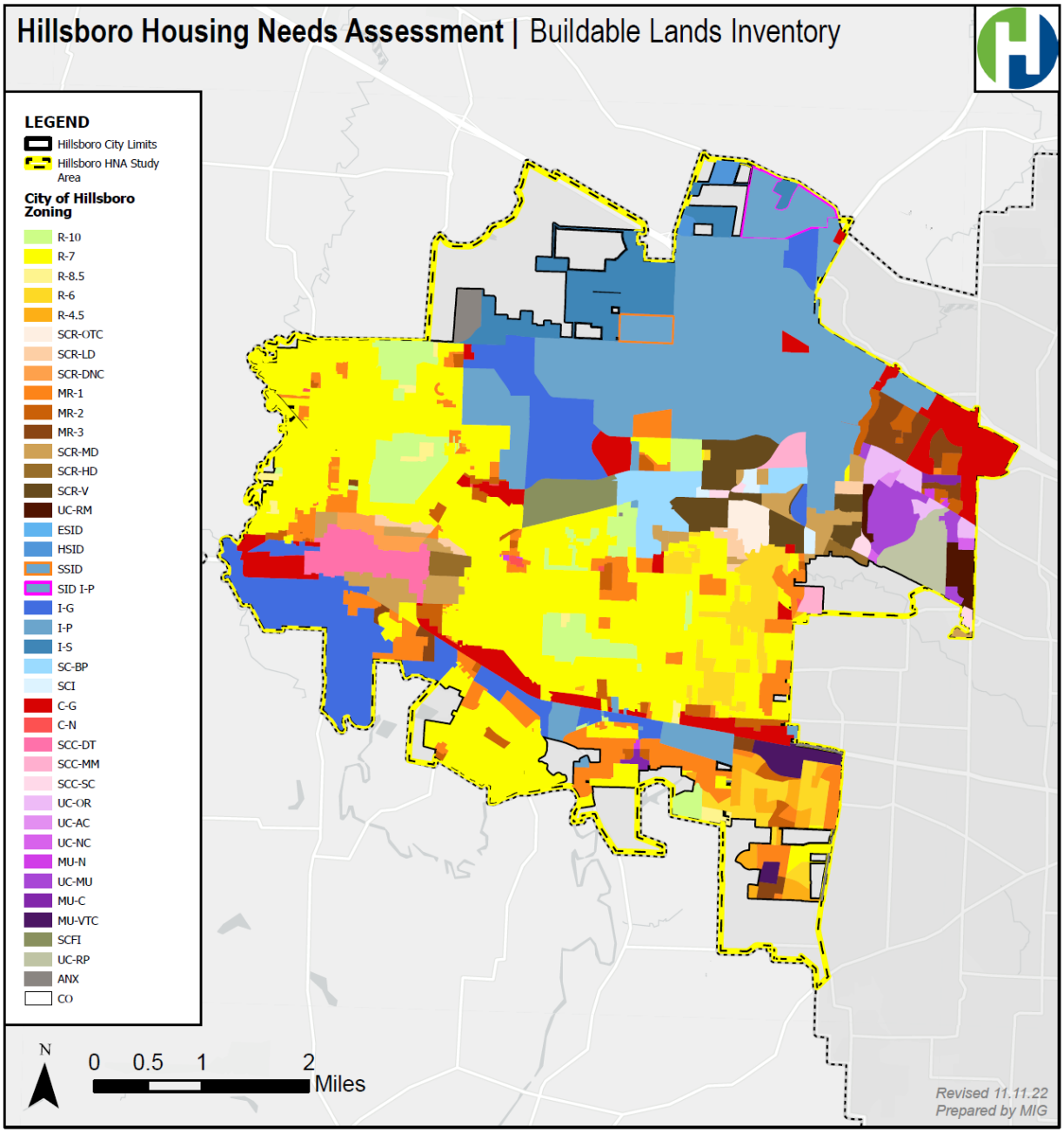


Figure 29. City Zoning Map



Residential Land

Residential Land is intended to meet the City's need for residential uses of various types. It includes land within the Residential Low Density (RL), Residential Medium Density (RM), Residential High Density (RH), and Residential Mid Rise (RMR) designations, unless it meets the criteria for "Publicly Owned/Other" land.

Mixed Use Land

Mixed Use land can be developed to meet the City's residential and employment needs – sometimes within the same structure. It includes land within the Mixed Use (MU), Mixed Use Urban Residential (MU-UR), Mixed Use Urban Commercial (MU-UC), Mixed Use Urban Employment (MU-UE), and Mixed Use Institutional (MU-I) designations, as well as most of the areas with a Station Community Plan Area (SCPA) designation, unless it meets the criteria for "Publicly Owned/Other" land. More information about the assumptions for future housing development in these areas is found later in this report.

Nonresidential Land

Nonresidential land includes employment land (which will be addressed in a separate Employment Buildable Lands Inventory), and "Publicly Owned/Other" land, as follows.

Employment Land

Employment Land is intended to meet the City's employment needs. It includes land within the Commercial (C) and Industrial (IND) comprehensive plan designations, and some of the areas with a SCPA designation, unless it meets the criteria for "Public/Other" land.

Cities in Oregon are required to plan for both residential and employment uses. The City is currently engaged in an Economic Opportunities Analysis and an Inventory of Buildable Employment Land to evaluate land needed to accommodate future employment growth.

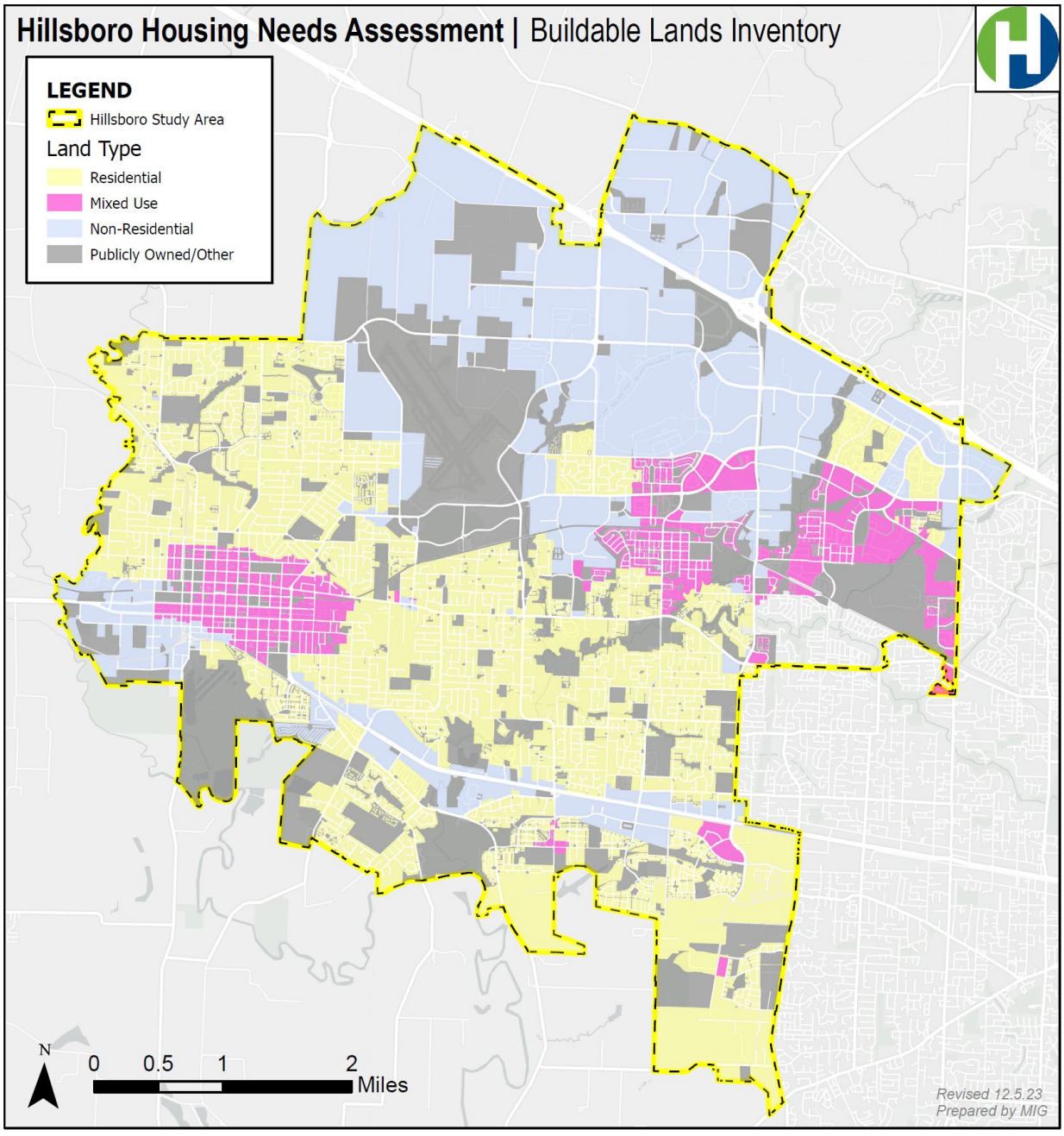
Publicly Owned/Other Land

This category of land includes the PF and OS designations, as well as land in the following categories:

- Land in another Comprehensive Plan designation under City, County, State, Federal, or Special District Ownership
- Land commonly held in HOA ownership, such as required open space.
- Religious or fraternal properties
- Private driveways and ROW

Parcels in this category may be included in other classifications if information is available to suggest development capacity for residential or employment uses.

Figure 30. Land Classification



Step 2: Constraints to Development

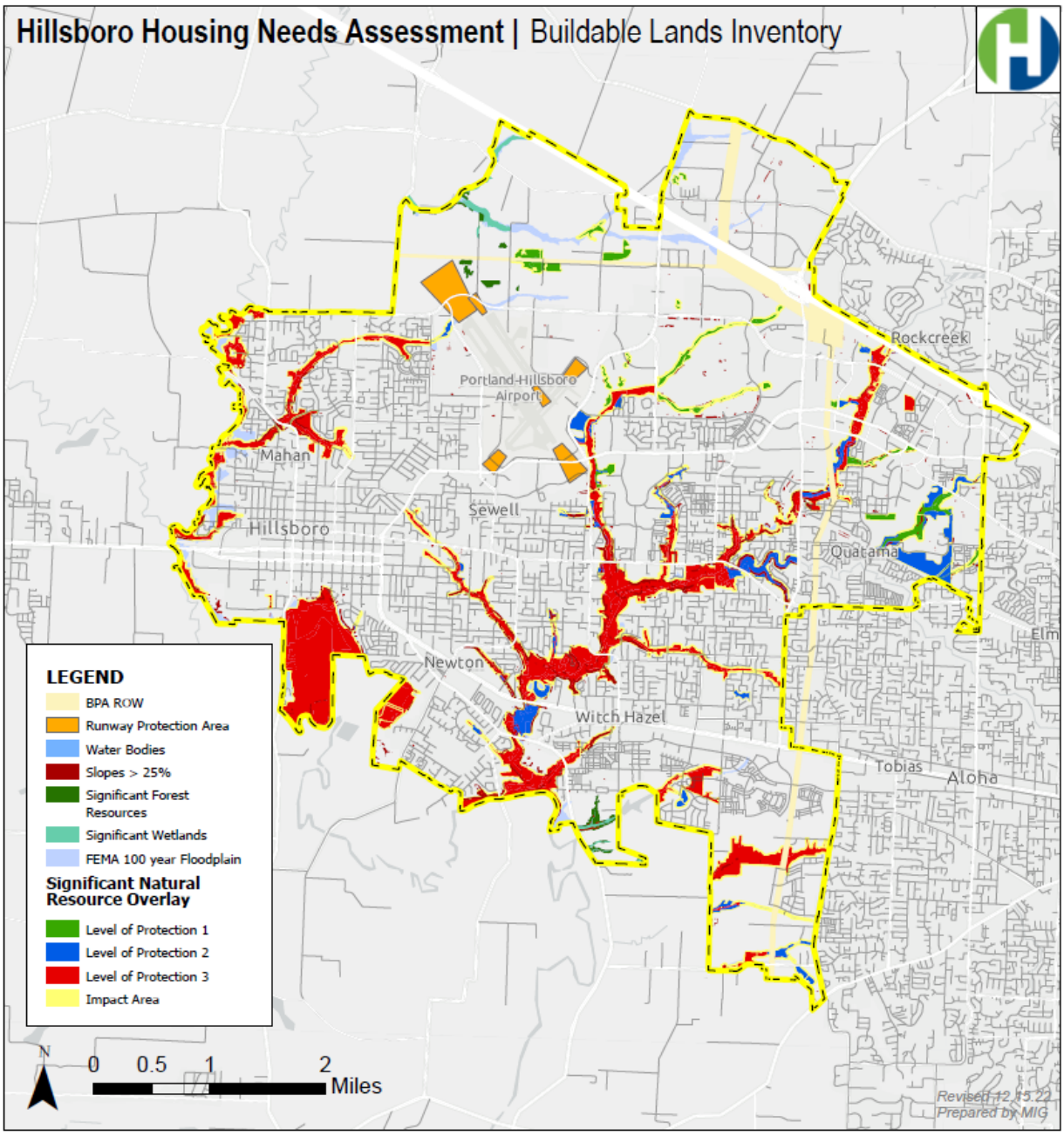
One of the primary tasks of this BLI is to identify land that is constrained by natural resources, natural hazard areas, or other regulatory constraints. Metro's 2018 BLI used a system of partial constraints for natural resources as identified in the Metro Title 13 inventory – this BLI uses a simplified system of full constraints for all land uses.

Constraints are described in Table 13 and shown on Figure 31.

Table 13. Development Constraints

Constraint	Description	Developable Portion
Steep Slopes	Slopes greater than 25%	0% Developable
Water Bodies	Includes lakes, streams, other areas of open water	0% Developable
FEMA 100 Year Floodplain	The floodway plus floodway fringe, calculated to convey a 1% annual chance (100-year) flood	0% Developable
Significant Wetlands	Wetlands identified as significant in the City's Local Wetland Inventory	0% Developable
Significant Forest Resources	Areas identified in Significant Forest Resources inventories	0% Developable
Significant Natural Resources Overlay	Includes significant wetlands, riparian corridors, and wildlife habitat. Disturbances greater than 500' generally require permit and mitigation per Development Code 12.27.220.	0% Developable
BPA easements	Land controlled by the Bonneville Power Administration (BPA); development is very limited	0% developable
Airport Runway Protection Area	Airport Runway Protection Area prohibits most uses and is identified as a constraint. Other airport zones can develop with some restrictions.	0% developable

Figure 31. Constraints to Development



The BLI includes the following information for each tax lot in the study area based on the location of constraints.

- Acres – Total size of the tax lot
- Constrained Acres – Acreage of constrained areas
- Unconstrained Acres – Total acres minus Constrained Acres

The following table shows gross acres of land in each primary land classification in the study area.

Table 14. Constrained and Unconstrained Acres by Land Type

Land Type	Total Acres	Constrained Acres	Unconstrained Acres
Residential	5,397.9	894.2	4,503.7
Mixed Use	1,395.3	108.0	1,287.3
Non-Residential	4,735.6	610.8	4,124.8
Publicly Owned/Other	4,587.6	1,679.3	2,908.2
Total	**16,116.4**	**3,292.3**	**12,824.1**

Step 3: Development Status

Each tax lot in the study area is categorized as Vacant, Partially Vacant, or Developed. Vacant tax lots (including those with low-value structures) are assumed to have development capacity equal to the area unconstrained by natural resources, minus additional set-asides for future right-of-way and infrastructure (see Step 4). Platted lots are also identified and assumed to develop with one unit per lot. Developed parcels will be subject to further screening for redevelopment potential, described in later steps. Properties in the "Partially Vacant" category have an existing home but are large enough to subdivide based on criteria such as parcel size and allowable lot size in the applicable zoning designation.

The following data is used to determine development status of study area tax lots:

- Assessor data, including property land use code, improvement value, and land value;
- City inventory of outdoor areas, used in identifying public and commonly-held open spaces such as public facilities, parks, greenways, and homeowners association-owned open spaces;
- Metro Vacant Land Inventory derived annually from aerial photo information;
- Review of recent aerial imagery; and
- Discussion and review with City staff and the CAC.

Detailed methodology and notes related to development status follows.

<u>Residential Development Status</u>

The following criteria are used to determine the status of residential land unless that land is in the list of Approved Developments and Planned Expansion Areas described later in this step.

- **Vacant**. Land that has a building improvement value of less than $20,000, as indicated by County assessor data. All land outside of constrained areas is included in the developable area for these properties.
- **Vacant – Platted.** Vacant land that is part of a platted but unbuilt subdivision is included in this category. Platted lots are assumed to contain one unit each unless other information is available (see Step 4). "Developable Acres" is shown as "0" for these lots because they are treated separately from other acreage in the inventory.
- **Partially Vacant**. This designation is intended for parcels with an existing structure that are large enough to further subdivide and provide additional residential units. The recent update of the City's development code (known as "Housing Hillsboro") allows for more flexibility and variety in the types of units that may be provided on this land. The methodology for Partially Vacant land is consistent with the 2018 Metro Buildable Lands Inventory[10], as follows:

[10] https://www.oregonmetro.gov/sites/default/files/2018/07/03/UGR_Appendix2_Buildable_Lands_Inventory.pdf

- Each zoning designation is given a minimum lot size (see Table 15 for new single detached dwellings.
- Lots whose gross acreage is greater than 5 times the minimum size are added to the Partially Vacant inventory.
- Lots whose gross acreage is between 2.5 and 5 times the minimum lot size are subject to a $365,000 building value screen. Lots with improvement value below this amount are included in the Partially Vacant inventory. The rationale for this is that more expensive homes are less likely to be subdivided.
- Lots whose gross acreage is less than 2.5 times the minimum lot size are not included.
- In order not to over-estimate the likely densities in some zones, the infill capacity of partially vacant lots is determined as the minimum of:
  - (Calculated area of tax lot – max lot size) / min lot size (rounded down to a whole number); can equal 0
  - (Net unconstrained sq. ft. / 2,000 sq. ft.), rounded down to a whole number; can equal 0

- **Developed**. All other residential land is designated Developed and has no developable area. Developed land is subject to further screening for redevelopment potential in Step 4.

Table 15. Lot Size Assumptions for Partially Vacant Land

Zoning Designation	Minimum Lot Size	Source
RL	10,000	City zoning/comprehensive plan
R-10	10,000	City zoning/comprehensive plan
R-8.5	8,500	City zoning/comprehensive plan
SCR-OTC	7,000	City zoning/comprehensive plan
R-7	7,500	City zoning/comprehensive plan
RM	6,000	City zoning/comprehensive plan
R-6	6,000	City zoning/comprehensive plan
MR-3	6,000	City zoning/comprehensive plan
MR-2	6,000	City zoning/comprehensive plan
R-4.5	4,500	City zoning/comprehensive plan
MR-1	4,500	City zoning/comprehensive plan
SCC-MM	3,889	Metro assumptions used
SCR-LD	3,600	City zoning/comprehensive plan
SCR-DNC	3,000	City zoning/comprehensive plan
RH	3,000	City zoning/comprehensive plan
SCR-MD	2,000	City zoning/comprehensive plan
MU-N	1,885	Metro assumptions used
SCC-DT	1,496	Metro assumptions used
MU-C	1,496	Metro assumptions used
SCR-HD	1,481	Metro assumptions used
UC-RM	1,086	Metro assumptions used
UC-OR	1,086	Metro assumptions used
UC-NC	1,086	Metro assumptions used
UC-MU	1,086	Metro assumptions used
SCC-SC	1,086	Metro assumptions used
UC-AC	797	Metro assumptions used
SCR-V	797	Metro assumptions used

Mixed Use Development Status

Mixed Use development is subject to the same criteria as Residential Land. However, an additional screen is used to determine the likelihood of redevelopment of mixed-use parcels in Step 4, and assumptions about the residential/employment mix (see Table 17.) are applied.

Approved Developments and Planned Expansion Areas

Where information is available, this analysis uses information about approved or expected developments. These developments are listed in Step 4.

Additionally, this analysis relies on prior work completed by ECONorthwest to assess the capacity of two planned expansion areas – Witch Hazel Village South and the portions of South Hillsboro not currently within City limits. See additional detail in Step 4.

Land associated with approved developments and expansion areas are removed from the inventory, with unit capacity addressed in Step 5.

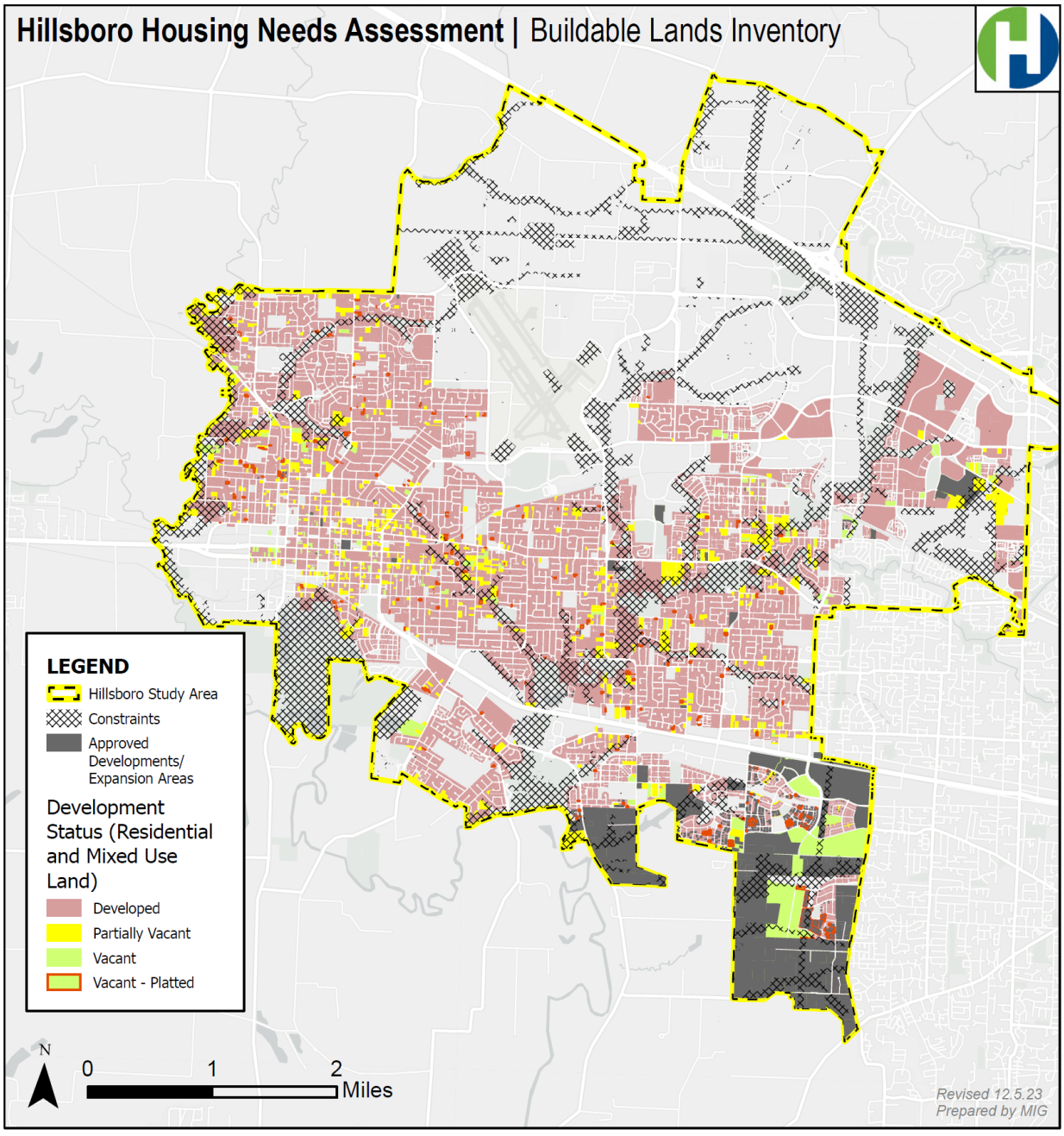
Summary

Table 18 lists the number of tax lots, total and constrained acreage, and developable area by land type. Land with approved developments is excluded from this table. A map summarizing development status is shown in Figure 32.

Table 16. Developable Area of Residential and Mixed Use Tax Lots (Excluding Approved Developments and Planned Expansion Areas)

Land Type and Development Status	Number of Tax Lots	Total Area (Acres)	Constrained Area (Acres)	Developable Area (Acres)
Residential	**22,289**	**4,682**	**713**	**337**
Developed	21,406	4,071	586	0
Partially Vacant	414	382	93	192
Vacant	57	185	29	145
Vacant – Platted	412	44	5	0
Mixed Use	**5,775**	**1,080**	**70**	**135**
Developed	5,428	874	48	0
Partially Vacant	228	134	20	70
Vacant	119	72	3	65
Total	**28,064**	**5,762**	**783**	**472**

Figure 32. Development Status of Residential and Mixed Use Land



Step 4: Net Buildable Area

This step of the BLI establishes the net buildable area of residential land in the study area by removing land needed for future right-of-way and other infrastructure set-asides, and by subtracting the non-residential portions of mixed-use zones. This step also accounts for platted subdivisions and other development with known approvals.

Right of Way and Other Set-Asides

When vacant land develops, land for roads, infrastructure, open space, and other needs reduce the gross available acres into a net developable acreage. It is common for this reduction to be 1/5th to 1/3rd of the gross developable area. The BLI uses the following assumptions to calculate net developable acreage for each parcel.

- Detached Housing Zones (SFR 4.5 through SFR-10 zones): 25%
- Multi-Unit Residential and Mixed Use Zones: 25%

Residential Mix in Mixed Use Designations

Table 17 lists assumptions that address the proportion (by land area) of development in multiple-use zones that is expected to occur as residential uses, the remainder of which is assumed to be developed with employment uses.

Table 17. Residential and Employment Mix Assumptions for Mixed-Use Areas

Mixed Use Zone	Residential Percentage	Employment Percentage
Mixed Use – Commercial	60%	40%
Mixed Use – Neighborhood	80%	20%
Mixed Use – Village Town Center	60%	40%
Station Community – Business Park	0%	100%
Station Community Commercial – Downtown Zone	30%	70%
Station Community Commercial – Multi-Modal Zone	40%	60%
Station Community Commercial -Station Commercial	50%	50%
Station Community Residential – Downtown Neighborhood Conservation	90%	10%
Station Community Residential – High Density	80%	20%
Station Community Residential – Low Density	90%	10%
Station Community Residential – Medium Density	85%	15%
Station Community Residential – Orenco Town Center	90%	10%
Station Community Residential – Village	80%	20%
Urban Center – Activity Center	60%	40%
Urban Center – Mixed-Use Urban Density	80%	20%
Urban Center – Residential Medium Density	80%	20%

Platted Lots and Approved Developments

Platted lots that are currently unbuilt are each assumed to have the capacity for one dwelling unit. Where information is available about approved developments on specific tax lots, that will supersede other assumptions. These are listed in Table 18.

Table 18. List of Platted Lots and Major Approved Developments (currently without Certificate of Occupancy)

Development Description	Taxlot(s)	Number of Units
3rd Ave Apartments	1N231CA06300 1N231CA06400	35
4th Avenue Apartments	1S206BA03700	13
Amberglen Alta 1 Cooley	1N236AC00400	326
Amberglen Alta 2 Mixed-Use Apartments	1N236BD00500	594
Amberglen lot 35	1N236BD00900	162
Approved case file and construction underway - Reed's Crossing Town Center North Townhome Apartments	1S211CB09300	45
Approved case file and construction underway - Reed's Crossing Wellness Center and Hillsboro Eye Clinic	1S211CB08900	0
Approved case file and construction underway - The Ackerly Senior Living	1S211CB09400	182
Approved PUD for Westbrooke Estates	1S210CB00900 1S210CB01000 1S210CB01100 1S210CC01100	135
Butternut Creek Phase 14	1S215D000100	44
Dawson Woods	1S204AA00400	24
Nueva Esperanza, PUD	1N234CB00400	150
Habitat for Humanity - Century Commons	1S203AC00600	20
Merrill Gardens at Hillsboro	1N231CD02400	140
Oak Street village	1S206AA01700	58
Q2 Apartments	1N235DA00300	66
Reeds Crossing 1c	1S2140003500	221
Reed's Crossing Town Center North Mixed-Use	1S211CB09500 1S211CB09600 1S211CB09700	256
Reeds Crossing phase 2	1S2110001800	485
River Bend No. 2	1S216A000802	26
Total Approved Units		**2,982**
Platted Lots		**412**
Total Approved and Platted Units		**3,394**

Planned Expansion Areas

In 2022, ECONorthwest prepared an estimate of remaining buildable capacity in the unincorporated portion of South Hillsboro, Witch Hazel Village South, and other areas. Witch Hazel Village South and the South Hillsboro Community Plan Area are part of the study area for this BLI, while the Golf Club and Rosa Reserve areas are not part of this inventory.

This report relies on the ECONorthwest study for these areas, as shown in Table 19 and Table 20. Figure 33 identifies these expansion areas. Figure 34 and Figure35 are detailed maps of South Hillsboro and Witch Hazel Village South, respectively.

Figure 33. Hillsboro Expansion Area Yield Study Reference Map (Source: ECONorthwest, Labels by MIG)

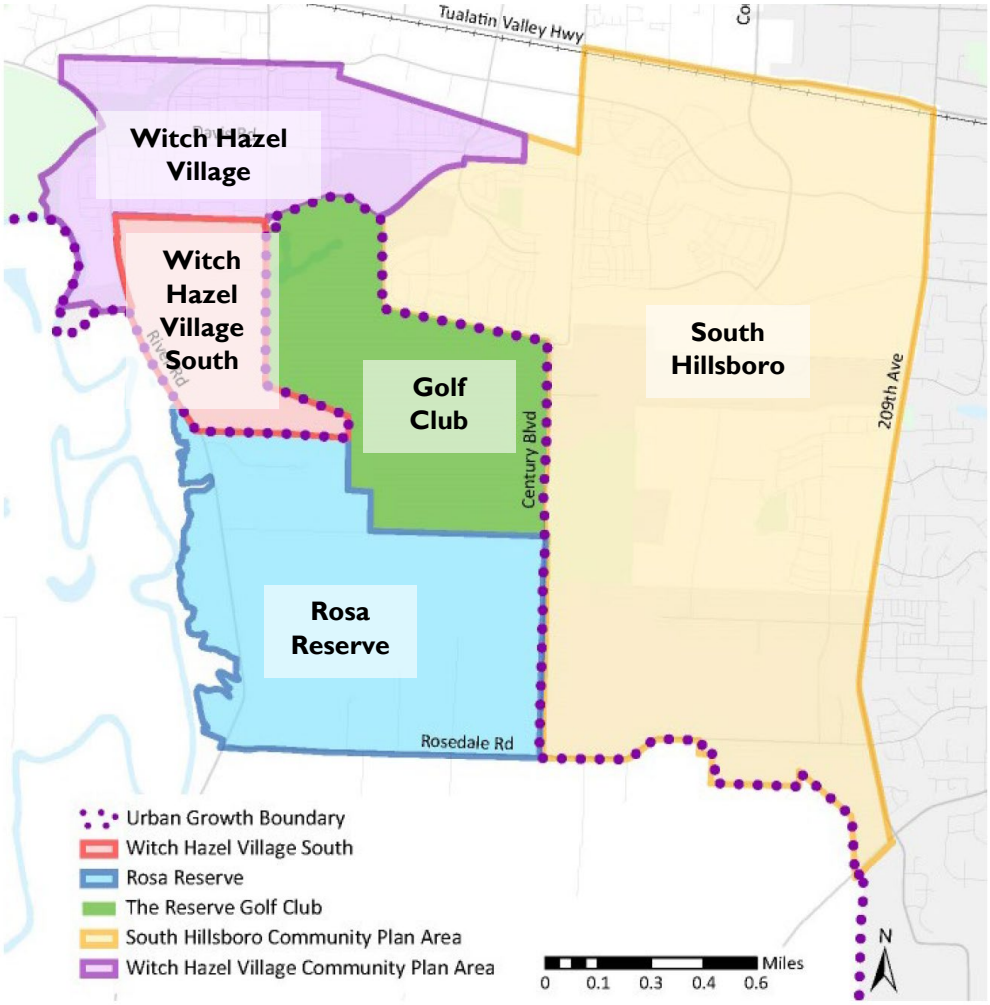


Figure 34. South Hillsboro Unincorporated Area (Source: ECONorthwest)

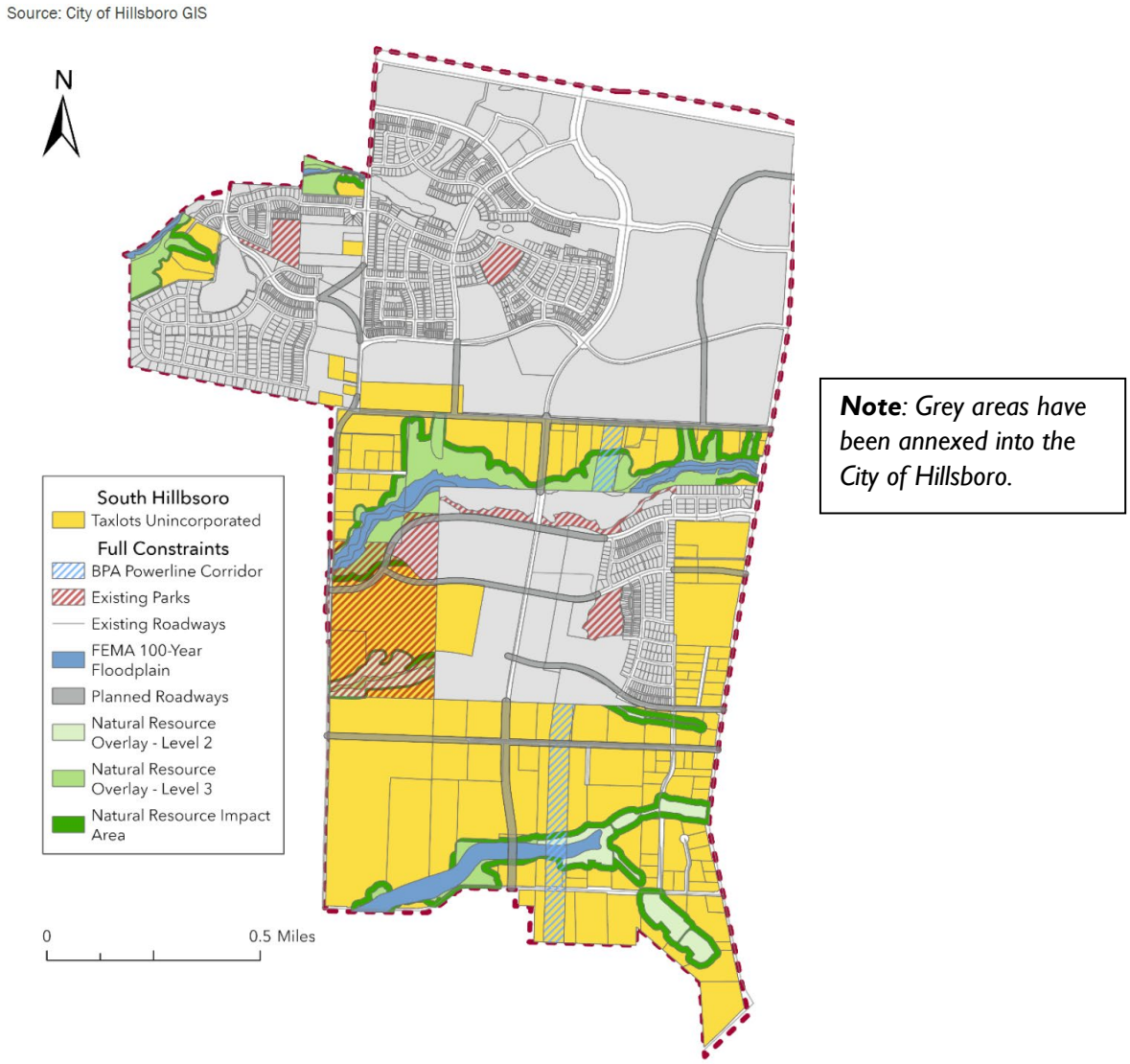


Table 19. Estimated Dwelling Unit Yield, South Hillsboro Unincorporated Areas (Source: ECONorthwest)

Housing Types	Low			High			"Best Guess" Dwelling Unit Estimate
	Net Developable Acres	*Units*	*% of Units*	*Net Developable Acres*	*Units*	*% of Units*	
Single Detached	189	1,215	74%	183	1,519	63%	1,367
Middle Housing	25	417	26%	34	665	28%	541
Apartments	-	-	0%	7.3	209	9%	104
Total	**214**	**1,632**		**224**	**2,393**		**2,012**

Figure35. Witch Hazel Village South Detail (Source: ECONorthwest)

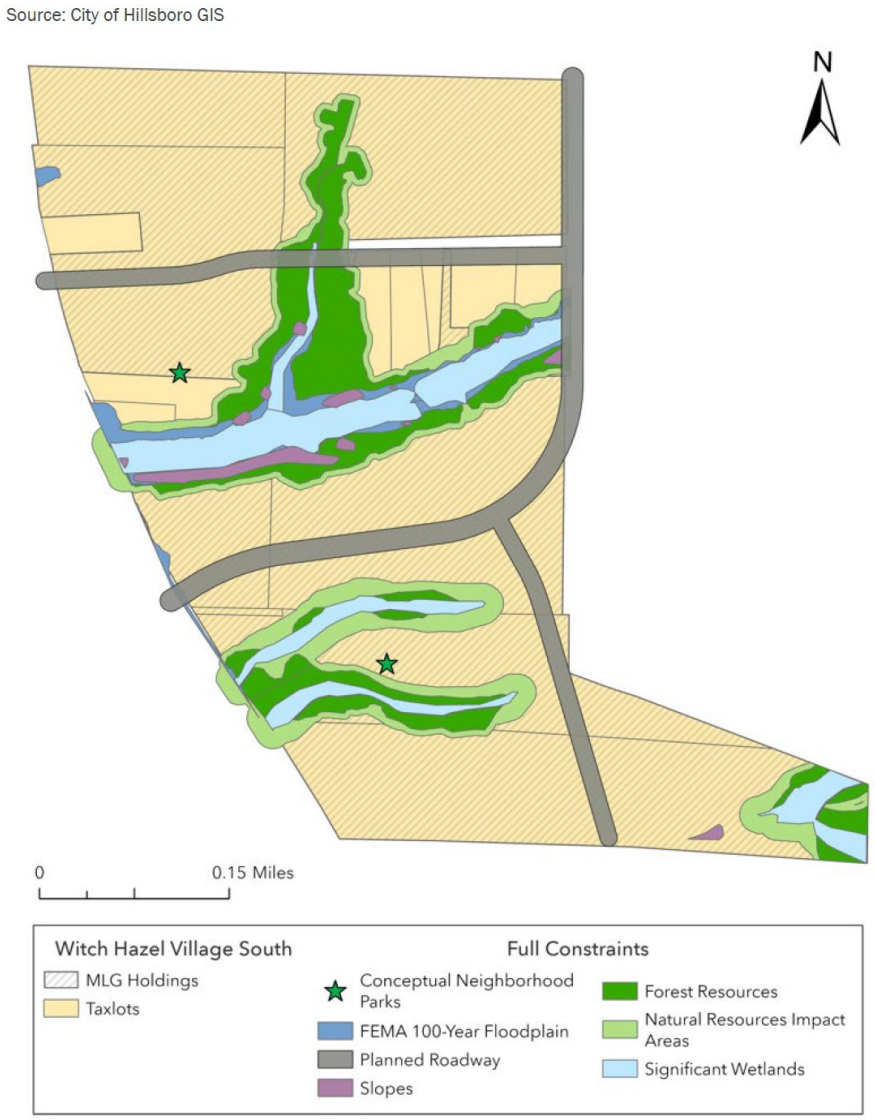


Table 20. Estimated Dwelling Unit Yield, Witch Hazel Village South (Source: ECONorthwest)

Housing Types	Low			High			"Best Guess" Dwelling Unit Estimate
	Net Developable Acres	*Units*	*% of Units*	*Net Developable Acres*	*Units*	*% of Units*	
Single Detached	45	372	46%	36	344	30%	351
Middle Housing	10	198	24%	15	363	31%	322
Apartments	8	240	30%	13	447	39%	395
Total	**63**	**810**		**64**	**1,154**		**1,068**

Step 5: Estimated Unit Capacity

Development Assumptions by Zoning Designation

The BLI uses an assumed density for the City's zoning. This information is based on the Hillsboro Community Development Code (CDC).[11]

Table 21 shows the assumed density for the City's zoning. This information is based on the Hillsboro Community Development Code (CDC).[12]

Table 21. Unit Capacity on Residential and Mixed-Use Land

Zoning	Density Notes	Assumption for BLI
R-10	Generally 10,000 sf single detached lots, but other housing types allowed.	5 du/ac
R-8.5	Generally 8,500 sf single detached lots, but other housing types allowed	6 du/ac
R-7	Generally 7,000 sf single detached lots, but other housing types allowed	7 du/ac
R-6	Generally 6,000 sf single detached lots, but other housing types allowed	8 du/ac
R-4.5	Generally 4,500 sf single detached lots, but other housing units allowed.	9 du/ac
MR-1	11-16 du/ac per code (townhouses higher).	16 du/ac
MR-2	17-21.25 du/ac per code.	21.25 du/ac
MR-3	23-28.5 du/ac per code	28.5 du/ac
SCR-LD	9-14 du/ac	14 du/ac
SCR-MD	18-23 du/ac per code, up to 36 du/ac in a PUD.	20 du/ac
SCR-HD	24-30 du/ac per code. Up to 45 du/ac in a PUD.	30 du/ac
SCR-OTC	6-12 du/ac	12 du/ac
SCR-DNC	9-23 du/ac, depending on location relative to LRT.	23 du/ac within 1,300 feet of a light rail station; 15 du/ac beyond.
SCC-DT		70 du/ac
SCC-MM		30 du/ac
SCC-SC		30 du/ac
MU-N	Differing requirements for Local/Collector frontage vs Arterial frontage. Differing	20 du/ac

[11] https://library.qcode.us/lib/hillsboro_or/pub/municipal_code/item/chapter_12
[12] https://library.qcode.us/lib/hillsboro_or/pub/municipal_code/item/chapter_12

Zoning	Density Notes	Assumption for BLI
	requirements for Mixed Use buildings as well.	
MU-C	12 du/ac in mixed use buildings, 23 in residential-only buildings.	15 du/ac
MU-VTC	Specific South Hillsboro mins/maxes per 12.24.360-2. About 20 du/ac for single detached otherwise.	20 du/ac
SCR-V	24 du/ac near LRT, 15 du/ac further from LRT, down to 7 du/ac far from LRT	40 du/ac within 1,300 feet of light rail; 15 du/ac beyond.
UC-RM	24-43 du/ac	30 du/ac
UC-MU	43 du/ac min, no max	70 du/ac
UC-AC	43 du/ac min, no max	45 du/ac
UC-NC	30 du/ac min, no max	35 du/ac
UC-OR	30 du/ac min, no max	35 du/ac
UC-RP	18-65 du/ac	30 du/ac

Redevelopment of Mixed-Use Land

Land in mixed-use designations has undergone a "Strike Price" assessment for redevelopment potential. "Strike Price" is a term-of-art used to indicate the price at which it becomes cost-effective for a developer to consider a site for redevelopment. The strike price is the combined land value and improvement value per square foot of the lot.

This analysis uses a $18.50 strike price threshold for mixed use land. If the combined land value and improvement value per unconstrained square foot for a parcel is below this value, then it is added to a list of potentially redevelopable sites and included in the BLI. As a comparison, the 2018 Metro BLI used a $12 strike price for suburban areas such as Hillsboro – meaning this analysis supposes a much higher likelihood of redevelopment than the Metro effort.

A review of residentially-designated land at this strike price was also conducted, but no properties other than single-family detached dwellings or manufactured home parks were identified as having a likelihood of redevelopment.

This screen has identified **31 tax lots totaling roughly 9 unconstrained acres** across the City's mixed use zones that meet the $18.50 du/ac strike price. These properties are included in Table 22 in the "Redevelopable" category, and their residential capacity is estimated at 174 units based on zoning assumptions.

Middle Housing and House Bill 2001

The text of House Bill 2001 and the City's Housing Hillsboro Project have implications for this work, particularly in the assumptions for what the density and housing mix new development and redevelopment will look like:

- Some proportion of existing single detached housing in Hillsboro will divide internally or redevelop into middle housing units (duplexes, triplexes, quads). State statute provides a safe harbor of a 3% assumed increase in density for residential land due to this development activity for purposes of evaluating potential UGB amendments.

- Some proportion of new development in residential zones will develop as middle housing units (duplexes, triplexes, quads, townhomes, cottage clusters), when they would have previously been developed as single detached units. This has been addressed through density and mix assumptions of new development included in this analysis.

There are 22,684 lots classified as "Developed" with an assessor's property code of "101" (single detached dwellings). Redevelopment/subdivision of 3% of these lots would mean **680** new units throughout the City over the planning horizon. These units are accounted for in the overall capacity assumptions.

Table 22. Summary of BLI Results

Development Category	Tax lots	Gross acres	Buildable Acres (minus constrained land)	Net Acres (subtracts future set-asides and existing structures)	Total Unit Capacity
Residential Land	**883**	**611**	**484**	**318**	**3,115**
Vacant	57	185	156	117	1,368
Partially Vacant	414	382	289	162	1,335
Platted	412	44	39	39	412
Mixed Use Land	**378**	**227**	**195**	**79**	**2,652**
Vacant	119	72	72	34	953
Partially Vacant	228	134	114	36	1525
Redevelopable	31	22	9	9	174
Total	**1,261**	**838**	**680**	**397**	**5,767**
Approved Development					**2,982**
Expansion Areas (South Hillsboro Unincorporated and Witch Hazel Village South)					**3,080**
Middle Housing Infill					**680**
Total Units					**12,509**

The BLI is summarized in Table 22. Key takeaways include:

- Based on the assumptions in this analysis, overall capacity in the study area is about 12,500 units.
- Roughly 36% of this capacity is in single detached units, 32% in Middle Housing units, and 32% in Multi-Dwelling units.
- Roughly 25% of capacity lies within the expansion areas of unincorporated South Hillsboro and Witch Hazel Village South, and another 24% is on land that has some form of development approval currently.
- Redevelopment on mixed-use land accounts for about 1% of capacity, though market dynamics and City policy could affect this number significantly.

Comparison of Land Need and Supply

This section summarizes the results of the Housing Needs Projection and BLI. Table 23 presents the estimated new unit capacity of the buildable lands identified in the study area. Residential zones, as well as mixed-use zones that can accommodate some residential uses, were included in the inventory, and are broken into broad categories based on housing density. The inventory includes the unincorporated portions of Hillsboro's current known expansion areas of South Hillsboro and Witch Hazel Village South.

Table 23. Summary of Buildable Land Inventory

Development Category	Tax lots	Gross acres	Buildable Acres (minus constrained land)	Net Acres (subtracts future set-asides and existing structures)	Unit Capacity			
					Single Detached	Middle Housing	Multi-Dwelling	Total
Residential Land	**883**	**611**	**484**	**318**	**1,885**	**792**	**438**	**3,115**
Vacant	57	185	156	117	581	463	324	1,368
Partially Vacant	414	382	289	162	893	328	114	1,335
Platted	412	44	39	39	412	0	0	412
Mixed Use Land	**378**	**227**	**195**	**79**	**243**	**1,125**	**1,284**	**2,652**
Vacant	119	72	72	34	105	359	489	953
Partially Vacant	228	134	114	36	112	711	702	1,525
Redevelopable	31	22	9	9	27	55	93	174
Approved Development					**600**	**551**	**1,831**	**2,982**
Expansion Areas (S Hillsboro Unincorporated and Witch Hazel Village South)					**1,718**	**863**	**499**	**3,080**
Middle Housing Infill			n/a		**0**	**680**	**0**	**680**
TOTAL					**4,447**	**4,011**	**4,052**	**12,509**

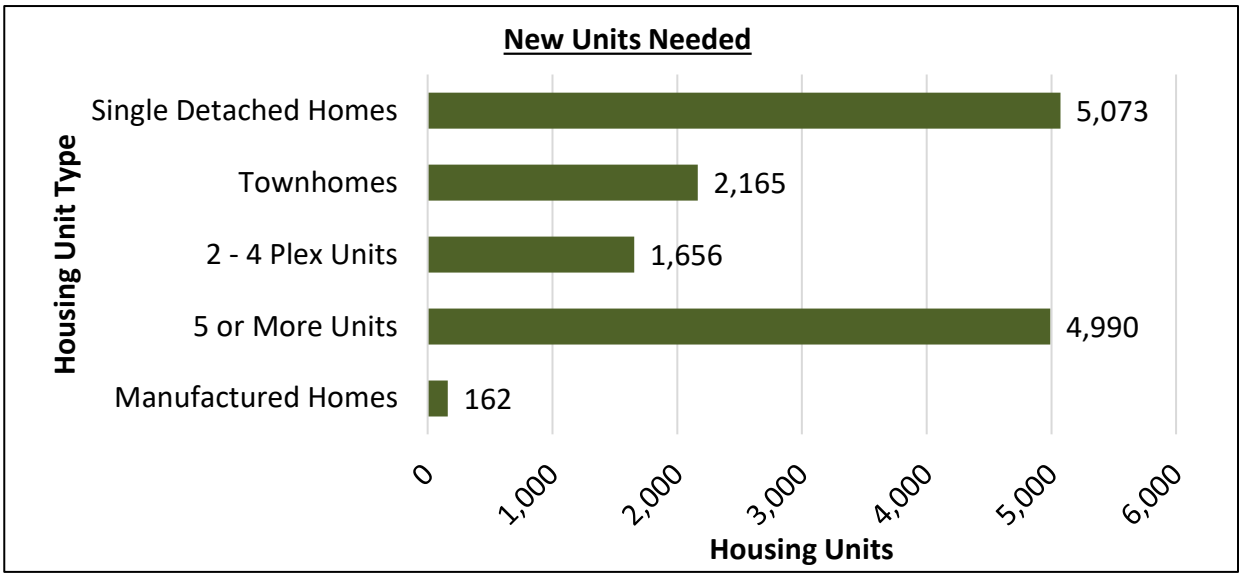
Source: MIG

- There is a total estimated remaining capacity of 12,509 units of different types within the study area.
- The estimated remaining capacity for low density housing units remains the greatest share at capacity for 4,447 units, or 36% of the total.
- There is a total estimated capacity for 4,011 middle housing units, including future infill in low density zones. This is roughly 32% of the total unit capacity.
- There is a total estimated capacity for 4,052 housing units in higher density multi-dwelling properties. This is roughly 32% of the total unit capacity.
- Of the total capacity, 24% is located in future developments that have already been approved (2,982 units).
- 25% of capacity remains in the unincorporated portions of the expansion areas of South Hillsboro and Witch Hazel Village South.

Figure 36 summarizes the forecasted future unit need for Hillsboro.

Figure 36. Summary of Forecasted Future Unit Need (2043)

TOTAL HOUSING UNITS									
			Multi-Family						
Unit Type:	Single Detached	Single Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	5,073	2,165	654	1,002	4,990	162	0	**14,046**	**100%**
Percentage:	36.1%	15.4%	4.7%	7.1%	35.5%	1.2%	0.0%	100%	



Sources: PSU PRC, Census, Johnson Economics

Comparison of Housing Need and Capacity

There is a total forecasted need for roughly 14,050 units over the next 20 years based on Metro's forecasted growth rate. This is greater than the estimated total capacity of 12,509 units. Table 24 presents a comparison of the BLI capacity for new housing units, compared to the estimate for new unit need by 2043. It breaks down need by general zoning category (LDR, MDR, HDR).

The projected demand for low-density housing types is higher than the remaining capacity by an estimated 981 units, or the equivalent of 163 gross acres of low density residential land.

The results find a modest surplus for medium-density housing of 26 gross acres.

The projected demand for high-density housing types is higher than the remaining capacity by an estimated 939 units, or the equivalent of 36 gross acres of high density residential land. Because the achieved density of these housing types is higher, it translates to somewhat less acreage deficit than the deficit in low density zones.

These findings assume that under newly adopted state rules, 3% of available buildable parcels in the Low Density Residential zone will be used for the various types of attached units (single attached).

Table 24. Comparison of Forecasted Future Land Need (2043) with Available Capacity

WITHIN CITY LIMITS		SUPPLY	DEMAND				
Zone & Plan Category	Typical Housing Type	Buildable Land Inventory (Unit Capacity)	Growth Rate (0.7%)				
			New Unit Need (2043)	Avg. Density (units/ac)	Surplus or (Deficit)		
					Units	Net Acres	Gross Acres
Low-Density	Single-detached; Single-attached & plex	4,447	5,428	8.0	(981)	(123)	(163)
Med-Density	Single-attached; Manufact. home; 2-4 plexes	4,011	3,628	20.0	383	19	26
High-Density	Multi-Unit apartments	4,052	4,990	35.0	(939)	(27)	(36)
	TOTALS:	*12,509*	*14,046*	*20.7*	*(1,537)*	*(130)*	*(174)*

Sources: MIG, Johnson Economics

These findings do not require rezoning of medium- or high-density zoned land to meet the need for low-density land. A range of potential housing policies and strategies will be considered in future development of an HPS by the City, including the ability of future plan areas to meet the need for different types of housing during the 20-year planning period.

High-Level Policy Themes

The project team prepared high-level policy themes as part of the HNA to inform the subsequent HPS process. The HPS is required of Oregon cities under House Bill 2003 and OAR 660-008 and requires Hillsboro to evaluate a broad range of solutions to increase housing production to meet its housing needs. The HPS is a strategic and flexible tool that can assess policies, programs, funding tools, equity, partnerships, and more.

The City's HPS process will begin in January 2024 and anticipated to conclude in December 2024. The below high-level policy themes were refined in spring 2023 based on input from the HNA CAC and historically marginalized communities focus groups.

High-Level Policy Themes

1. Ensure adequate supply of land and public infrastructure, utilities, and services to support a variety of housing types and choices.
2. Increase housing development opportunities in multi-dwelling and mixed-use zones and commercially zoned areas along TV Highway corridor's future rapid bus transit line.
3. Support housing for all incomes to align with the results of the HNA.
4. Extend high-amenity housing discussion beyond large lot size, since high-amenity housing can come in all forms and lot sizes.
5. Include affordable housing in new residential expansion areas to foster more mixed-income neighborhoods that have access to new amenities such as parks, open space, trails, and bicycle/pedestrian infrastructure.
6. Support homeownership opportunities for homebuyers, including low-income and first-time buyers.
7. Identification, acknowledgment, and discussion of multi-generational housing.
8. Increase rental housing development that includes a greater number of bedrooms for larger families.
9. Increase development of accessible housing for seniors and people with disabilities.
10. Assess connections to the housing supply for those experiencing or at risk of houselessness in Hillsboro and how these connections and housing opportunities can be increased.
11. Identification, acknowledgment, and discussion to preserve manufactured dwelling parks and increase opportunities for alternative housing such as manufactured and modular.

Next Steps

This report is the culmination of over a year of analysis, coordination, and engagement to identify the City's housing needs, however the work is far from complete. In January 2024, the City will begin the HPS process directed by City leadership interested in furthering housing production in our community and required by the State of Oregon.

Going forward, state law requires the City to update this analysis and evaluate its performance in producing needed housing every six years. Through this important work, the City will continue to understand and respond to the community's housing needs.

Appendices

Appendix A: Summary of Community Engagement

1. Overview of Public Engagement
2. Detailed CAC meeting Summaries
3. Detailed Stakeholder Interview Summaries

Appendix B: Alternative Analysis

Appendix A: Overview of HNA 2022-2023 Engagement

City staff met with Public Engagement Committee on September 7, 2022 to review and approve the proposed Public Communications and Engagement Plan (PCEP), which resulted in additional translation services and contracting with community-based cultural organizations.

The HNA community engagement process reached a representative cross-section of Hillsboro's diverse communities and had a robust mix of CAC members. It also included opportunities for input from historically marginalized communities in Hillsboro. In addition, the project offered opportunities for stakeholder interviews for people who live or work in Hillsboro to provide input into the project.

Project Webpage on City Website:

A project webpage was established early in the project on the City website, which offered a variety of opportunities to get involved in the project and provided an engagement timeline and project timeline and other relevant project information. The webpage was updated as new information became available. It also offered sign-up for email updates to various news and announcements in the City. The website is: https://www.hillsboro-oregon.gov/our-city/departments/community-development/projects/housing-needs-analysis

Community Advisory Committee

A CAC was established early in the project. The role of the CAC is for community members to provide input into the HNA project. The CAC is a voluntary committee comprised of 15 community members including people who live or work in Hillsboro, and for-profit and non-profit developers. The CAC met five times from October 2022 through April 2023 and has its final meeting on June 13, 2023. The CAC reviewed and provided feedback on housing data and provided input on the high-level housing policy themes.

Meeting content included the following: Introduction to HNA/project overview, Buildable lands inventory (BLI) methodology/data, Initial discussion about goals and policies, review of the draft BLI draft report and data, review of the draft housing forecast report (which included extensive data and a Land Sufficiency Analysis) review of high-level policy themes. The final meeting will provide the results to the finalized BLI and housing forecast report.

Range of input received during meetings included: Most needed housing types in Hillsboro, BLI methodology, housing forecast report methodology, and High-Level Policy Themes. Short summaries from each of the CAC meetings are included below:

CAC Meeting #1 Input: "What in your opinion is the most needed housing type in the City? Examples of responses summarized: need to set aside opportunities for lower income folks, youth homelessness, low cost rentals not available, tiny houses needed, homeownership for 30-80% AMI needed, housing for at risk youth needed, low-income and affordable needed, smaller cottage clusters, lack of affordable housing, for families with more than two bedrooms needed, very low income housing for seniors needed, lack of supply of developable land across all housing types – increase supply, need

all levels of housing from affordable workforce, middle housing up to executive housing, everyone is struggling with the cost of housing in Hillsboro, at all levels of income, affordable rental properties with good living conditions and affordable homeownership for first-time homebuyers, homeownership for first-time buyers is almost impossible, renters can't save up or devote money to homebuying with high rent prices in Hillsboro.

CAC Meeting #2 Input: Examples of input on Buildable Lands Inventory draft via open discussion includes: Wide range of concerns and questions for many types of housing needs. Concern whether there is enough land to accommodate the need. Concerns about how land will develop, how fast to grow, most of the land being lower density, not enough multifamily and equity issues about locations next to roads and commercial areas, how to balance residential land with other needs like parks. Questions about what partially vacant includes, how are areas set aside for camping categorized, what is the average size for market driven residential, why was publicly owned land taken off the table? Comments about qualified census tracts should be target for multifamily because designation makes affordable projects more viable, subsidized affordable housing more like 100 du/ac is a common average density.

Examples of input on the Housing Needs Projection data analysis came in form of many questions, for example: Does the data accurately represent the pandemic? Is the city trying to house everyone who currently commutes to Hillsboro for work? Does Metro establish the growth figures? Do we talk about different affordability levels? What is the city's current attached/detached split and how does this compare to projections? Does the analysis assume that current needs are being met? Generally, no.

CAC Meeting #3 Input: Update and continued discussion/input/questions on BLI and housing forecast report.

Questions and answers:

- How do we fit more homes into this city? The need seems high. This will be the subject of further conversation – rezonings, new expansion areas, coordination with Metro are all part of the equation.
- What is the solution for homeless folks? Short term housing by the City and nonprofits?
- Does Partially Vacant category include parking lots for churches with large parking lots? Generally, not.
- Does the land availability drive the forecast or the other way around?
    - Forecasts are kind of idealized - the regional population projection leads to the number of housing units and other data/trends let us identify what housing unit types to forecast. If that doesn't align with the land base, then that informs City policy to accommodate that growth.
    - The HPS is a follow up step for the City to look at those items more specifically.

Discussion on Comprehensive Plan Evaluation and Initial Goals/Policy Concepts
Questions on intergenerational housing, affordable and accessible housing, large lot housing, implementation of Metro regional housing bond, creating intergenerational wealth, may be missing language on large potential need and potential shortfall in supply of land, if something isn't a problem (e.g. short term rental) maybe we don't need a policy related to it, Supportive housing – make sure it is addressed, include policy analogous to "net zero" policies – e.g., how to eliminate houselessness, short-term rental policies - we wouldn't have to ban them but could limit them to a degree;

CAC Meeting #4 Input: The City will not adopt comprehensive plan changes as part of this project. CAC members participated in a live polling exercise through Mentimeter, which facilitated conversation about what role the City should play in housing. Below is a summary of the conversation:

What housing issues are the most important for City policy to address?

- The top three responses were Affordable homeownership opportunities, Affordable rental opportunities, and Reducing homelessness.
- CAC members noted that homelessness is expensive, and Washington County has a high share of youth that are homeless.
- Hillsboro has large minority populations, who often feel housing issues more acutely.
- Rehabilitating homes that are in disrepair keep people housed and is important for safety.
- Cost of land is prohibitive to build affordable products without subsidy these days.
- Executive housing is an important component of the City's tax base.
- The City's housing plan must include availability of executive housing so that we work towards a full spectrum of housing options at all levels of income.
- Suggestion to clarify what is meant by "affordable housing" in policies.

CAC Meeting #5 Input: High-Level Policy Themes**.**
The six themes below each received two or more positive comments in support from CAC members with exception of #3, which received no negative or positive comments.
Increase housing development opportunities in **multi-dwelling and mixed-use zones.**

1. Identification, acknowledgment, and discussion of **multi-generational housing.**
2. **Extend high-amenity housing discussion beyond large lot size**, since high-amenity housing can come in all forms and lot sizes.
3. Identification, acknowledgment, and discussion around **homelessness**
4. Support **housing for all incomes** to align with the results of the HNA.
5. Support **homeownership opportunities** for low-and moderate-income community members.

Additional preferences suggested by CAC members during the High-Level Policy Themes input process, which included:

- Mixed income areas
- Disability friendly housing
- LGBTQ friendly housing
- More development of rental properties
- Rental housing with more bedrooms for larger families
- Housing for low-income households in single family neighborhoods
- Affordable, inclusive and accessible housing
- Increased density and transit-oriented development
- Housing for low-income young families
- Inclusive housing options
- On affordability, concern too much redevelopment will drive the cost of housing up.

Final CAC Meeting #6 (June 13, 2023)
Staff and consultants provided an overview of the HNA and a description of what the follow-up HPS work to come. The Committee felt that the High-Level Policy Themes were a good start for future housing conversations.

Historically Marginalized Community (HMC) Input

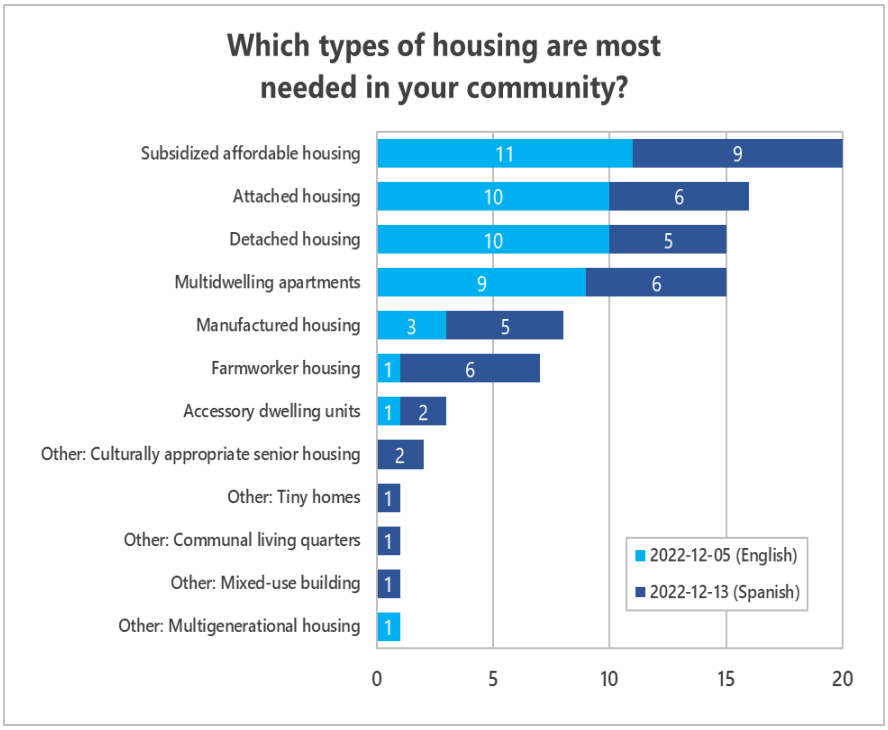
The City contracted with two community-based organizations beginning in the fall of 2022 to provide an opportunity for English and a Spanish-language BIPOC focus groups (each 12 to 15 community members) to receive valuable input on current and future housing needed in Hillsboro. The role of the HMC focus groups was to provide input and have a voice in the HNA process as they historically have not had this opportunity. A total of four focus group meetings were held (two for BIPOC group and two for Spanish speaking group).

In the first round of focus groups (HMC #1), participants learned what is a HNA and afterwards they gave input via polling on the following questions and provided additional comments:

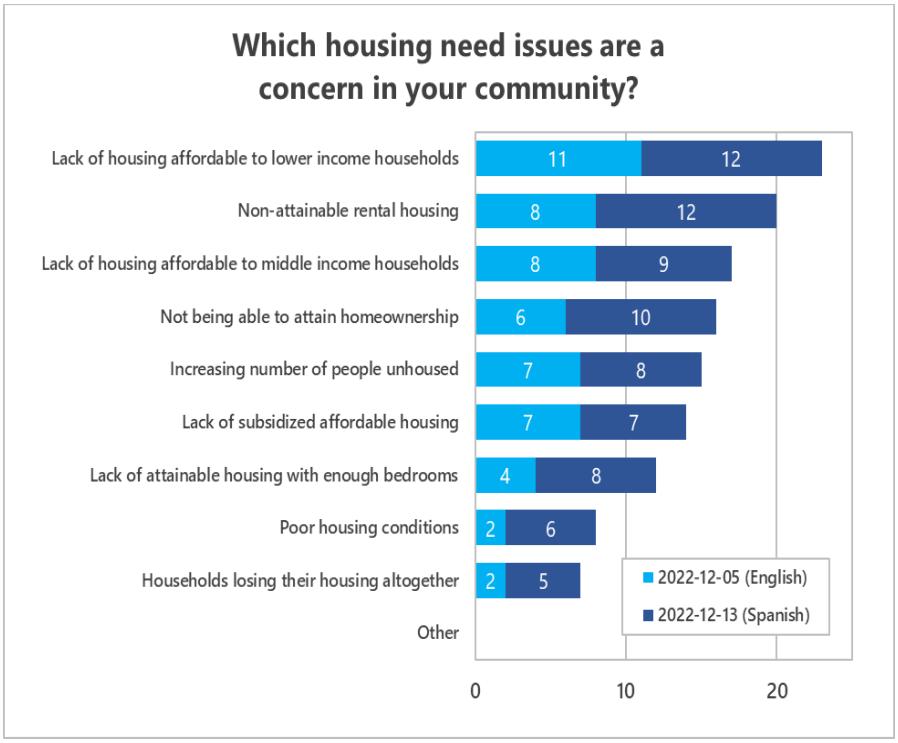
1. Which types of housing are currently most needed in your community?
2. Which housing need issues are a concern in your community?

Meeting #1 Poll Summary

The following charts shows the number of December 5, 2022 BIPOC English-speaking focus group participants and the number of December 13, 2022 Spanish-speaking focus group participants who indicated that the following housing types were among their top three (or, in some cases, four) priorities.



The following chart shows the number of December 5, 2022 English-speaking focus group participants and the number of December 13, 2022 Spanish-speaking focus group participants who indicated that the following issues were a concern in their community.



Meeting #1 with BIPOC Group (December 5, 2022)

Additional comments received:

- There are few housing options that are affordable for low- and middle-income households, and there is a general lack of affordable rental housing.
- The cost of rent prevents many households from being able to save towards a down payment.
- Homeowner association dues are a burden for low- and middle-income homeowners; costs are passed on to renters, presenting an additional barrier.
- Security deposit requirements present an additional barrier to low- and middle-income renters.
- Investors are purchasing housing units to rent out (often with upgrades that drive up demand and cost) or to list as short-term rentals, which decreases housing inventory.
- The stigma around subsidized affordable housing persists and often presents a barrier when needed housing is proposed in existing neighborhoods.
- Awareness about resources available to households looking to purchase a house is lacking.
- Awareness about subsidized affordable housing and how to find it is lacking.
- There is a sense that detached housing with a private yard no longer makes sense given the amount of developable land left in Hillsboro.
- A portion of Hillsboro's population prefers denser, mixed-use development patterns that encourage walking and allow people to meet their daily needs without an automobile.
- Additional multigenerational housing options and opportunities are desired.

Meeting #1 with Spanish Speaking Group (December 13, 2022)

Additional comments received:

- There are few housing options that are affordable for low- and middle-income households, and there is a general lack of affordable rental housing.
- The cost of rent prevents many households from being able to save towards a down payment.

- Rent increases pose challenges and create financial hardship, sometimes putting tenants at risk of becoming unhoused.
- Housing for farmworkers is viewed as a critical need.
- Detached housing is an important means by which community members can accumulate generational wealth.
- Apartments are viewed as an important housing option because they are generally more affordable than other housing types.
- There is need for apartments with a greater number of bedrooms.
- Manufactured housing provides a form of homeownership that is more affordable than the alternatives.
- Attached housing meets a range of needs, blending some of the benefits of apartments (e.g., greater affordability) with those of detached housing (e.g., a yard, garages, more space, etc.)
- The availability of parking and outdoor space is a concern for large households and for community members who need a place to store their construction or landscaping equipment.
- Poor living conditions are an issue with some market-rate affordable housing.
- There is some interest in mixed-use buildings, live/work units, tiny homes, communal living quarters, and accessory dwelling units.

<u>Meeting #2 with BIPOC Group (April 27, 2023)</u>

There were eleven participants. There were six high-level housing policy themes presented for input. Overall, participants were primarily interested in supporting housing for all incomes and homeownership opportunities for low-and moderate-income community members. The identification, acknowledgement and discussion around homelessness and high amenity housing were the second most chosen choices followed by increasing housing opportunities in multi-dwelling and mixed-use zones. Multi-generational housing was mentioned the least. A few participants asked about what is being done to address homelessness.

Below are the "High-Level Policy Themes" from March 30, 2023, which focus on a wide range of housing items that were previously identified in the HNA process. These policy themes were drafted as a starting point for discussion when developing housing production strategies that build upon the findings of housing needs. Following these themes are summaries of community input that followed. At the end of this document are track changes for consideration to update the High-Level Policy Themes.

1. Increase housing development opportunities in **multi-dwelling and mixed-use zones.**
2. Identification, acknowledgment, and discussion of **multi-generational housing.**
3. **Extend high-amenity housing discussion beyond large lot size**, since high-amenity housing can come in all forms and lot sizes.
4. Identification, acknowledgment, and discussion around **homelessness**
5. Support **housing for all incomes** to align with the results of the HNA.
6. Support **homeownership opportunities** for low-and moderate-income community members.

Participants	1	2	3	4	5	6
1	x			x	x	
2		x			x	x
3				x		
4	x			x	x	x

5				x	x	x
6			x			
7			x		x	x
8			x		x	
9			x			
10					x	x
11	x				x	x
Totals	3	1	4	4	8	6

The matrix above shows an x in box, depicting which of the six high-level policy themes were most important to each of the eleven participants.

Meeting #2 with Spanish Speaking Group (May 4, 2023)

There were eight participants. There were six high-level housing policy themes presented for input, the same as in themes that were presented to the BIPOC Group. The majority of the participants were most interested in homeownership opportunities for low and moderate income. Second greatest interest was housing for all incomes. Other areas of interest included rent-to-own, address homelessness, tiny homes for young adults so they do not have stay living with their parents, housing for empty nesters, manufactured housing, reuse of buildings that became vacant during the pandemic, and addressing issue being at risk of losing subsidized housing when income increases.

Community members voiced a concern for the poverty line standards to hold them back towards homeownership and self-growth. There has been a deep emphasis on allowing individuals of low income and middle income to have opportunity towards home ownership, they want the study to take into account every single logistic that stops individuals towards achieving that dream of having their own home. They voiced a deep need for the analysis to not only focus on the types of houses needed, but also on the lack of resources and reusing pre-existing abandoned houses and buildings in order to preserve our green areas and farmland.

Stakeholder Interviews

Interviews were conducted via phone/video call in November of 2022 by MIG, the City's consultant for this effort. A total of five interviews were conducted with the following: Resident of Hillsboro, Real Estate Broker 1, Habitat for Humanity Portland Region, Real Estate Broker 2, Bienestar Oregon, and Resident of Hillsboro and disability advocate.

The consultant team drafted and refined a set of questions for interviews, though not all questions were applicable for all interviewees. These questions are included below.

Interview Questions

1. What types of projects or programs does your organization offer to address housing needs in Hillsboro? If you are developing or providing housing, what type of housing is being developed and who are the intended residents?
2. What is the greatest need in terms of housing in Hillsboro? What types of housing are needed that are not being developed? What do you see as the most significant housing gap in the city, either in terms of income levels or types of households not being served or types of housing not available or being built? What kinds of housing would you like to see more of in Hillsboro?
3. What do you see as some of the primary sources of these gaps or the most significant barriers to addressing them?
4. What tools or strategies do you think would be effective in creating more desired housing in Hillsboro? Which tools or strategies are a poor fit for this community?
5. How could the city strengthen their relationships with your organization and best assist you in the housing related work you are doing?
6. Are there any particular sources of information you recommend we look at to better understand housing needs and conditions in Hillsboro?
7. Do you have anything else to say on this general topic?

Housing Needs in Hillsboro from Stakeholder Interviews:

Summary of What We Heard on Housing Needs:

- Large need for housing for working families.
- Larger units with 2-4 bedrooms that are affordable.
- Need for starter homes.
- Executive housing
- Single-level units and dwellings for people who are older or not mobile.
- Homes with yard space
- 3-bedroom, 2.5-bathroom 1600 sf homes on a 7,000-sf lot
- More small senior units or first-time-buyer homes
- Smaller units for individuals needed.
- Higher density housing with parks and open space amenities.
- Middle housing is missing – more townhome development would be useful. Housing for people with disabilities, families with children, and immigrant households as well.
- Housing for those with developmental disabilities
- Homes with Universal Design/single level living would be ideal for some people. ADUs could meet some of this need.
- Opportunities for cohousing, roommates, young people without financial resources
- More housing in dense areas connected by transit.

Challenges to Housing in Hillsboro:

- Suburban zoning can be prohibitive for multifamily development.
- The timelines associated with zone changes are challenging for affordable projects.
- Changing interest rates and supply chain for construction materials have been a challenge recently.

- Homes tend to be multi-level because there are few lots big enough for moderate or larger single-level homes with yard space.
- The market pressure for maximizing home square footage is less intense than it has been in the past.
- Affordable housing providers are often reliant on one-time funds.
- There are not many infill lots in Hillsboro.
- People are being priced out – school districts say so as well. People are displaced to Vancouver WA or Salem.
- Disability appears to be low on the list of priorities for the City based on my experience. Caregivers are aging and there is going to be a big need for independent housing. Disability is a common reason for denying a housing voucher – the process to make home modifications is very arduous.

Planning Commission and City Council Work Sessions

PC Work Session #1 September 28, 2022:

An Introduction to the project was provided by City staff followed by questions that ranged from "How stakeholders interviewees were chosen to "Should this HNA promote and incentivize mid-to-high-rise residential?"

Discussion covered topics such as regionwide need for housing, housing affordability, importance of homeownership opportunities, climate change and urban heat impact, such as people moving within the state and strategies to address housing.

PC Work Session #2 April 26, 2023

Range of questions and comments from Commissioners, such as redevelopment percentage, strike price proposed, housing needs (e.g. ADUs, needs of those with disabilities), density, comparison of land deficit in 2023 to 2016, 38% low-income in Hillsboro, publicly owned land, preference for mix of incomes and not isolating lower income households, address moderate income households, suggestion to use matrix of ideas for HPS.

PC Work Session #3 (June 14, 2023)

Staff and consultants provided an overview of the HNA and a description of what the follow-up HPS work to come. The Planning Commission asked clarifying questions and discussed the kinds of strategies that might help alleviate the need shown by the analysis.

City Council Work Session (June 20, 2023)

Staff and consultants provided an overview of the HNA and a description of what the follow-up HPS work to come. There was concern among Council that the growth rate and buildable land assumptions the City is required to use are not adequately stating the City's housing need. There was some discussion about what it would mean to push back against DLCD on these assumptions.

Appendix B: Alternative Analysis

"Oregon is facing a housing and homelessness crisis that demands bold action."
- Gov Tina Kotek

On her first full day in office, Governor Tina Kotek signed Executive Order 23-04 which set an ambitious housing production goal of 36,000 homes per year and established the Housing Production Advisory Council, a council of experts charged with developing an action plan to meet the new construction targets.

The annual housing production goal of 36,000 additional housing units at all levels of affordability across the state represents an 80 percent increase over current construction trends. This ambitious target aims to address Oregon's current housing shortage and keep pace with projected population growth. It would set Oregon on the path to build 360,000 additional homes over the next decade.

- Statement, Office of the Governor

Executive Summary

This Alternative Analysis utilizes assumptions that differ from those in the main body of the HNA. These assumptions about the population growth rate Hillsboro is likely to experience and the amount of land available to meet the anticipated residential needs depict a more acute need that more closely aligns with the lived experience of Hillsboro residents and community members.

There are two categories of assumptions that distinguish the Alternative Analysis from the OAR-driven HNA approach. The first is the Average Annual Growth Rate (AAGR) assumed throughout the 20-year planning horizon and the associated increases in the amount of estimated needed housing. The second is a more accurate assessment of the City of Hillsboro's buildable land.

Alternative Analysis Growth Forecast

Metro has a forecast growth rate of 0.7% per year for Hillsboro, while the average household size is projected to fall to 2.3 persons per household from the current 2.6 persons. The smaller household size means that more households will be needed to accommodate the same population.

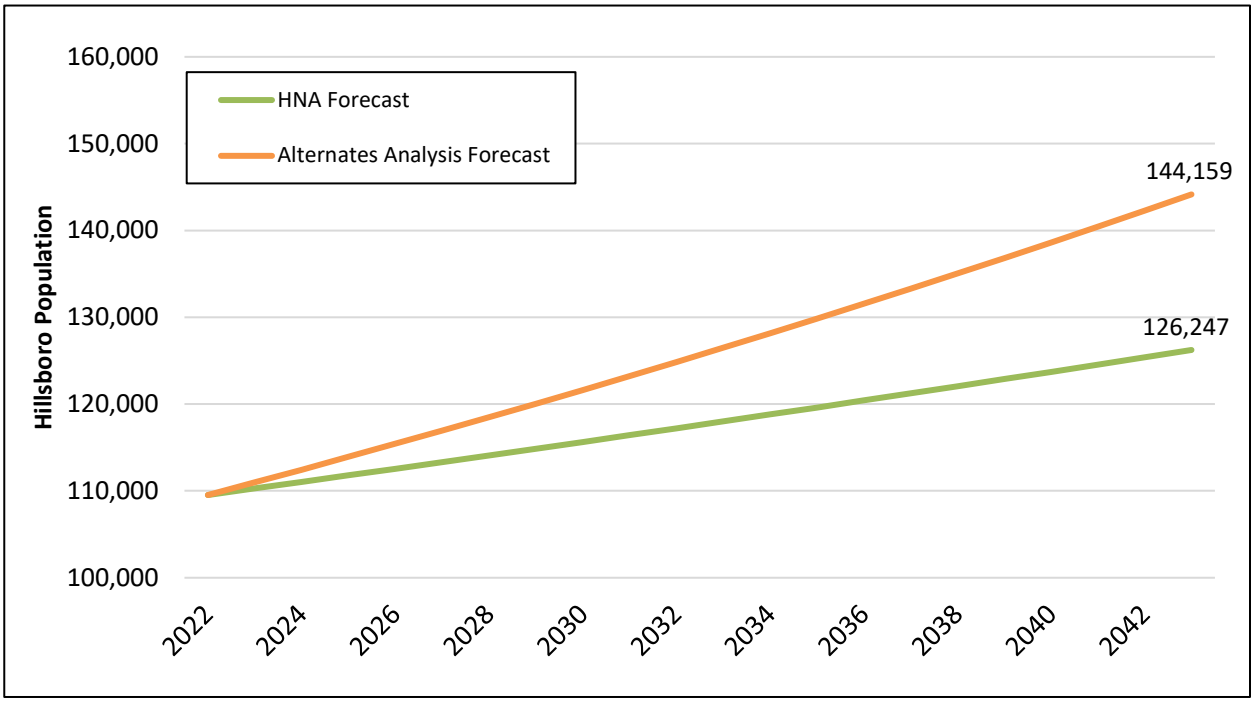
The Alternative Analysis growth rate methodology results in a higher assumed growth rate, but a smaller decline in the average household size by 2043. A comparison of the HNA forecast and the Alternative Analysis forecast is shown in Figure B-1, followed by a discussion of the Alternative Analysis forecast methodology.

The Alternative Analysis forecast projects a higher AAGR of 1.4% per year, resulting in a forecast of nearly 18,000 more residents over the forecast period than the HNA forecast.

The Alternative Analysis forecast projects nearly 4,000 more new households over the forecast period than the HNA forecast, and nearly 4,200 more new housing units needed (including a 5% vacancy assumption).

The assumed average household size is larger in the Alternative Analysis forecast than the Metro forecast (2.45 vs. 2.30 persons). This means that while the Alternative Analysis forecast projects more than double the population growth, the household growth is only 30% greater than the HNA forecast.

Figure B-1: Standard HNA Forecast vs. Alternative Analysis Growth Forecast



Sources: PSU PRC, Census, Johnson Economics

Figure B-2: Income Distribution of Needed Units, Alternative Analysis Forecast

Household Income Segment		Income Level (Rounded)*	Owner Units	Renter Units	Total	Share	Common Housing Product
Extremely Low Inc.	< 30% MFI	< $27,500	677	1,065	1,742	10%	Government-subsidized; Voucher; Shelter; Transitional
Very Low Income	30% - 60% MFI	$27.5k - $55k	978	1,793	2,771	15%	Aging/substandard rentals; Government-subsidized; Voucher; Manufactured homes
Low Income	60% - 80% MFI	$55k - $73k	895	1,399	2,294	13%	Aging apartments; Government-subsidized; Plexes; Aging single-detached; Small homes
Middle Income	80% - 120% MFI	$73k - $110k	1,843	1,954	3,797	21%	Single-detached homes; Townhomes; Condominiums; Newer apartments
Upper Income	> 120% MFI	> $110,000	4,820	2,772	7,592	42%	Single-detached homes; Townhomes; Condominiums; New apartments
TOTAL:			***9,211***	***8,984***	***18,195***	***100%***	

Source: Johnson Economics

Alternative Analysis Buildable Land Inventory (BLI)

To better match the development realities seen in Hillsboro, the Alternative Analysis BLI is a more accurate assessment regarding the likelihood of infill on vacant and partially vacant parcels in the City. The cumulative goal of these changes is to recognize that the financial feasibility of infill projects is challenging in even the best of conditions, and various obstacles only further reduce the likelihood of development on these types of properties in during the planning horizon. These changes include a more restrictive definition for "Partially Vacant" land, allowances for high-value "Executive" homes, and discounting slopes greater than 15%, among other factors.

Compared to the standard BLI, the Alternative Analysis BLI demonstrates that the Hillsboro study area has capacity for **911 fewer units** using this analysis. Nearly 70% of these units are single detached dwellings, and nearly 30% are middle housing units.

Alternative Analysis Comparison of Need and Supply

Figure B-3 presents the residential demand generated by the Alternative Analysis growth forecast of 1.4% compared to the Alternative Analysis BLI result of 11,599 units of capacity. This analysis results in a deficit of roughly 6,600 units totaling 692 gross acres. Nearly 80% of this land deficit is for lower density units that average 8 units per acre, while 9% is for medium density units and 13% is for higher density units.

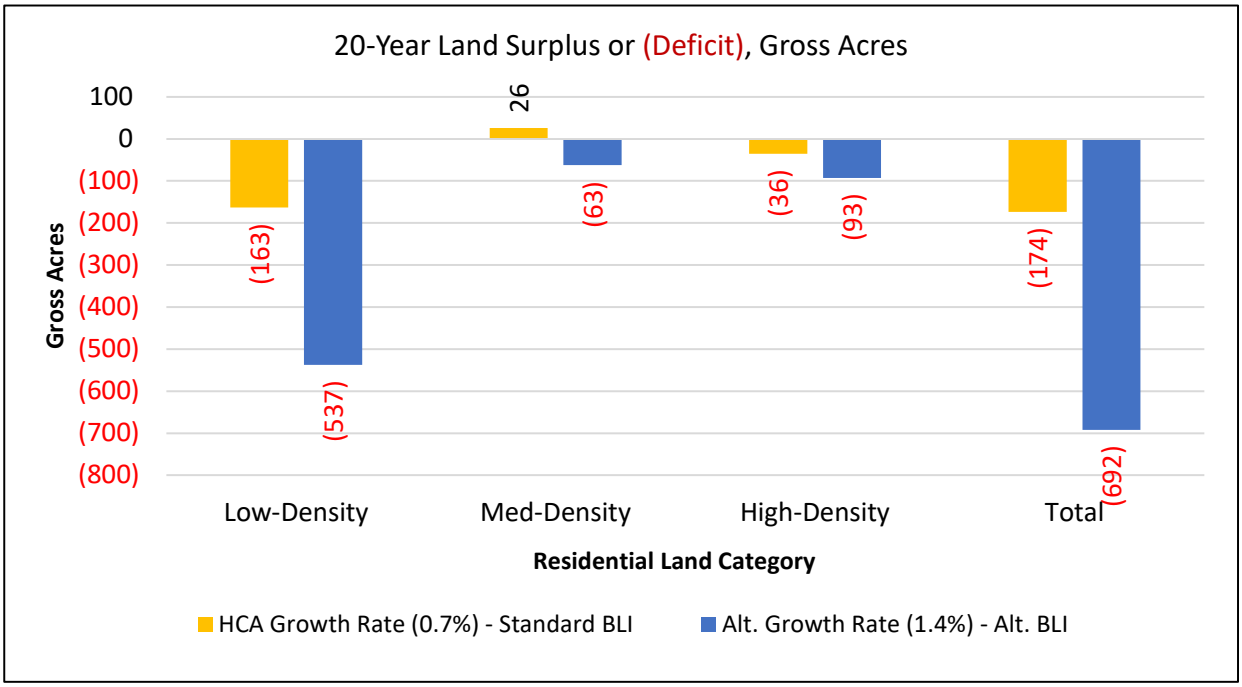
Figure B-3: Comparison of Need and Supply - Alternative Analysis BLI and Growth Forecast

WITHIN CITY LIMITS		SUPPLY	DEMAND				
			Growth Rate (1.4%)				
Zone & Plan Category	Typical Housing Type	Buildable Land Inventory (Unit Capacity)	New Unit Need (2040)	Avg. Density (units/ac)	Surplus or (Deficit)		
					Units	Net Acres	Gross Acres
Low-Density	Single-family detached; Some SF attached & plex	3,829	7,052	8.0	(3,223)	(403)	(537)
Med-Density	SF attached; Manufact. home; 2-4 plexes	3,757	4,697	20.0	(939)	(47)	(63)
High-Density	Multi-family apartments	4,012	6,446	35.0	(2,435)	(70)	(93)
	TOTALS:	*11,599*	*18,195*	*20.7*	*(6,596)*	*(519)*	*(692)*

Sources: MIG, Johnson Economics

Figure B-4 shows the overall surplus/deficit of residential land found in the HNA analysis as well as the Alternative Analysis.

Figure B-4: 20 Year Surplus/Deficit in Gross Acres, HNA Analysis and Alternative Analysis



Sources: MIG, Johnson Economics

Introduction

This section summarizes the results of an Alternative Analysis which utilizes assumptions that differ from those in the HNA analysis described in the main body of this report. The Alternative Analysis assumes a higher future population growth rate and refinements to the assumptions used in the BLI compared to the HNA. The purpose of the Alternative Analysis is to provide a broader look at housing needs, capturing a scenario that better reflects local community experiences and concerns. This Alternative Analysis will be considered while the City completes the future HPS process. The City recognizes that the HNA forecast described in the body of this report will provide the formal, legal basis for subsequent planning decisions.

This Alternative Analysis provides a set of assumptions regarding buildable land that is a more accurate assessment about the likelihood of some kinds of infill development, and a forecasted growth rate that more closely reflects the City's historic growth rate.

The City has prepared this alternative assessment of housing need and land supply in order to better and more accurately address local community experiences and concerns. There are two categories of assumptions that distinguish the Alternative Analysis from the OAR-driven HNA approach. The first is the Average Annual Growth Rate (AAGR) assumed throughout the 20-year planning horizon and associated increases in the amount of estimated needed housing. The second is a more accurate assessment of Hillsboro's buildable land.

The assumptions that underlie this analysis have been developed with input from members of the Washington County Chamber of Commerce, representatives of the development community focusing on both greenfield and infill residential development, and other housing stakeholders.

Alternative Analysis Growth Forecast

The HNA undertaken by the City presents a forecast of needed housing in the community over a 20-year timeframe (2023-2043). The analysis presented in the HNA report conforms to the statutory guidelines for completing an HNA by a city in the Metro area (ORS 197.628; OAR 660-025), meaning it relies on the latest adopted population and household forecasts from the most recent Metro Consolidated Forecast (adopted 2021).

As shown in the HNA report, the population forecasted by Metro in Hillsboro by 2043, when compared to the current estimated population (2022) results in a quite modest annual growth rate of 0.7% per year during the 2023 and 2043 study period. For comparison, Hillsboro has achieved estimated annual growth of 1.5% since 2010, and 2.0% annually since 2000.[13] The Alternative Analysis forecasted growth rates are more consistent with these past trends and do not assume a growth rate at the higher end of the range. For this reason, we believe the Alternative Analysis forecast more accurately predicts the City's population in 2043. The following summarizes the results of additional analysis based on an alternative growth rate methodology that projects higher growth than that found in the HNA report.

Baseline and Alternative Analysis Growth Rate Comparison

As noted, the Metro Consolidated Forecast (adopted 2021) forecasts a growth rate of 0.7% per year for Hillsboro, with the average household size projected to fall to 2.3 persons per household from the

[13] Source: US Census, PSU Population Research Center

current 2.6 persons in Hillsboro. The smaller household size means that more housing units will be needed to accommodate the same population.

The Alternative Analysis growth rate methodology results in a higher assumed growth rate, but a smaller decline in the average household size by 2043. A comparison of the HNA forecast and the Alternative Analysis forecast is shown in Figure , followed by a discussion of the Alternative Analysis forecast methodology.

- The Alternative Analysis forecast projects a much higher growth rate of 1.4% per year, resulting in a forecast of nearly 18,000 more residents over the forecast period than the HNA forecast.
- The Alternative Analysis forecast projects nearly 4,000 more new households over the forecast period than the HNA forecast, and nearly 4,200 more new housing units needed (including a 5% vacancy assumption).
- The assumed average household size is larger in the Alternative Analysis forecast than the Metro Consolidated Forecasted (adopted in 2021) (2.45 vs. 2.30 persons). While the Alternative Analysis forecast projects more than double the population growth, the household growth is only 30% greater than the HNA forecast.

Figure B-5. HNA Forecast vs. Alternative Analysis Forecast

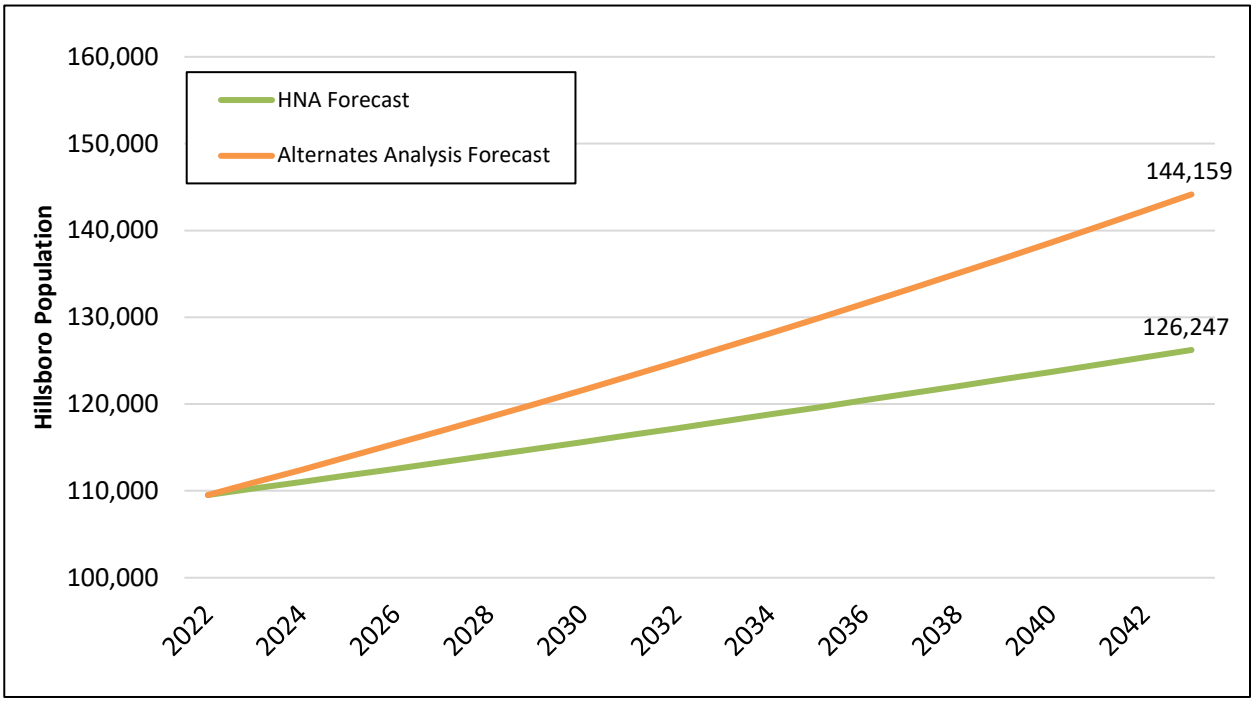
		HNA FORECAST				ALTERNATIVE ANALYSIS FORECAST			
	2022	2043	Growth	% Growth	Annual Rate	2043	Growth	% Growth	Annual Rate
Total Population:	109,532	126,247	16,715	15%	0.7%	144,159	34,627	32%	1.3%
Avg. HH Size*	2.64	2.30				2.45			
Households:	40,970	54,229	13,259	32%	1.3%	58,171	17,201	42%	1.7%
Housing Units:	43,037	57,083	14,046	33%	1.4%	61,232	18,195	42%	1.7%

* Excluding group housing population

Source: PSU PRC, Census, Johnson Economics

Figure B-4 shows the estimated new housing needs projected under the Alternative Analysis forecast, assuming a similar mix to those forecast in the HNA forecast. The Alternative Analysis forecast projects a need for roughly 18,200 new units over 20 years, in comparison to the projected need for roughly 14,050 in the HNA forecast.

Figure B-6. HNA Forecast vs. Alternative Analysis Forecast



Source: PSU PRC, Census, Johnson Economics

Figure B-7. Projected Future Need for New Housing by Income Level and Type (2043) - Alternative Analysis Forecast

Household Income Segment		Income Level (Rounded)*	Owner Units	Renter Units	Total	Share	Common Housing Product
Extremely Low Inc.	< 30% MFI	< $27,500	677	1,065	1,742	10%	Government-subsidized; Voucher; Shelter; Transitional
Very Low Income	30% - 60% MFI	$27.5k - $55k	978	1,793	2,771	15%	Aging/substandard rentals; Government-subsidized; Voucher; Manufactured homes
Low Income	60% - 80% MFI	$55k - $73k	895	1,399	2,294	13%	Aging apartments; Government-subsidized; Plexes; Aging single-detached; Small homes
Middle Income	80% - 120% MFI	$73k - $110k	1,843	1,954	3,797	21%	Single-detached homes; Townhomes; Condominiums; Newer apartments
Upper Income	> 120% MFI	> $110,000	4,820	2,772	7,592	42%	Single-detached homes; Townhomes; Condominiums; New apartments
TOTAL:			***9,211***	***8,984***	***18,195***	***100%***	

Source: Johnson Economics

Overview of Alternative Analysis BLI

To better match the development realities seen in Hillsboro, the following Alternative Analysis BLI approach is a more accurate assessment regarding the potential for infill on vacant and partially vacant parcels in the City. The cumulative goal of these changes is to recognize that the financial feasibility of infill projects is challenging in even the best of conditions, and various obstacles only further reduce the likelihood of development on these types of properties during the planning horizon. These changes are described briefly here, with greater detail provided in **Attachment B.1**.

Environmental Constraints - Slopes

In addition to the constraints identified in the standard BLI, this analysis includes areas with greater than 15% slope as unbuildable for the purposes of infill development. The 15% slope criterion is derived from the Oregon Fire Code which is integrated into the City's Municipal Code and dictates: "The grade for fire access roads shall not exceed 10 percent to facilitate fire ground operations and meet the recommendations of NFPA 1901, Standard for Automotive Fire Apparatus. The grade may be increased to a maximum of 15 percent, for lengths approved by the fire code official…."

The 10%-15% limitation on grade for fire access limits development on slopes on interior and infill lots where a long drive or access road will be needed to access the housing unit.

While development on a slope may be more feasible on large sites that allow for terracing (i.e., for a hillside apartment complex), few of these sites remain in the City's BLI. Most of the remaining inventory consists of small sites that might in theory allow for one or perhaps two additional homes if it is financially and physically feasible to develop the vacant portions of them.

In these cases, even if fire access is technically possible, building on the slope presents additional costs and complexities that make these low-feasibility infill sites. The level of land excavation required to level a >15% slope can be prohibitively expensive, as can building an elevated home on posts, or "stilts". While these types of construction may seem common for high-end homes on view lots, it is uncommon for standard market-rate housing types on smaller lots, because these methods of land development and foundation construction can add many tens or even hundreds of thousands of dollars to the cost of a project.

Other challenges of building on a slope can include stormwater drainage (flooding, foundation erosion) and sewage (pumps or specialized slowing features). Small and infill parcels also present challenges to access for the specialized equipment needed for this type of construction, further adding logistical hurdles and additional costs.

Adding the 15% slopes to the constrained areas had a minor impact on the inventory. Land with a slope greater than 15% is generally in the vicinity of other resource constraints. Adding land with 15% slopes to the constraints resulted in a total of 22 fewer acres of buildable land in the inventory.

Location of Structure and Access Issues

In many cases, the location of existing structures on a property will inhibit development on the property by precluding efficient use of remaining acreage or blocking street access. A visual check of partially vacant lots was performed, resulting in either discounting land that appears to be impacted by access/structure issues, or by removing the lot from the inventory, on a case-by-case basis.

Because each property is unique, the feasibility of accessing the vacant portions of a partially vacant property while leaving the existing home must ultimately be assessed on a case-by-case basis. Generally, it is not economically feasible to remove a home that still retains its value and utility, even on a large lot. This is because the combined cost of the home, plus the land, plus demolition and site development costs, will exceed the market rate for buildable land in most cases. If new housing units cannot be added while retaining the existing home, no infill development is likely on the parcel.

After a non-exhaustive review of several hundred of the largest (i.e., greatest-capacity) partially vacant properties, 30 lots were identified where the location of the building on site and/or access issues would likely hinder further infill development. There may be additional properties in the inventory that would face substantial challenges to further infill development due to the location of structures and access issues.

Definition of Partially Vacant Land

The standard definition of Partially Vacant land based on the 2018 Metro BLI uses gross acreage of parcel to estimate infill capacity. This alternative uses net area of partially vacant parcels to conduct lot size calculations after constrained lands and building footprints along with their associated buffers have been removed. This has the effect of removing from the inventory many parcels with marginal capacity to subdivide and add one or two new units.

Executive Homes

Expensive properties with significant acreage are not precluded from subdividing, but this Alternative Analysis BLI recognizes they are less likely to do so (particularly as larger lots become more scarce within the region). Aging or small homes that have low value on large land parcels are generally considered good candidates for redevelopment. However, homes that retain a high improvement value (assumption of >$500,000, not counting the value of the land), may well be million or multi-million dollar properties in total. These properties are often purchased or built-to-suit as high-end estate homes and are unlikely to add more housing units on the existing property. The owners of executive housing generally have the means to maintain the larger land area, and do not feel economic pressure to add infill residential density to their property.

Where improvement values are greater than $500,000 (not including land value), we have assumed an additional buffer of 1 acre. Seven such properties were identified, resulting in an additional seven acres of land being removed from the inventory.

Flag Lots

A number lots identified as vacant or redevelopable are flag lots. In these cases, we have removed the area of the "flag pole" from developable acreage. In some cases, lots were removed where the “flag” crossed environmentally protected areas or had other access issues that would inhibit development. This has the effect of removing approximately 2 acres of net residential land from the inventory.

Sewer Availability

Access to infrastructure is especially important for small infill projects that cannot, for example, pay for lengthy sewer connections.

If sewer infrastructure is not already available at the property line, the developer of a property may be required to make costly off-site improvements to extend the sewer line from some distance. This often entails excavation and reconstruction of improvements, such as street and sidewalks that are not

directly adjacent to the property. If the site is larger and can accommodate multi-family housing, the size and capacity of sewer infrastructure may also need to be expanded.

While these improvements would ultimately benefit the property and, in some cases, the broader area, the cost can be prohibitive to development, particularly in return for only a few resulting homes. All project costs must ultimately be capitalized into the cost of the homes, and if the market does not support that home price in a specific location, it becomes infeasible.

Each property and project is unique, and the cost and feasibility of water and sewer connections can be difficult to assess in a systematic way. A small number of properties were identified that seem unlikely to be able to pay for the several hundred feet of sewer infrastructure to serve what would be a small infill development.

Summary

The results of these additional filters are included in Figure B-8. Compared to the standard BLI, the Hillsboro study area has capacity for **911 fewer units** using this analysis. Nearly 70% of these units are single detached dwellings, and nearly 30% are middle housing units.

Figure B-8. Summary of Alternative Analysis Buildable Land Inventory

Development Category	Tax lots	Gross acres	Buildable Acres (minus constrained land)	Net Acres (subtracts future set-asides and existing structures)	Unit Capacity			
					Single Detached	Middle Housing	Multi-Dwelling	Total
Residential Land	**805**	**540.6**	**406.4**	**292.6**	**1,335**	**601**	**434**	**2,370**
Vacant	104	238.2	156.5	116.2	555	454	324	1,333
Partially Vacant	289	258.0	210.6	137.1	368	147	110	624
Platted	412	44.4	39.3	39.3	412	0	0	412
Mixed Use Land	**274**	**177.6**	**145.7**	**74.8**	**177**	**1062**	**1248**	**2,487**
Vacant	158	79.4	73.5	34.1	95	339	496	930
Partially Vacant	85	76.4	63.1	31.6	55	668	659	1382
Redevelopable	31	21.8	9.0	9.0	27	55	93	174
Approved Development					**600**	**551**	**1,831**	**2,982**
Expansion Areas (South Hillsboro Unincorporated and Witch Hazel Village South)					**1,718**	**863**	**499**	**3,080**
Middle Housing Infill					**0**	**680**	**0**	**680**
Total					**3,829**	**3,757**	**4,012**	**11,599**

Sources: City of Hillsboro, MIG

Alternative Analysis Comparison of Forecasted Need and Supply

Figure B-9 presents the residential demand generated by the Alternative Analysis growth forecast of 1.4% compared to the alternative BLI result of 11,599 units of capacity. This analysis results in a deficit of roughly 6,600 units totaling 692 gross acres. Nearly 80% of this land deficit is for lower density units that average 8 units per acre, while 9% is for medium density units and 13% is for higher density units.

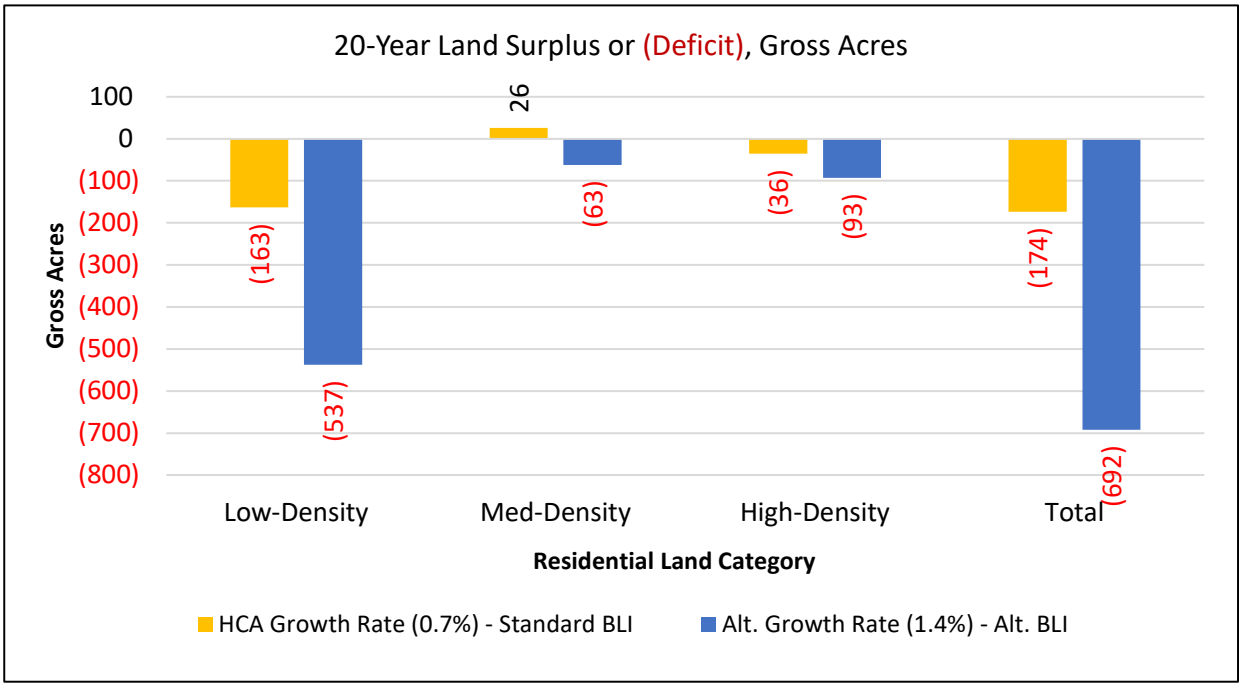
Figure B-9. Comparison of Forecasted Need and Supply - Alternative Analysis BLI and Growth Forecast

WITHIN CITY LIMITS		SUPPLY	NEED				
			Growth Rate (1.4%)				
Zone & Plan Category	Typical Housing Type	Buildable Land Inventory (Unit Capacity)	New Unit Need (2040)	Avg. Density (units/ac)	Surplus or (Deficit)		
					Units	Net Acres	Gross Acres
Low-Density	Single-family detached; Some SF attached & plex	3,829	7,052	8.0	(3,223)	(403)	(537)
Med-Density	SF attached; Manufact. home; 2-4 plexes	3,757	4,697	20.0	(939)	(47)	(63)
High-Density	Multi-family apartments	4,012	6,446	35.0	(2,435)	(70)	(93)
	TOTALS:	*11,599*	*18,195*	*20.7*	*(6,596)*	*(519)*	*(692)*

Sources: MIG, Johnson Economics

Figure B-10 shows the overall surplus/deficit of residential land found in the HNA analysis as well as the Alternative Analysis.

Figure B-10. 20 Year Surplus/Deficit in Gross Acres, HNA Analysis and Alternative Analysis



Sources: MIG, Johnson Economics

Attachment B.1 – Alternative Analysis Buildable Lands Inventory (BLI)

Introduction

This attachment provides detailed information about the City of Hillsboro's Alternative Analysis Buildable Lands Inventory (BLI). The purpose of this Alternative Analysis is to provide a set of assumptions regarding buildable land that are more accurate assessment of the likelihood of some kinds of infill development, and a forecasted growth rate that more closely reflects the City's historic growth rate.

The assumptions in this analysis have been developed with input from members of the Washington County Chamber of Commerce's Land Use & Housing Council, representatives of the development community focusing on both greenfield and infill residential development, and others.

The following additional filters have been applied to land within the study area, and results are provided alongside each filter. Visual examples from this GIS analysis are provided for additional context.

Environmental Constraints

- **Description:** In addition to the constraints identified in the standard BLI, this analysis includes areas with greater than 15% slope as unbuildable for both Vacant and Partially Vacant parcels.
- **Rationale:** Sloped land can negatively impact the developability of a parcel, which may be difficult to overcome for smaller developments. The 15% slope assumption is derived from the Oregon Fire Code which is integrated into the City's Municipal Code and dictates: "The grade for fire access roads shall not exceed 10 percent to facilitate fire ground operations and meet the recommendations of NFPA 1901, Standard for Automotive Fire Apparatus. The grade may be increased to a maximum of 15 percent, for lengths approved by the fire code official…."[14]

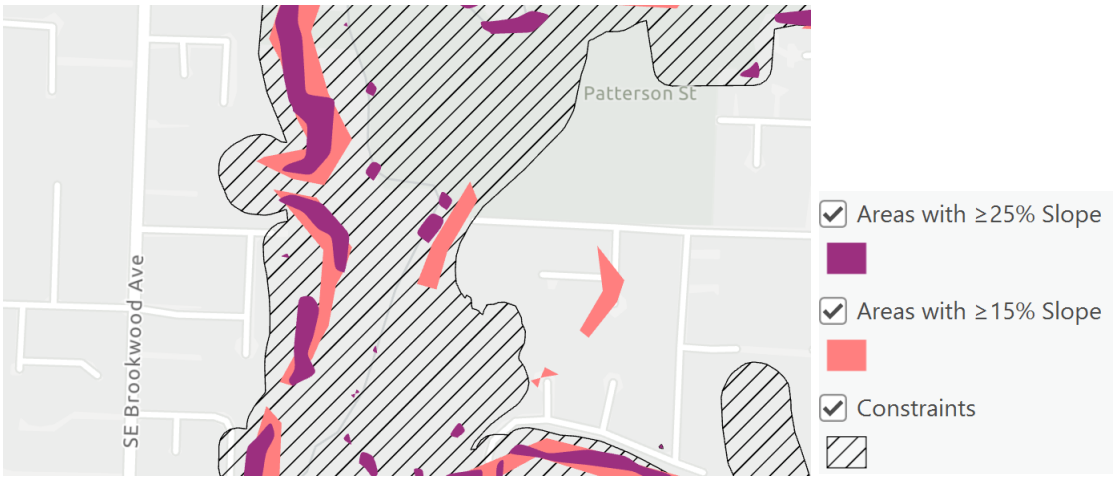
  The 10%-15% limitation on grade for fire access limits development on slopes on interior and infill lots where a long drive or access road will be needed to access the housing unit. While development on a slope may be more feasible on a large site that allows for terracing (i.e. for a hillside apartment complex), few of sites remain in the buildable inventory. Most of the remaining inventory is small sites that might in theory allow for one or perhaps two additional homes. In these cases, even if fire access is technically possible, building on the slope presents additional costs and complexities that make these low-feasibility infill sites. The level of land excavation required to level a >15% slope can be prohibitively expensive, as can building an elevated home on posts, or "stilts". While these types of construction may seem common for high-end homes on view lots, it is uncommon for standard market-rate housing types on smaller lots, because these methods of land development and foundation construction can add many tens or hundreds of thousands of dollars to the cost of a project.

[14] Oregon Fire Code (OFC) 503.2.7 as amended by the City of Hillsboro Municipal Code 11.28.010, OFC D103.2

Other challenges of building on a slope can include stormwater drainage (flooding, foundation erosion) and sewage (pumps or specialized slowing features). Small and infill parcels also present challenges to access for the specialized equipment needed for this type of construction, further adding logistical hurdles and additional costs.

- **Results:** Adding the 15% slopes to the constrained areas had a minor impact on the inventory. Land with a slope greater than 15% is generally in the vicinity of other resource constraints. Adding land with 15% slopes to the constraints resulted in a total of 22 fewer acres of buildable land in the inventory.

The image below shows a typical condition in Hillsboro, where areas of 15% slope are generally within the City's environmental overlay. Some areas of 15% slope do occur outside of this area, accounting for the modest addition to total unbuildable area.



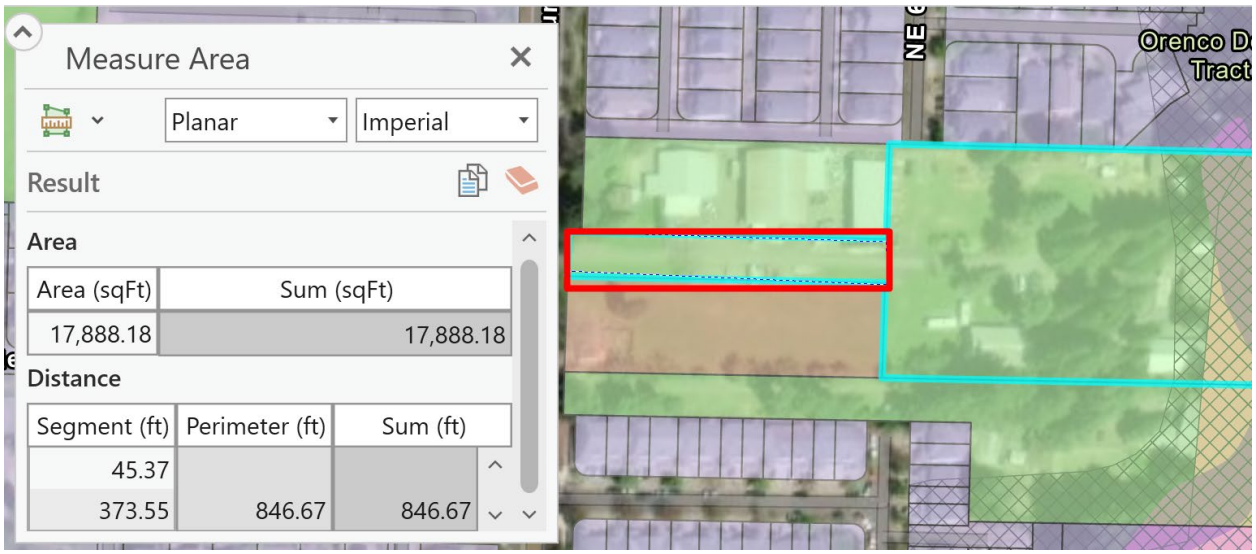
Partially Vacant Definition

- **Description:** The standard definition of Partially Vacant land based on the 2018 Metro BLI uses gross acreage of parcel in order to estimate infill capacity – inclusive of any structures and natural resources on the site. An alternative is to use net area of parcels once constrained lands and building footprints + their associated buffers have been removed to conduct lot size calculations that categorize land as Partially Vacant.
- **Rationale:** Lot size calculations are part of the methodology used to determine whether a property is designated as Partially Vacant. The purpose of this category is to identify land with additional capacity for single detached lots - protected resources and existing structures will diminish capacity significantly.
- **Results:** Use of the net developable area as part of Partially Vacant categorization had the following effect:
    - The standard BLI identifies 642 taxlots as Partially Vacant, totaling 515 gross acres and resulting in capacity for roughly 2,850 units.
    - This Alternative Analysis BLI identifies 374 taxlots as Partially Vacant, totaling 334 gross acres and resulting in capacity for roughly 2,000 units.

Flag Lots

- **Description:** The area in the "flag" portion of the lot is removed from developable area for Vacant and Partially Vacant land. Transportation access issues related to these flags will be taken into consideration as well.
- **Rationale:** This land will be used to provide access to the property and not to accommodate housing units.
- **Results:** Less than one acre of land across the identified flag lots was removed for all Partially Vacant properties, and about 1.5 acres of land across all Vacant properties was removed. Four properties were removed from the inventory due to issues with the flag of the lot such as environmental constraints or apparent access issues.

The image below illustrates an example of a flag lot that resulted in reduced acreage in the inventory.

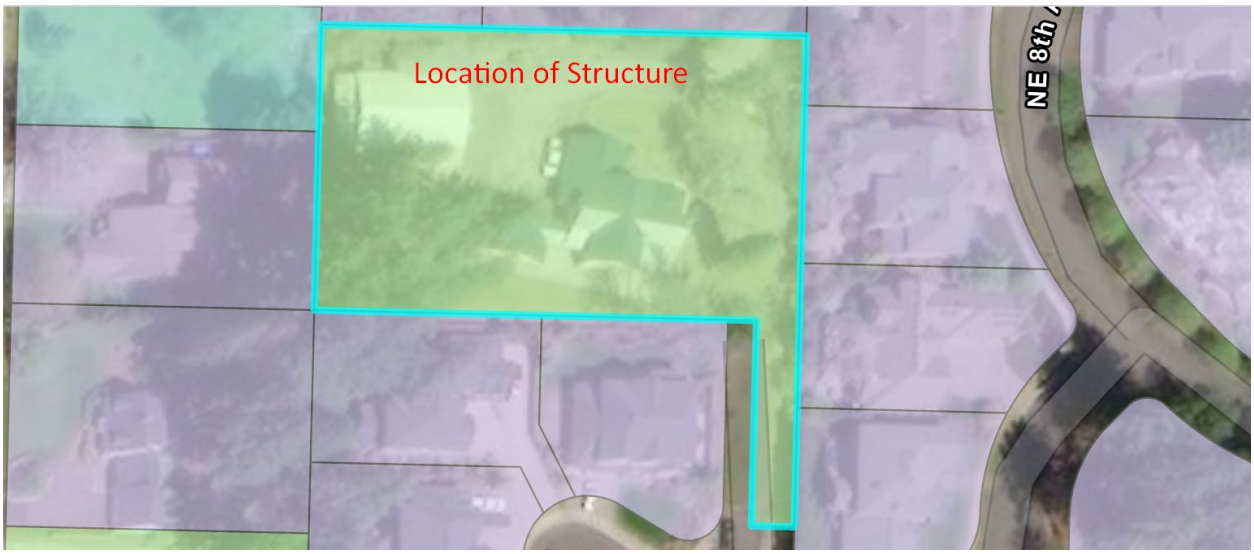


Location of Structures/Access Issues

- **Description:** In many cases, the location of existing structures on a property can inhibit further development on the property by precluding efficient use of remaining acreage or blocking potential street access. A visual check of partially vacant lots was performed, resulting in either discounting land that appears to be impacted by access/structure issues, or removing the lot from the inventory, on a case-by-case basis.
- **Rationale:** In many cases, the location of existing structures on a property can inhibit further development on the property by precluding efficient use of remaining acreage or blocking potential street access. As each property is unique, the feasibility of accessing the vacant portions of a Partially Vacant property while leaving the existing home must ultimately be assessed on a case-by-case basis.

  Generally, it is not economically feasible to remove a home that still retains its value and utility, even on a large lot. This is because the combined cost of the home, plus the land, plus demolition and site development costs, will exceed the market rate for buildable land in most cases. If new housing units cannot be added while retaining the existing home, no infill development is likely on the parcel.

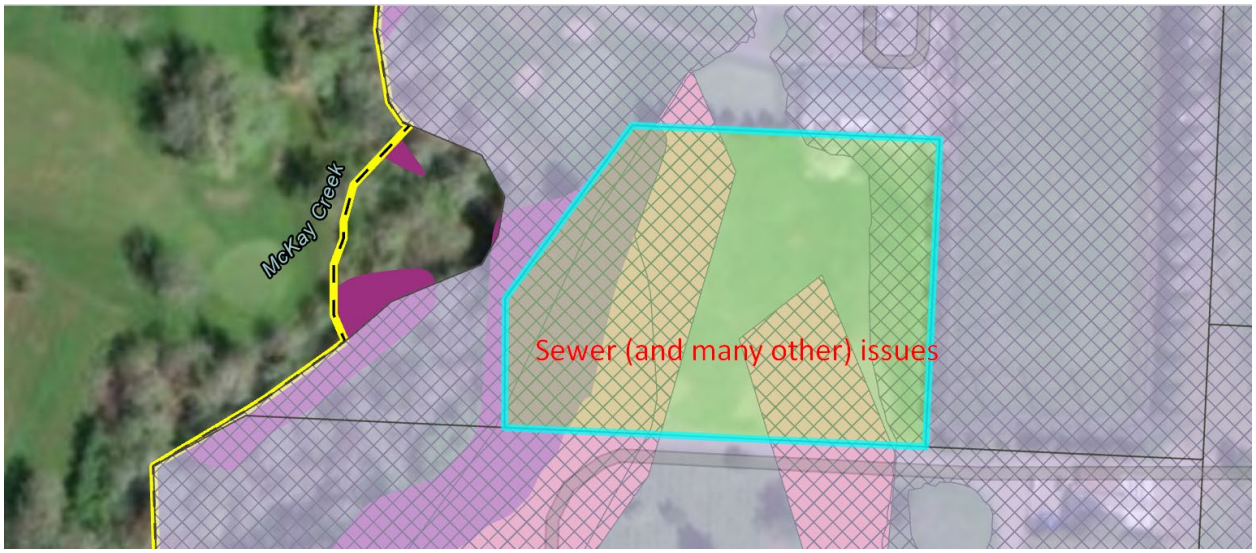
- **Results:** After a review of several hundred of the largest (i.e. greatest-capacity) Partially Vacant properties, 30 lots were identified where location of the building on site and/or access issues would likely hinder further infill development. These lots were showing capacity for 129 units. There may be additional properties in the inventory that would face substantial challenges to further infill development due to the location of structures and access issues.



Sanitary Sewer Availability

- **Description:** The City provided GIS line features for existing sanitary sewer infrastructure. Buffers were created at intervals from 50 feet to 1,000 feet from the line feature. This information was used to inform a case-by-case analysis of properties.
- **Rationale:** The cost of additional sewer infrastructure is a significant impediment to development - particularly smaller infill projects. If sewer infrastructure is not already at the property line, the developer of a property may be required to make costly off-site improvements to extend the sewer line from some distance. This often entails excavation and reconstruction of improvements, such as street and sidewalks that are not directly adjacent to the property. If the site is larger and can accommodate multi-family housing, the size and capacity of sewer infrastructure may also need to be expanded.
  While these improvements would ultimately benefit the property and, in some cases, the broader area, the cost can be prohibitive to development particularly in return for only a few resulting homes. All project costs must ultimately be capitalized into the cost of the homes, and if the market does not support that home price in a specific location, it becomes infeasible.
  Each property and project is unique, and the cost and feasibility of water and sewer connections can be difficult to assess in a systematic way.
- **Results:** Three lots were removed from the inventory in part due to distance from sanitary sewer availability.

>100' from sewer
0th Pl


McKay Creek
Sewer (and many other) issues

S
SE Hollow St

Executive Homes

- **Description:** For homes with greater than $500,000 in improvement value (i.e. structure value only, not including land value), assume one full acre is kept if any infill occurs on the property.
- **Rationale:** Executive Homes with significant acreage are not precluded from subdividing in this inventory but they may be unlikely to do so particularly as larger lots become more scarce within the region.
- **Results:** 583 properties on land classified as Residential or Mixed Use have improvement values greater than $500k. Many of these are commercial properties or apartment buildings, or expensive homes on lots that are on lots less than 5x the minimum lot size (and therefore do not have any infill capacity). **7 properties** were identified as part of this screen that have enough unbuilt acreage on site to expect further infill, totaling **7 acres** of buildable land removed from the inventory.

Summary

The results of the Alternative Analysis BLI are summarized in the following table. Compared to the standard BLI, the Hillsboro study area has capacity for 911 fewer units. Nearly 70% of these units are single detached dwellings, and nearly 30% are middle housing units.

Development Category	Tax lots	Gross acres	Buildable Acres (minus constrained land)	Net Acres (subtracts future set-asides and existing structures)	Unit Capacity			
					Single Detached	Middle Housing	Multi-Dwelling	Total
Residential Land	**805**	**540.6**	**406.4**	**292.6**	**1,335**	**601**	**434**	**2,370**
Vacant	104	238.2	156.5	116.2	555	454	324	1,333
Partially Vacant	289	258.0	210.6	137.1	368	147	110	624
Platted	412	44.4	39.3	39.3	412	0	0	412
Mixed Use Land	**274**	**177.6**	**145.7**	**74.8**	**177**	**1062**	**1248**	**2,487**
Vacant	158	79.4	73.5	34.1	95	339	496	930
Partially Vacant	85	76.4	63.1	31.6	55	668	659	1382
Redevelopable	31	21.8	9.0	9.0	27	55	93	174
Approved Development					**600**	**551**	**1,831**	**2,982**
Expansion Areas (South Hillsboro Unincorporated and Witch Hazel Village South)					**1,718**	**863**	**499**	**3,080**
Middle Housing Infill					**0**	**680**	**0**	**680**
Total					**3,829**	**3,757**	**4,012**	**11,599**

Appendix F: 2022 Displacement and Gentrification Risks and Potential Mitigations Memo

ECONorthwest
ECONOMICS · FINANCE · PLANNING

DATE: April 11, 2022
TO: Chris Hartye and Omar Martinez, City of Hillsboro
FROM: Becky Hewitt and Ariel Kane ECONorthwest
SUBJECT: Displacement and Gentrification Risks and Potential Mitigations

Introduction

In 2017, the City of Hillsboro worked with ECONorthwest to prepare a study titled *Affordable Housing Tools: A Review of Policy Options for Hillsboro*. One of the recommendations from that study was to inventory existing "naturally occurring" affordable housing (low-cost market rate housing that offers below-average rents based on its age and/or condition rather than because of a subsidy or affordability agreement) and explore strategies to acquire or otherwise preserve it. This memorandum picks up on that recommendation. It identifies areas within the City where displacement and gentrification risks are highest based on a variety of housing and demographic factors, sets the stage for identifying specific properties within those areas where displacement may be a concern and where the City may wish to explore interventions and provides further evaluation of potential interventions and mitigation measures to address displacement and gentrification risks.

Who is at Risk of Displacement?

Overview

Displacement occurs when a household is forced to relocate due to circumstances beyond household-specific disruptions. Risk of displacement primarily derives from the intersection of two interrelated factors: (1) changes in market conditions that result in rising rents and/or increasing redevelopment potential, and (2) household characteristics that lead to increased susceptibility to changing market conditions.

Our analysis of displacement focuses on households that rent because they are more directly affected by changing market conditions than those that own their property because they are subject to the decisions of the property owner about redevelopment, remodels, rent increases, etc. Property owners in Oregon are largely insulated from the financial effects of market changes due to the property taxation system, which decouples market value from taxable value, meaning that rising property values only impact the owners' property taxes in very limited circumstances. While Oregon state law limits the amount a landlord can raise residential rents annually for most older market-rate rental housing, these increases can still reach about 10 percent per year.[1]

[1] ORS 90.600; rent stabilization provisions were added in 2019 by Senate Bill 608. See this summary from Oregon Law Center for details: https://www.oregonhousingalliance.org/wp-content/uploads/2019/03/Oregon-Law-Center-Detailed-Outline-SB-608-cites-and-page-numbers-Final.pdf.

Among households who rent, those who face disadvantages or discrimination in the real estate market tend to be at greater risk of displacement and experience more harm if they are forced to move. These include low-income and cost-burdened households (spending more than 30% of their income on rent), people without advanced degrees, people of color, people who do not speak English, immigrants and refugees, seniors, and people with disabilities.

Who is at Higher Risk in Hillsboro?

The City/County's latest Consolidated Plan provides information about populations experiencing cost-burden:[2]

- *The largest group of severely cost-burdened households earn between 0 and 30% of MFI and are majority renters. These extremely low-income renters have the most trouble finding affordable units.*
- *Severely cost-burdened owners are generally owners who cannot afford to keep up with property taxes and home insurance costs and are usually elderly owners.*
- *Cost-burden differs somewhat by race and ethnicity: Black/African American households face the highest rate of cost burden (43%) yet the same rate of severe cost burden as most other groups. Hispanic households have the highest rate of severe cost burden (24%) but moderate rates of cost burden.*

To understand how rates of cost-burdening vary by housing type, ECONorthwest analyzed Census data for the Hillsboro area overall, as shown in Exhibit 1. This analysis can help the City target housing types that are most likely to be home to cost-burdened renters.

Exhibit 1: Rates of Cost-Burden By Housing Type, Hillsboro PUMA[3]
Source: ECONorthwest analysis of 2015-2019 PUMS data

	# of cost-burdened HH	% of all cost-burdened HH who live in this type of housing	% of HH living in this type of housing who are cost burdened
Single family house detached	1278	17.5%	36.9%
Single family house attached	911	12.5%	36.2%
Duplex, Triplex and Quadplex	599	8.2%	35.3%
5-9 Apartments	1195	16.4%	44.4%
10-19 Apartments	1046	14.4%	33.4%
20 or more Apartments	2217	30.4%	44.0%
Mobile home or trailer	39	0.5%	57.4%

[2] *2020-2024 Consolidated Plan for Washington County and the Cities of Beaverton and Hillsboro*, Hillsboro section, page 15.

[3] This analysis uses 2015-2019 data from the U.S. Census Bureau's Public Use Microdata Sample (PUMS). The Public Use Microdata Area (PUMA) that best represents Hillsboro is not fully contiguous with City boundaries and includes some adjacent areas in unincorporated Washington County.

This shows:

- Renters living in mobile homes and trailers are more likely to be cost-burdened than those living in other types of housing, though they comprise a very small share of the total cost-burdened renters in the area.
- Apartments with 20 or more units are home to the largest share of cost-burdened renters of any housing type, and the rate of cost-burdening is higher for these larger apartments than for most other types of housing.
- Smaller apartments and plexes combined account for roughly 39% of cost-burdened renters; another 30% live in single-family attached or detached houses. Rates of cost-burdening in these types of housing are generally below the average for renters in the Hillsboro area.

Looking at the existing housing supply within the City of Hillsboro:

- An estimated 3.5% of housing units citywide are both renter-occupied and at moderate to high risk for redevelopment based on their age, property type/number of units, and property value relative to land area. This includes older (built before 2007), unregulated rental housing with 4 or fewer units that is in the bottom quartile for property value per land area and manufactured home parks.
- Roughly 32% of housing units citywide are estimated to be renter-occupied with some risk of rent increases or major remodels that could trigger displacement. This includes older (built before 2007)[4], unregulated rental housing with any number of units, though roughly 60% of these units are in apartments with 20 or more units.

This suggests that focusing the City's efforts on older apartment buildings with 20 or more units will target the housing with the highest concentrations of renters who are more vulnerable to displacement from rising rents due to lower incomes and existing cost-burden.

[4] Newer rental housing can also experience rent increases and tends to closely track changes in the housing market; it is also excluded from Oregon's statewide limitations on rent increases. However, while some older properties are regularly maintained and updated, other older housing may become dated with rents that have fallen below those of newer housing. Older housing that has not been updated may become "naturally occurring affordable housing" where a change in ownership or other factors can lead to larger rent increases or major remodels that can trigger displacement.

Which Areas Have the Greatest Concentrations of Households and Housing at Risk?

Demographic Factors

The following maps show the share of the population/households in demographic categories that may be more likely to experience harm from displacement by Census tract[5], based on the following metrics:

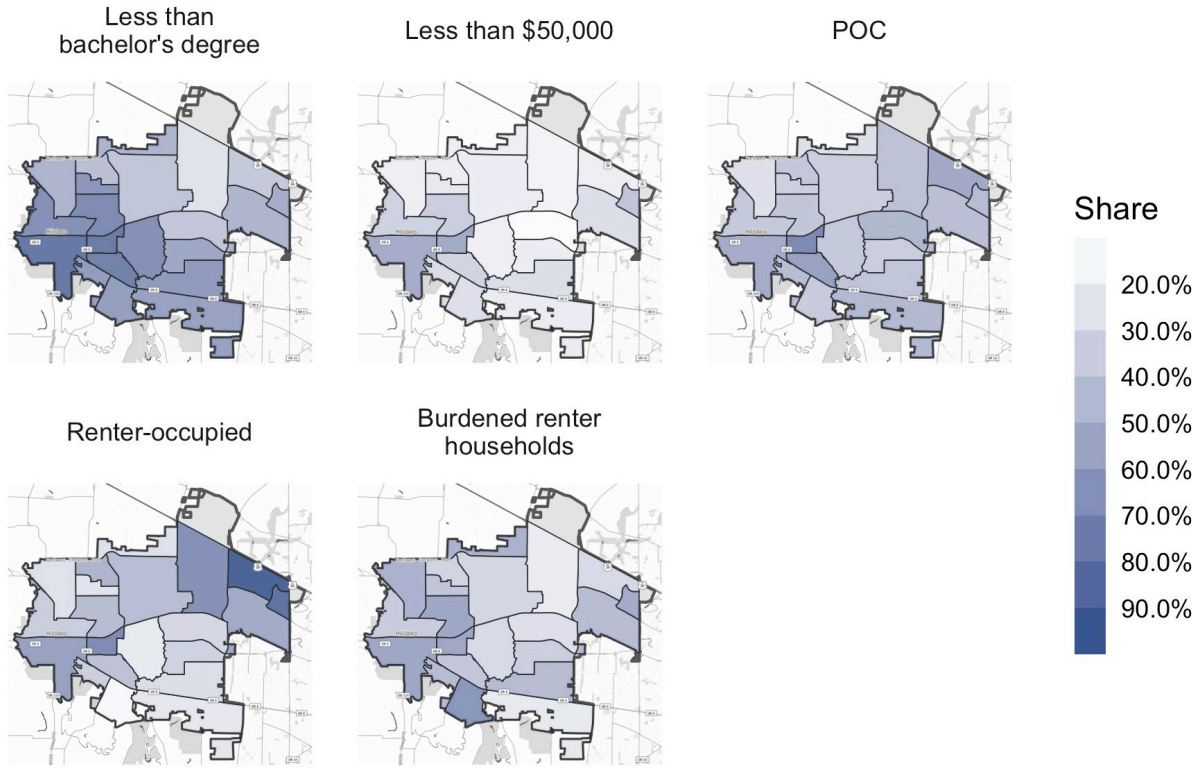
- Households earning less than $50,000 (roughly 50% of the Area Median Income for the Portland region) as a share of all households in the tract
- People of color (POC; combined: all except white non-Hispanic) as a percent of the population in the tract
- Renter households as a share of all households in the tract
- Cost-burdened renter households as a share of all households in the tract
- Adults with less than a bachelor's degree as a percent of all adults in the tract

These metrics are common demographic indicators of vulnerability in displacement risk studies, including those done by the cities of Portland and Seattle, though the details of how they are used vary.[6] Low-income, cost-burdened renters are at greatest risk of being forced to move due to rising rents, since they have little ability to absorb further rent increases, and may already be facing trade-offs between paying rent and covering their household's other basic needs. Those without college degrees have less ability to increase their income to cover higher housing costs and may have to work multiple low-wage jobs to make ends meet. People of color tend to face greater housing discrimination and may have a harder time purchasing a home or finding another apartment if they are forced to move.

[5] The map shows only the portion of the Census tracts that falls within City limits. Several tracts at the north and south edges extend well beyond City limits, but there is relatively little other housing in rural areas outside the City, so data on the population share in a given category is likely relatively accurate for the area in City limits.

[6] Those with limited English proficiency, which is also sometimes used as an indicator, had low statistical reliability at the tract level for Hillsboro and was not included in this analysis.

Exhibit 2. Vulnerability Metric by Share of Population in Tract
Source: ECONorthwest Analysis of 2015-2019 ACS data



This shows that lower-income households and adults without four-year degrees are largely clustered near the downtown, where there are also relatively high concentrations of renters and people of color. This aligns with the latest Washington County Consolidated Plan, which identifies "one R/ECAP [Racially/ethnically-concentrated areas of poverty] in Washington County located in west-central Hillsboro—home to predominately Hispanic residents of Mexican origin."[7]

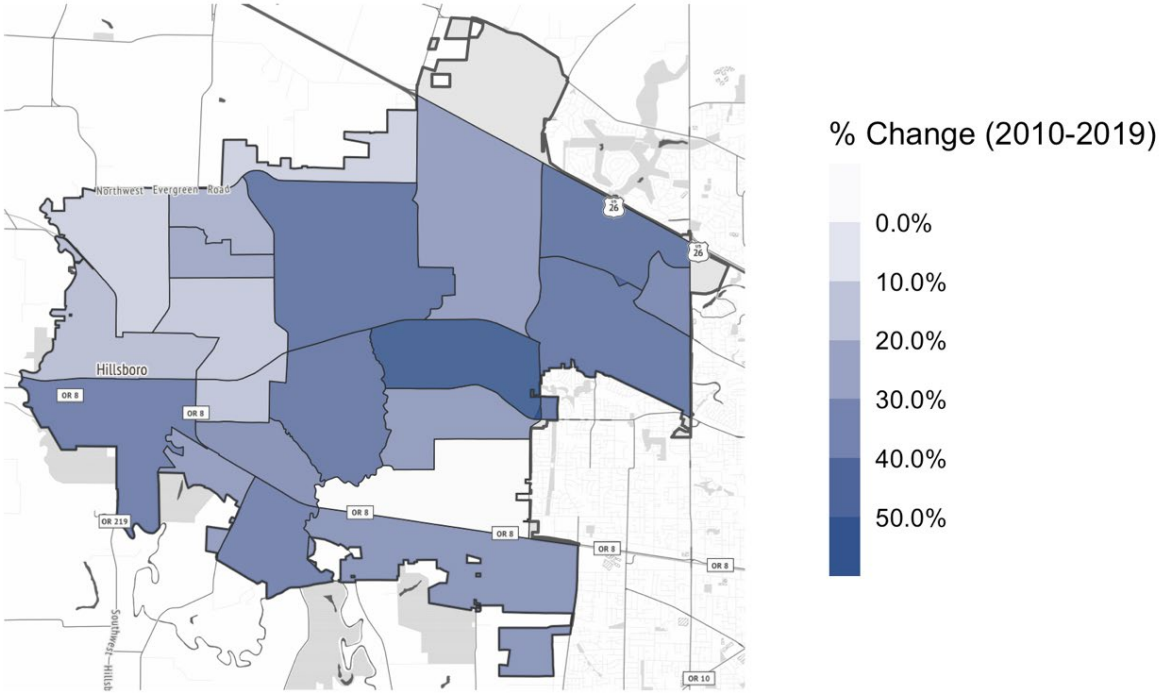
There is also a high concentration of renter-occupied housing in the northeastern portion of the City, around Tanasbourne, because there are a number of apartment complexes in the area and little other housing. However, the Tanasbourne area has a relatively low share of low-income households, cost-burdened renter households, and adults without a college degree, which suggests that these renters may be better able to withstand fluctuations in the housing market.

[7] *2020-2024 Consolidated Plan for Washington County and the Cities of Beaverton and Hillsboro*, page 111.

Rent Trends

Another factor that influences gentrification and displacement risk is the rate of rent increases. While the Census's rent data is an imperfect indicator of changing market conditions,[8] it provides one indicator that aligns with Census geographies. Exhibit 3 shows rent changes highest in central and eastern Hillsboro between 2014 and 2019, with the rents in the downtown increasing less than in other areas.

Exhibit 3. Median Gross Rent Change Since 2010 in Hillsboro by Tract
Source: ECONorthwest Analysis of 2020 Census and ACS 5 Year Data 2010- 2014 and 2015-2019

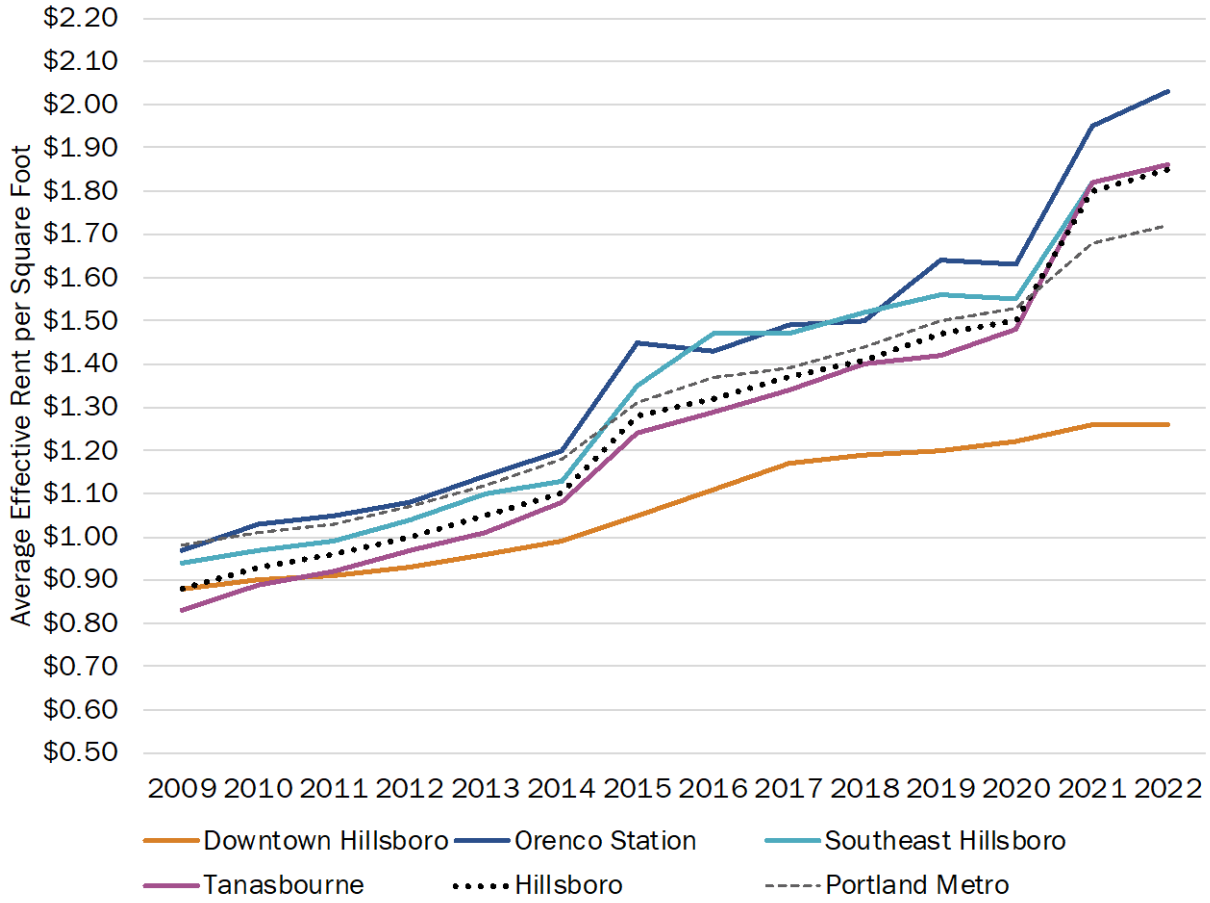


Another indicator of rent trends is the change in rents for older apartment buildings whose rents are tracked in CoStar, a proprietary source of rent and other market data. CoStar is also an imperfect data source,[9] but it provides a more timely sense of rent trends and the ability to identify trends within a subset of the housing market. Exhibit 4 shows how rents for older market-rate apartments (built before 2007) have changed between 2009 and 2022. Excluding new construction from the data allows us to focus on changes for existing housing stock and prevents the addition of newer development at higher rents from skewing the results.

[8] Issues include timeliness of the data and the fact that rents are self-reported and are not adjusted in any way for unit size.

[9] Data for smaller, older apartment buildings is often missing or unreliable because CoStar data is gathered primarily from recent internet listings, and older apartment buildings do not always list availability online. Where listing data is unavailable, CoStar typically estimates likely rent increases at the property level based on trends in the surrounding area. CoStar also does not track the rents that existing tenants are paying or how rent is changing at lease renewal; it only tracks rent for available units.

Exhibit 4. Multifamily Rent Trends in Buildings Built Before 2007, 2009-2021
Source: ECONorthwest Analysis of CoStar March 2022 data



This shows that rents have increased dramatically for older apartments across much of the City and the region, more than doubling from 2009 to early 2022, with substantial rent increases since 2020. However, rents in Downtown Hillsboro, where demographic indicators suggest higher concentrations of vulnerable renters, have increased more slowly than the citywide average. This may change going forward, given the City's current efforts to support redevelopment and revitalizations in Downtown Hillsboro and the 10th Avenue corridor, but suggests that the City may still be ahead of major market-driven displacement in this high-vulnerability area.

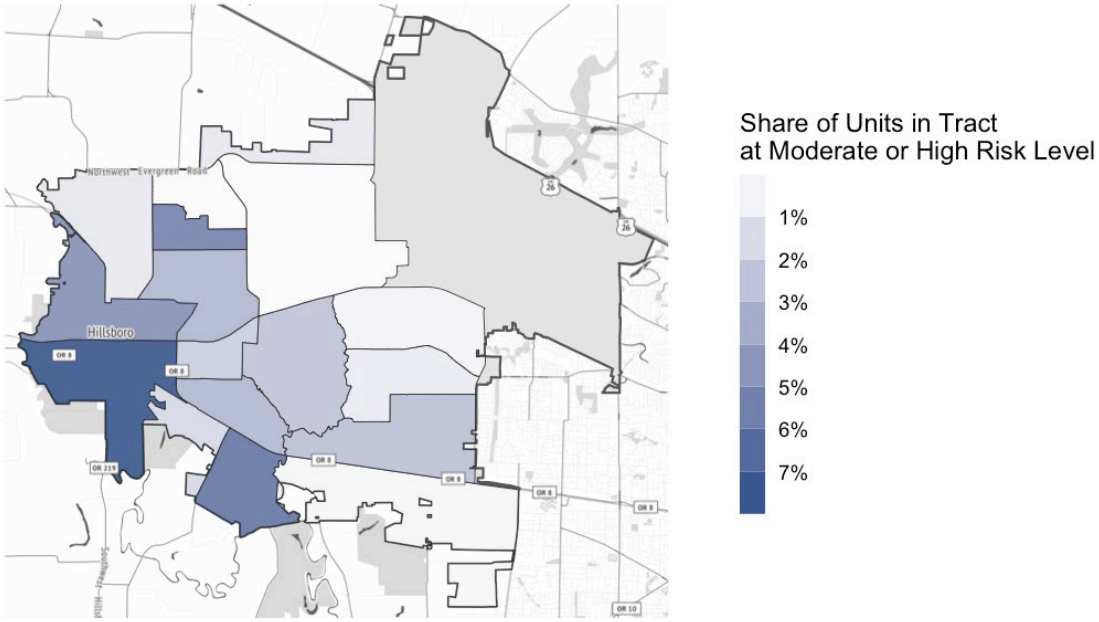
Housing Stock

As an additional indicator, ECONorthwest analyzed characteristics of the existing housing stock to identify two sources of potential for displacement:

- **Redevelopment Risk:** Small, older rental properties with low property values[10] were identified as moderate risk, or high risk if they are part of a group of adjacent properties under common ownership. Manufactured home parks, which can be targeted for redevelopment despite some state protections, were identified as being at moderate risk.
- **Rent Increase Risk:** Older market-rate rentals where changes in ownership or investment strategy or upgrades to units could lead to larger rent increases that could displace current renters were identified as being at some risk. Further property-specific analysis would be required to establish risk in more detail within this group of properties.

The distribution of housing units that are both renter-occupied and at moderate to high risk for redevelopment is shown in Exhibit 5. While there are few units at risk of redevelopment, they are more concentrated in southwestern Hillsboro (surrounding and south of the downtown). The concentration in this area reflects the presence of a number of manufactured home parks along with some low-value rental homes.

Exhibit 5. Share of Units that are Rentals with Moderate to High Redevelopment Risk by Tract
Source: ECONorthwest, using data from Metro's Regional Land Information System (RLIS) tax lot layer



The greatest concentration of units at higher risk of rent increases is in northeast Hillsboro, as shown in Exhibit 6, because of the concentration of market-rate apartments in that area. Most of

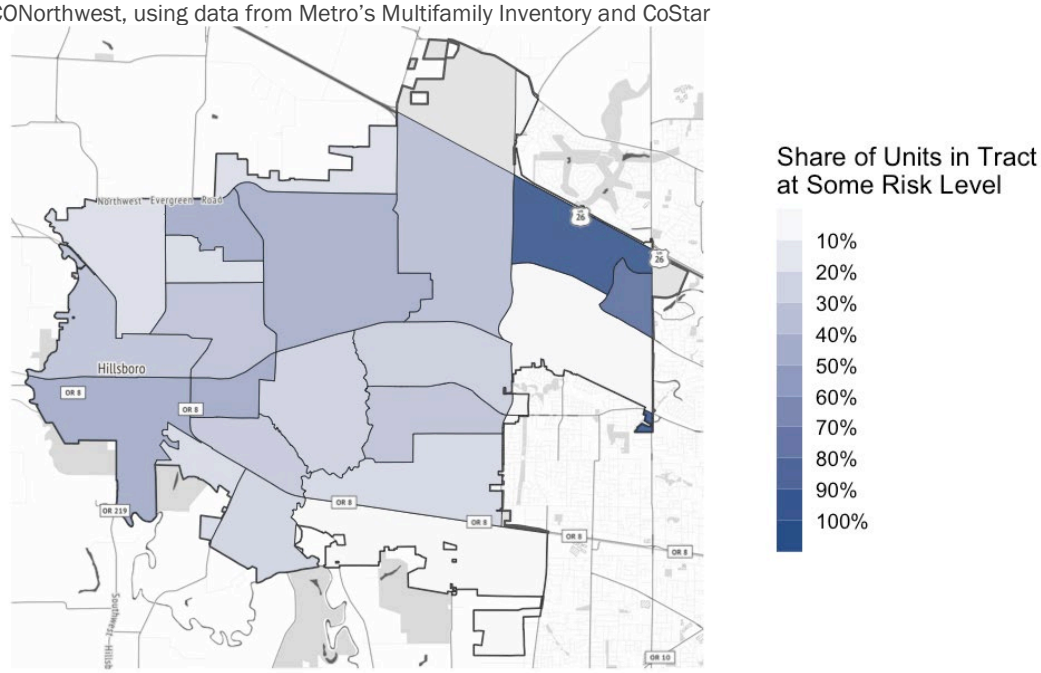
[10] This is defined as properties in the bottom quartile for all single-family homes in the city based on real market value (per tax assessor's records) per square foot of land area.

the older apartments in that area were built in the 1990s; while they may need repairs and upgrades, they are mostly larger properties with more amenities, which tend to be professionally managed and upgraded over time as units turn over. This decreases the risk that tenants will be displaced due to upgrades; however, rents at these properties are also more likely to track the market over time, as the rent trend data shows. Tenants in these properties may be more likely to face rent increases at the upper limit of what is allowed under state law when rents are escalating as fast as they have over the past two years. However, as noted above, demographic data suggests that renters in the Tanasbourne area may be better able to withstand fluctuations in the housing market without experiencing displacement.

Older, smaller apartment developments with few amenities are less likely to be professionally managed and upgraded over time; they can become deteriorated and potentially need major upgrades that would require tenants to move out, but they also tend to be slower to raise rents in the absence of upgrades. Apartments with under 100 units that are more than 30 years old and have few amenities are largely concentrated in Downtown Hillsboro. Many of the older apartments in Downtown Hillsboro have less than 40 units, and there are many smaller apartments with less than 20 units in Downtown Hillsboro as well.

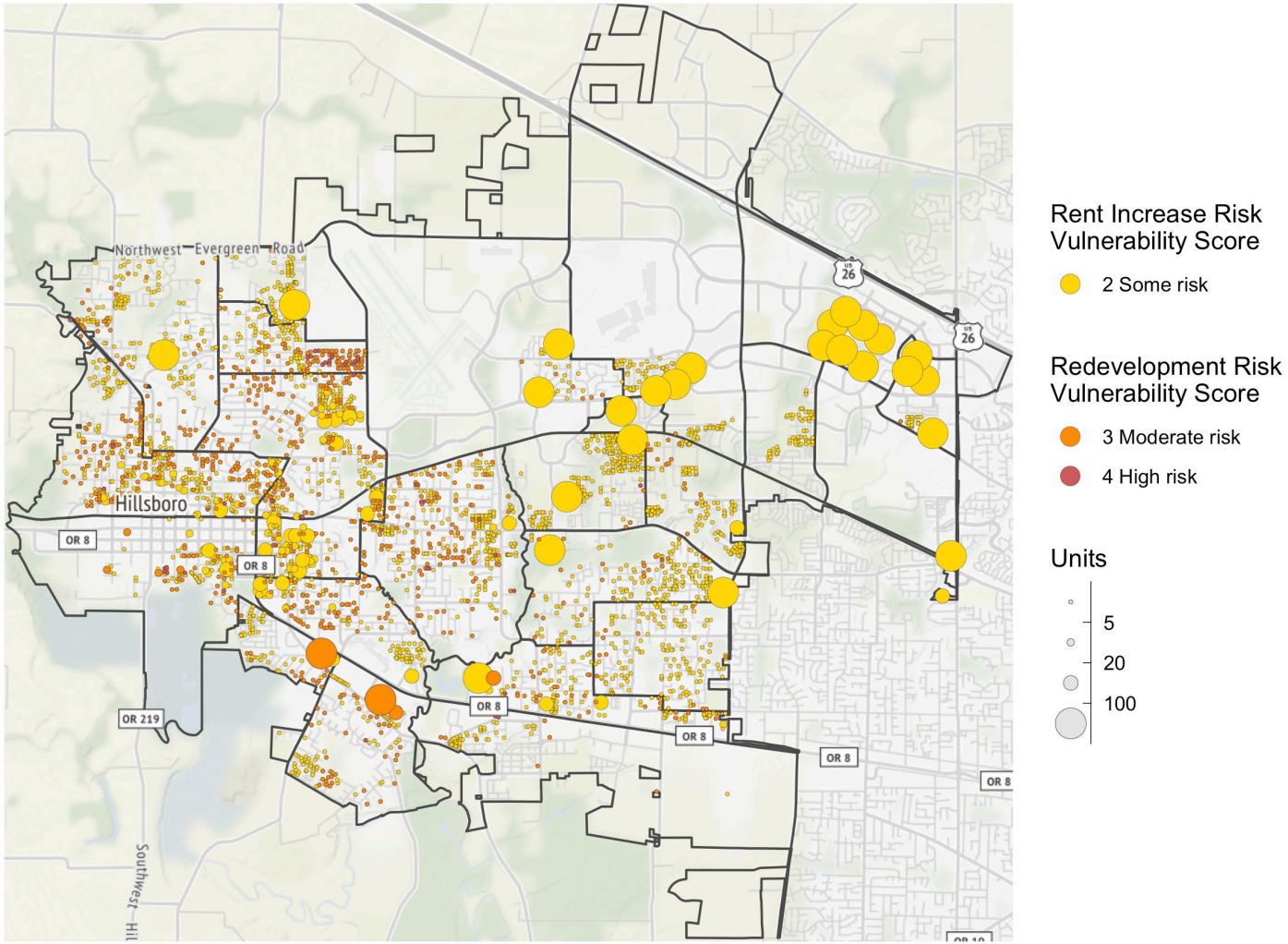
Exhibit 6. Share of Units that are Rentals at Some Risk of Displacement due to Rent Increase by Tract

Source: ECONorthwest, using data from Metro's Multifamily Inventory and CoStar



Properties identified as being at risk of either redevelopment or rent increase are shown in Exhibit 7.

Exhibit 7: Housing with Greater Potential for Displacement Due to Redevelopment or Rent Increases from Repositioning
Source: ECONorthwest, using data from Metro's Multifamily Inventory and Regional Land Information System (RLIS) tax lot layer



ECONorthwest will provide additional detail on properties in higher risk areas that City staff may want to evaluate for potential interventions as a follow-up step under the current contract.

Manufactured Home Communities

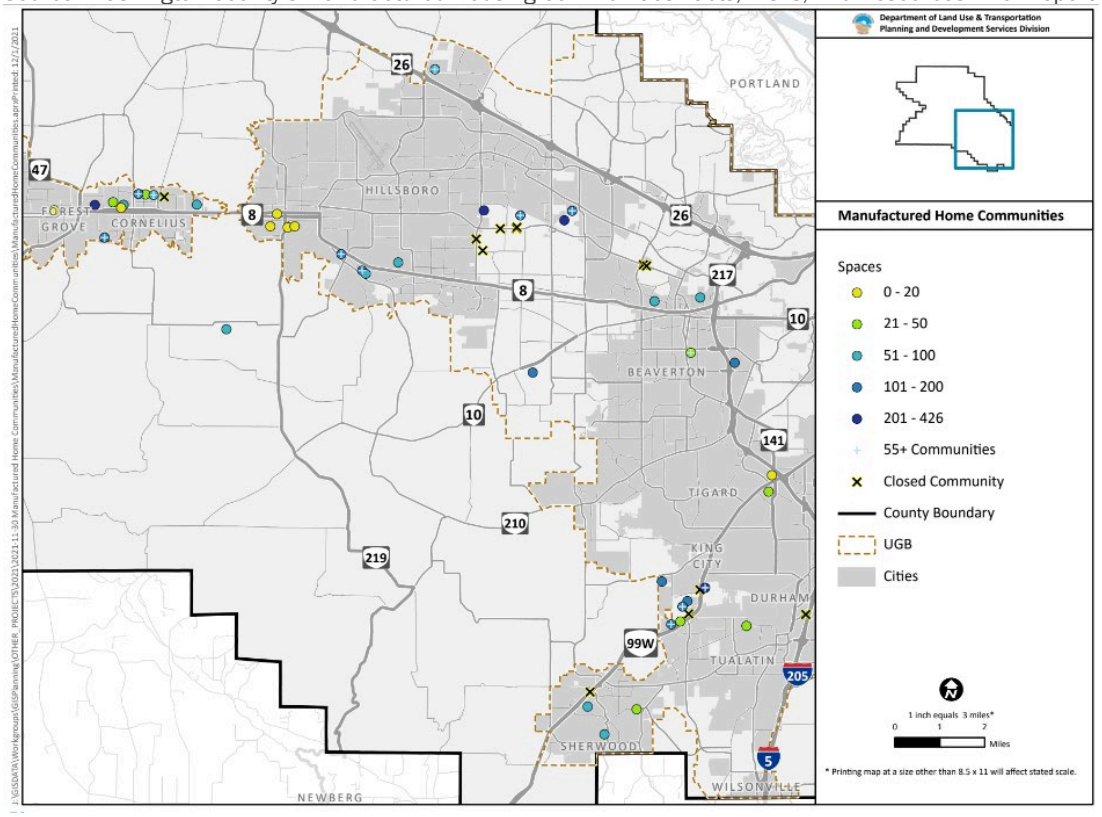
In the early 2000's there was a loss of 15 manufactured housing communities in Washington county, estimated to have displaced 1,100 households with a loss of about 1 in 5 spaces for manufactured housing. In Hillsboro there are 8 MHCs with 392 spaces presently.[11]

Exhibit 8: Manufactured Dwelling Spaces in Hillsboro

Name	Address	Acreage	Spaces
Emerald Village Mobile Home Park	2200SE 45th Ave	9.95	59
Fir Tree Mobile Estates	2865SE River Rd	8.40	59
Garden Circle Mobile Home Court	316SW Baseline St	1.80	18
Hillsboro Trailer Park	159SE Maple St	1.02	9
Maple Lane Mobile Court	535SW Maple Ln	1.37	18
River Road Mobile Estate	2681SE River Rd	14.76	105
South Side Mobile Park	640SE 3rd Ave	1.50	20
Terra Buena Terrace	1901SE Mintner Bridge Rd	11.13	104
Total		**49.93**	**392**

Exhibit 9. Map of Manufactured Housing Communities in Washington County

Source: Washington County's Manufactured Housing Communities Facts, Risks, And Resources Final Report April 2022.



[11] Washington County's Manufactured Housing Communities Facts, Risks, And Resources Final Report April 2022.

Potential Interventions and Mitigation Measures

Overview

The City wants to increase housing stability and has already taken steps to expand the supply of affordable, stable rental housing in Hillsboro. (These are described in more detail in a separate memorandum.) Potential measures to support housing stability include:

- **Prioritizing displaced or at-risk households for housing support**. The City could augment or focus existing housing programs and investments in higher-risk areas. For example:
  - Investing in additional regulated affordable housing within gentrifying areas to give residents more access to stable housing (the City is already doing this)
  - Targeting homebuyer assistance (including housing acquisition with Proud Ground) to renters living in areas with greater displacement risks through additional marketing efforts or prioritization of funding
  - Increasing funding for home repair for low-income homeowners in areas where the for-sale housing market is changing quickly
- **Supporting tenant protections.** Cities are pre-empted from establishing local rent regulations by state statute,[12] and many renter protections are addressed at the state level, including rent stabilization and eviction protections enacted with Senate Bill 608 in 2019. Programs providing information on tenant rights, legal support for tenants facing eviction or other housing issues, and emergency rent assistance are largely handled by the County and nonprofit organizations. However, the City could explore opportunities to support partners in these efforts through targeted outreach, funding, referrals, or other means.
- **Preserving and stabilizing existing "naturally occurring affordable housing"**. There are two general approaches to preservation of older apartments for cities that do not have their own Housing Authority to own and manage housing directly:
  - Supporting **acquisition and rehabilitation** by nonprofits or others who would keep rents affordable or convert to regulated affordable housing
  - **Incentives for property owners** (e.g., tax abatement, grants/loans) to make needed health and safety improvements while stabilizing rents

  The City can also explore options to help support preservation of manufactured housing parks, drawing on the findings of an ongoing Washington County study.

Preservation measures are the focus of the balance of this memorandum and are discussed in more detail below.

[12] ORS 91.225

Acquisition and Rehabilitation

Acquisition and rehabilitation of existing apartments by providers of regulated affordable housing for conversion to regulated affordable housing can be funded through state and federal programs such as the Low-Income Housing Tax Credit (LIHTC).
Acquisition/rehabilitation projects are complex on many levels, including understanding the capital needs required to rehabilitate the property, analyzing rents and cash flow, and converting units to be income-qualified without displacing existing renters (who may not be eligible for the income-restricted units). There are ways for the City to support these efforts without undertaking the acquisition and rehabilitation directly. An additional challenge is the need to compete with private investors, which often requires acting quickly when a property becomes available for purchase. The City can potentially help overcome this challenge in a few ways:

- Establish a **flexible local funding** source that can be deployed quickly to help with property acquisition and preservation.
- Research and **evaluate potential target properties** to identify a short-list of properties where acquisition and rehabilitation would be a priority if they came available and reach out to property owners to gauge interest in selling for preservation when they are ready to part with the property.

Example Acquisition/Rehabilitation Project: Rosewood Place (Gresham)
Nonprofit Human Solutions acquired a 26-unit market-rate apartment building in Gresham with a history of property issues and converted it into regulated affordable housing with supportive services. The project also included development of 19 additional affordable housing units on the site and a community dental clinic. Rents are affordable to households earning 30-50% of AMI. Acquisition cost $1.37 million (in 2013), and the total project budget was over $13 million. Funding included $937,500 from the Network of Oregon Affordable Housing and a $350,000 property acquisition loan from the Housing Development Center's Community Fund; Gresham HOME funds; LIHTC equity and state funds; and a capital campaign by Human Solutions.[13]

Some communities require that property owners seeking to sell certain types of rental housing (e.g., properties with 20 or more units built before a certain year or manufactured home parks) offer a **"right of first refusal"** (ROFR) to the local housing authority, the current tenants, and/or qualified nonprofit organizations. The ROFR generally allows the opportunity for the housing authority or other party to purchase the property for the same terms as the potential buyer. Oregon has ROFR policies in place for regulated affordable housing with expiring affordability restrictions[14] and for manufactured housing parks[15]. There are no existing programs in Oregon that apply a ROFR to other market rate rental housing. While such programs do exist in other communities (for example, Montgomery and Prince George's Counties in Maryland), they may require state-level changes to statute in Oregon and are not considered further here.

[13] Metro, "Opportunities and challenges for equitable housing," January 2016. https://www.oregonmetro.gov/sites/default/files/2016/01/28/EquitableHousingReport-20160122.pdf;

Housing Development Center, "Rosewood Plaza," April 1, 2016, https://www.hdc-nw.org/development-projects/rosewood-plaza

[14] ORS 456.250 to 456.265

[15] ORS 90.800 to 90.850

Flexible Local Funding for Acquisition/Preservation

Flexible local funding that can be deployed quickly for acquisition can come from a variety of sources, including general fund or a Construction Excise Tax. In the example programs described below, public funding was pooled with funds from philanthropic partners, banks, and/or CDFIs.

Examples

The **Oregon Housing Preservation Project** offers acquisition loans that provide bridge financing until the buyer is able to complete the necessary steps to secure long-term funding and prepare to rehabilitate the property.[16] The program offers acquisition loans with favorable terms to help borrowers acquire unregulated market rate properties and transition them to regulated affordable housing. This funding provides time to align public subsidies and obtain long-term or construction financing. (There are other loan programs specific to preservation of regulated affordable housing with expiring restrictions—this program has been a bigger priority for the organization.) Funding comes from public partners, such as the City of Portland, Oregon Housing and Community Services, Fannie Mae, and CDFI funds, private foundations, and private banks.

Greater Minnesota Housing Fund - NOAH Impact Fund is a social impact fund in the Minneapolis-St. Paul region that connects developers and owner-operators with social impact investors to preserve low-cost market rate housing. The fund offers a double-bottom line impact to investors in the form of social impact and return on equity, with the goal of investor repayment in ten years. Since the fund's inception in 2015, it has leveraged $25 million in capital investments to invest $100 million in property acquisitions to preserve 1,000 at-risk unregulated affordable housing units in the Twin Cities area. The fund acquires and rehabilitates these unregulated affordable housing properties (Class B and C properties, from 40 to 200 units), and partners with local affordable housing organizations to operate them with 15-year affordability restrictions.[17] NOAH Impact Fund investors include several banks, the Minnesota Housing Finance Agency, the county, and local philanthropic organizations.[18]

Key Questions

- Where would City funding come from to capitalize an acquisition/preservation fund? Capitalizing a fund from a flexible funding source (e.g., general fund, or potentially in the future a Construction Excise Tax) would allow the fund to be more nimble.
- Would the City want to partner with others (e.g., the existing Oregon Housing Preservation Project) to leverage additional public and private resources, even if it meant less control over the program and where it would focus?

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[16] Preserve Oregon Housing, "Loans: Purchase of Existing Project to Convert to Affordable," http://www.preserveoregonhousing.org/loans.php

[17] NOAH Impact Fund Presentation. Greater Minnesota Housing Fund. September 7, 2017.

[18] NOAH Impact Fund, "About," https://noahimpactfund.com/about/

- How much risk is the City willing to take on its participation in an acquisition/preservation fund?
- Would the City want to provide funds as grants or loans? In some cases, all or a portion of the funds may be repaid from other sources later when the project receives financing.
- Can the City provide enough capital to enable acquisition of a typical property without partnering with others? The average sale price for recent transactions of older apartments with few amenities in Hillsboro is approximately $150,000 per unit.[19] For a 20-unit property, this could mean roughly $3 million in acquisition costs.

Property Inventory and Research

Oregon Housing and Community Services (OHCS) currently maintains an inventory of regulated affordable properties with affordability restrictions that are near expiring. This strategy is focused on identifying unregulated "naturally occurring affordable housing" that could be targeted for acquisition and preservation or for incentive programs. ECONorthwest will provide a preliminary property inventory as part of this project, focused on older, unregulated apartments. ECONorthwest will work with staff to refine the criteria for inclusion in the inventory, including year built, number of units, location, property value, presence of amenities such as a pool, recent sales or remodels, and current rent levels (if known).[20]

Manufactured Home Communities Preservation

Washington County's recent report on manufactured home communities provides a summary of state protections for manufactured home communities and options for local actions to support their preservation. Currently, Oregon regulates the sale of manufactured home communities through various laws. Tenants must be given notice of intent to sell with 25 days to express purchase interest. If the landlord sells to a nonprofit, the gains are exempt from Oregon Income Tax, at least until the end of 2025. There must also be a year's notice if the community will close.[21] The report identifies opportunities for local governments to support the preservation of manufactured home communities, including:

- Assist with the purchase and preservation of manufactured homes as permanently affordable housing. This could include use of the Washington County Housing Production Opportunity Fund (HPOF), which has up to $500,000 available annually to support a resident-owned cooperative or nonprofit organization purchase of manufactured home communities, or Community Development Block Grants.

[19] ECONorthwest analysis of CoStar data for apartment properties built before 1992 with more than 12 units, rated as 2 stars by CoStar based on amenities and quality, sold since 2018.

[20] While ECONorthwest has access to proprietary data sources such as CoStar that detailed information about the properties, we are prohibited from transferring this data to third parties. However, we can use it to filter and identify properties that likely meet the City's criteria for further evaluation.

[21] Washington County Manufactured Housing Communities Facts, Risks, and Resources Final Report (April 2022).

- Target outreach of existing and future programs for preservation or displacement mitigation at manufactured homeowners and communities. Oregon Housing and Community Services worked with other partners to develop The Local Agency Toolkit with guidance on rapid response organization to a community closure.[22] This could include working with Washington County to develop a plan for assisting households displaced from MHCs and assisting with outreach and services reach key populations including older adults, people with disabilities, Latinx/Hispanic families, veterans, and households with lower incomes.
- Target manufactured homes communities and owners for state and federal repair, rehabilitation, weatherization, and replacement assistance and programs, such as the Home Access and Repair for the Disabled and Elderly (HARDE) program, the Community Action Weatherization Program,[23] and energy efficiency incentives from Energy Trust of Oregon.[24]
- Explore the opportunity to preserve manufactured home communities through land use regulation. Several Oregon cities have made efforts to preserve communities through overlay zones or code development:
  - The City of Cornelius adopted a Manufactured Home Park zone allowing manufactured housing communities as a permitted use with a prohibition of conventional single-family and multi-family units. Redevelopment would likely trigger a zone change requiring public testimony and council and commission discussion.[25]
  - The City of Portland adopted a manufactured housing zone in 2018.[26]

Incentives for Property Owners

Some property owners may want to help their tenants and keep their rents low but may not have the resources to maintain and improve the property without raising rents. Others may be willing to consider stabilizing rents if there are strong enough financial incentives to do so. The main approaches that cities can use to incentivize property owners to invest in property maintenance or upgrades without increasing rents are grants, low-interest loans, or tax abatements. Any of these can be paired with a requirement to provide affordability commitments.

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[22] See https://www.oregon.gov/ohcs/mmcrc/Documents/Manufacture-Home-Park-Solutions-Collaborative-Local-Agency-Toolkit.pdf for more information.

[23] See https://caowash.org/programs/housing-stability/conservation.html for more information for more information.

[24] See https://www.energytrust.org/wp-content/uploads/2021/05/Manufactured-Home-Replacement-Pilot-Evaluation_Final-.pdf for more information.

[25] See https://www.codepublishing.com/OR/Cornelius/#!/Cornelius18/Cornelius1830.html#18.30 for more information.

[26] See https://www.portland.gov/sites/default/files/2020-02/manufacturedpark_asadopted_082218.pdf for more information.

Grants/Loans for Stabilization

Funds could be distributed as grants or loans with varying terms to increase affordability and incentives for landlords to participate. There are meaningful trade-offs between offering grants or loans, and the City could offer both funding types, choosing between them depending on the borrower's creditworthiness.

- If the City offered grants, there is potential for deeper affordability for the units or the borrower, because grant funds do not accrue interest and are not expected to be repaid. As such, the funds are gifted to the property to help lower the cost of the rehabilitation project and thus increase affordability. However, the City would not receive its funding back and it cannot be used for future preservation projects.
- If the City were to offer loans, it would become a real-estate lender to the private market. Loans come with the expectation that the borrower repays the full principal plus interest over the life of the loan. If the City offered loans, although affordability can vary based on loan terms, it is not as affordable for the borrower as a grant. However, loans mean that the City can reinvest its funds in future preservation projects, and loans may induce greater accountability (such as through a lien on the property), for the borrower.

Either way, funding would be distributed in exchange for an agreement with the landlords or property owners to rehabilitate the properties to adhere to certain safety, code, or habitability standards, and provide a certain level of affordability for a defined period of time. The City would need to ensure that any loans could be paid back with the affordability restrictions in place. If the City were the only source of funds for the project, the City would also need to take on monitoring and enforcement to ensure the terms of the affordability agreement were being met.

Example

The City of Beaverton has been working on a Housing Preservation Pilot Project for the past several years. Housing staff has been exploring partnerships with a few interested property owners to stabilize existing multifamily rental housing while retaining existing property ownership. However, current low interest rates are creating little incentive to take a City loan with affordability requirements, which has hampered program implementation to date.[27]

Tax Abatements

There are two property tax abatement programs authorized under state statute that the City could consider as incentives for preservation and rehabilitation of older apartments:

- Multiple-Unit tax abatement (also called MUPTE or MULTE in some jurisdictions)[28]

[27] ECONorthwest, *Beaverton Downtown Equity Strategy: Summary of Potential Best Practices for Displacement Prevention and Mitigation and Inclusive Downtown,* February 15, 2022.

[28] ORS 307.600 to ORS 307.637

- Rehabilitated Residential Property tax abatement[29]

Multiple Unit Tax Abatement

The Multiple Unit tax abatement (referred to here as the MULTE program) is a flexible tax abatement program for multiple-unit rental housing that offers substantial local control over eligibility. It can apply to apartments and/or to middle housing, depending on how the city sets the local requirements. It exempts the full value of the residential improvements, but not land value. It is normally limited to a 10-year abatement; however, if there is an affordability agreement in place, the abatement can last as long as the term of the affordability agreement. The City may only exempt its own taxes, unless the boards of districts representing at least 51% of combined levy agree to the exemption for a given property, in which case all districts are included. (If Washington County agreed to participate in the program, County taxes could also be included in the exemption.)

State statute allows for the MULTE program to be used for existing multiple-unit housing that is or becomes subject to an affordability agreement with a public agency. This means that the City could offer the tax abatement in exchange for signing an agreement with a public agency (such as the Washington County Housing Authority or another affordable housing provider) to regulate rents. Because the statute is flexible about the nature of the affordability agreement, it could be structured to limit the annual increase in rents or to require a reduction based on the value of the tax abatement. The City could require that participating property owners invest in renovations in order to qualify, but this is not required under statute. Possible options include:

- **Rehabilitation emphasis:** Make renovations an eligibility requirement, with a required investment amount that is proportional to (and less than) the value of the tax abatement to the property owner. Require that participating property owners prioritize investments in health and safety improvements first, and then improvements for energy efficiency, universal accessibility, etc. Limit the rate of rent increases for the duration of the tax abatement (e.g., 2% or less). This would not require income qualification.
- **Rent reduction emphasis:** Do not require renovations (except in cases where they are needed for health and life safety) but require that rents be reduced in proportion to the tax abatement, with a limit on the rate of increase year-to-year. This would not necessarily require income qualification.
- **Income-restricted affordability emphasis:** Do not require renovations (except in cases where they are needed for health and life safety) but require that a percentage of the units be made affordable at a specific income level and require income qualification. The share of units to be made affordable and the income level could be set on a property-by-property basis.

Requiring income qualification has some downsides: it creates an administrative burden for the property owner, and some existing residents may not qualify. For enforcement, participating property owners could be required to submit current rent rolls and provide written notice to all

[29] ORS 308.450 to ORS 308.481

tenants of the affordability agreement with contact information to report any potential violations. If income qualification was not required, the City could in theory establish affordability contracts directly with property owners. This would require some additional administrative effort, but much less than income certification.

Additional testing of MULTE as an incentive for specific properties and outreach to property owners would be needed as a follow-up step to determine whether it could provide a viable incentive for rehabilitation and stabilization. However, as an initial indication, older apartments in Downtown Hillsboro with few amenities are currently paying roughly $950 per unit per year in property taxes.[30] If 80-90% of this is based on improvement value,[31] that means an abatement through MULTE could be worth roughly $760-860 per unit per year (roughly $60-70 per month per unit), or $7,600 to $8,600 per unit over 10 years (in today's dollars, assuming that the 3% annual increase in property value is counteracted by 3% average annual inflation). Whether this would provide a sufficient financial incentive to reduce/stabilize rents or invest in needed property upgrades depends on the property's condition and current rents, but the amount is likely not enough on its own to support rehabilitation if major repairs are needed. This program could potentially be paired with a low-interest loan or grant as described above for projects with more extensive capital needs.

Rehabilitated Residential Property Tax Abatement

This program provides a 10-year property value freeze for rehabilitation of existing units in substandard condition, and for the conversion of transient accommodation or nonresidential structures to permanent residential units, in areas designated by the jurisdiction as "distressed"—residential areas that are deteriorated, lacking proper facilities, or that have vacant or abandoned homes or structures. No more than 20% of the jurisdiction's total land area may be included. For properties subject to affordability restrictions, the freeze can remain in place for the duration of the restrictions. The City may only exempt its own taxes, unless the boards of districts representing at least 51% of combined levy agree to the exemption for a given property, in which case all districts are included.

Structures must be at least 25 years old and not meet local building or housing codes prior to the improvement. The value of the improvements must be at least 50% of the existing assessed value of the property. All housing types are eligible, which would make the program available for single-family (rental or owner-occupied), middle housing, or apartments. This versatility could make it a good choice for areas where much of the lower-cost housing stock is in poor condition but includes a mix of housing types.

This program is more restrictive than the MULTE program and offers less of an incentive because only a portion of the improvement value is exempt. However, because both programs

[30] ECONorthwest analysis of CoStar data for apartment properties built before 1992 with more than 12 units, rated as 2 stars by CoStar based on amenities and quality, located in Downtown Hillsboro. CoStar provides 2020 property taxes per unit, which were adjusted to a 2022 estimate.

[31] Based on Washington County tax assessor records for selected example apartment properties within this set.

require support from overlapping taxing districts in order to apply to more than just the City's taxes, the fact that this program does not decrease the tax base may make it more acceptable to other taxing districts. In addition, the flexibility in housing type and tenure could make it a good fit for certain areas.

Conclusions and Next Steps

Demographic indicators of vulnerability to displacement (low-income households, cost-burdened renters, adults without college degrees, and people of color) all point to an area near Downtown Hillsboro (just east of 10th Avenue) as the area with the greatest vulnerability to displacement. While rents for older apartments in that area have been growing more slowly than the City overall, upcoming investments in the 10th Avenue corridor and ongoing revitalization efforts downtown could increase the potential for repositioning of older properties. The Tanasbourne/Amberglen area stands out for its high concentration of market-rate apartments, including many large apartment complexes where rents have increased dramatically in recent years. However, renters in that area tend to have higher incomes, lower rates of cost-burden, and higher levels of education than those in the Downtown area, which reduces their risk of displacement due to the rising rents and increases the chances that they will find other suitable housing if they do have to move. This suggests that the area near 10th Avenue should be Hillsboro's top priority for preservation efforts and housing stabilization programs.

Local efforts to preserve "naturally occurring affordable housing" are challenging because of the need to intervene in the private market in ways that are beneficial for both the property owner (so that they are willing to participate) and the tenants (so that the preservation efforts succeed in preventing displacement) while protecting the City's interests. This is especially true with the staffing limitations of a city without a housing authority. Still, there are a range of potential interventions the City should consider exploring further, including:

- Grants or loans to support acquisition and rehabilitation by affordable housing providers;
- Grants or loans and/or property tax abatements as incentives to the existing owners for preservation/stabilization; and
- Augmenting existing programs to support low-income homeownership in higher-risk areas.

The City's ability to dedicate flexible, locally-controlled funding and the support of potential partners (e.g., affordable housing providers, other funders, and overlapping taxing districts) will determine which of the available interventions are most appropriate for implementation. Feedback from potential partners and stakeholders will also inform how those programs should be structured.

In the near term, the City should engage with stakeholders and partners to gather feedback on the potential interventions identified in this memorandum. This should include:

- Overlapping taxing districts—particularly Washington County and Hillsboro School District—to gauge support for adopting a tax abatement for preserving affordability of low-cost market-rate apartments.
- Property owners/managers of target properties identified by ECONorthwest's upcoming analysis to gauge their interest in participating in a preservation program through tax abatements or grants/loans, and whether they would consider selling to an affordable housing provider in the future.
- Washington County Housing Authority, nonprofit affordable housing providers, and other funders to explore program design options for City acquisition and/or preservation grant/loan programs.

Over the coming years, City should also consider how it can dedicate additional local funding to support preservation and housing stabilization efforts, including:

- Identifying an appropriate flexible local funding source (e.g., CET or general fund) to support acquisition and/or preservation grant/loan programs.
- Allocating additional funding to homebuyer assistance and home repair programs for low-income households in areas at higher risk of displacement.

Appendix G: 2025 Hillsboro Housing Code Audit

City of Hillsboro Housing Code Audit

Final Report

Prepared for the City of Hillsboro
By Cascadia Partners
June 2025

Acknowledgments

City of Hillsboro Staff

Daniel Rutzick, Long Range Planning Manager

Rachel Marble, Senior Planner

Amy Kreimeier, Senior Planner

Becky Coutinho, Senior Planner

Anthony Riederer, Project Manager

Tina Bailey, Public Works Assistant Director

Susie Serres, Public Works Principal Engineer

Dan Hazel, Public Works Principal Engineer

Allison Bergseng, Sanitary and Stormwater Division Manager

Charlie Shell, Public Works Principal Engineer

Mat Dolata, Transportation Systems Division Manager

Joseph Auth, Transportation Systems Principal Engineer

Negan Niakan, Water Engineering Division Manager

Kevin Meeuwsen, Water Project Manager

Brian Jansen, Water Program Manager

City of Hillsboro Planning Commission

President Gabriel Jones-Gallardo

Vice President Mujidat Saaka

Anne Thrall-Nash

Joe Grillo

Diana Jackson

Justin Low

Stephen Davis

Consultant Team

Jamin Kimmell, Partner, Cascadia Partners

Lydia Ness, Senior Associate, Cascadia Partners

Tara Sorrels, Associate, Cascadia Partners

Martin Glastra van Loon, Cascadia Partners

Scott Shumaker, PBS Engineering and Environmental

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1. Project Background and Process

The purpose of this report is to document the findings and recommendations of a comprehensive audit of the City of Hillsboro's Community Development Code (CDC) and the City's Design and Construction Standards (D&CS) completed by Cascadia Partners. The Housing Code Audit project intended to identify key structural, procedural, legal, and policy issues affecting residential development in the City and to develop conceptual recommendations for code updates to address those issues.

Concurrently in 2024, the City of Hillsboro developed a Housing Production Strategy (HPS) in order to comply with state requirements and to facilitate the production of housing to meet the needs identified in the City's 2023 Housing Needs Analysis (HNA). The initial findings of the Housing Code Audit helped to inform the development of a set of regulatory actions that were included in the HPS. The City has committed to implement those actions over the 6-year implementation timeline of the HPS. This report will provide additional detail and context on the recommended code updates that are consistent with implementing each action.

Scope of the Code Audit

The detailed CDC audit included a review of the General Provisions, Use Categories, Single Detached and Middle Housing Residential Zones, Multi-Dwelling Residential Zones, Commercial Zones, Mixed-Use and Urban Center Zones, Overlay Zones, Special Use Standards, Development and Design Standards, Plan Districts, Procedures, and Applications subchapters of the CDC. The audit sought to identify regulations that may present unnecessary barriers or constraints to housing production, choice, and affordability. Additionally, the audit sought to identify regulations that may be feasible to replace or modify while continuing to achieve the underlying purpose or objective of the regulation. Many different types of regulations were reviewed in the audit, including but not limited to:

- Use Regulations and Permitted Housing Types
- Minimum and Maximum Density
- Minimum Lot Area
- Maximum Building Height
- Maximum Lot Coverage
- Minimum Open Space
- Minimum Setbacks
- Buffering and Screening Requirements
- Design Standards
- Review Procedures

During the course of the audit, Cascadia Partners also evaluated the CDC for compliance with a set of housing-related state statutes and administrative rules. The findings and recommendations of this audit are included in Section 3 of this report and Appendix 1. The scope of this audit included reviewing for compliance with the following statutes:

- Accessory Dwelling Units (ORS 197A.425)
- Affordable Housing: General Siting Allowances (ORS 197A.445)
- Affordable Housing: Redevelopment of Commercial Land (ORS 197A.460)

- Affordable Housing: Density and Height Bonus (ORS 197A.445)
- Affordable Housing: Expedited Review (ORS 197A.470)
- Clear and Objective Standards for Needed Housing (ORS 197A.400)
- Limited Land Use Decisions (ORS 197.195 and 197.015)
- Manufactured Homes (ORS 197.478)
- Manufactured Home Parks (ORS 197.480)
- Middle Housing (ORS 197A.420)
- Middle Housing Land Divisions (ORS 92.031)
- Occupancy Limit Based on Familial Relationship (ORS 90.112)
- Occupancy of Recreational Vehicles (ORS 197.493)
- Opting-In to Amended Housing Regulations (ORS 227.178)
- Reduced Density or Height as Condition of Approval (ORS 227.175)
- Residential Homes and Facilities (ORS 197.660 to 197.670)
- Requirement to Approve Needed Housing (ORS 197.522)
- Single Room Occupancies (SRO) (ORS 197A.430)

The audit also included a review of the City's Design and Construction Standards (D&CS). PBS Engineering assisted Cascadia Partners in identifying standards that may unnecessarily increase the cost of housing development or present barriers to housing production, choice, and affordability. The findings and recommendations of this audit are included in Section 4.

Stakeholder Interviews

Cascadia Partners conducted 10 group interviews with stakeholders from the housing development community in order to inform the CDC and D&CS audit. Stakeholders included those who have direct experience in using Hillsboro's CDC and D&CS, such as developers of various scales, real estate professionals, architects, engineers, and land use planners. Stakeholders were asked about their experience developing housing under the CDC; how supportive the CDC is in encouraging housing development; the impact of the CDC and D&CS on the cost of development; the impact of the CDC on specific housing types; delays caused by approval processes or unclear requirements; and requested suggestions for code updates. Stakeholder interview notes can be found in Appendix 2 of this report.

The following are common themes and findings across the interviews related to the CDC:

- Complexity and inflexibility of the development code: Stakeholders frequently mentioned the complexity of Hillsboro's development code, especially related to Planned Unit Developments, split zoning, and complex middle housing standards. This has led to delays, higher costs, and frustration with a perceived lack of flexibility in the CDC.
- Difficulty meeting design standards: Stakeholders frequently discussed the inflexibility and difficulty meeting Design Standards for All Residential Developments (12.50.710). The stakeholders believed the design standards unnecessarily add to the cost and complexity of development.
- Development process delays: There were some reports of delays in approval processes, building permits, and infrastructure development. Delays were attributed to factors such as inter-agency coordination issues, building permit timing, stringent public utility requirements,

and slow utility company responses. This has been especially challenging for smaller developers who cannot absorb these delays as easily as larger ones.

- Impact on smaller developers: Some of these regulatory and administrative burdens disproportionately impact smaller developers, who often face more strain from lengthy approval timelines and higher costs. Small developers struggle to manage delays and process complexities, and they may find it harder to navigate Hillsboro's code.
- Affordable and middle housing difficulties: Meeting affordable housing goals while complying with density and design standards was a cited as a major challenge for some developers. Middle housing types, like cottage clusters and townhomes, faced code restrictions that were incompatible with market preferences and made these projects less feasible. Inflexibility of certain standards that impact affordable housing, middle housing, and accessory dwelling units (ADUs) made it challenging for developers to align with the city's housing goals.

The following are common themes and findings across the interviews related to the D&CS:

- Challenges with infrastructure and engineering standards: Stakeholders noted significant challenges and costs in meeting Hillsboro's D&CS infrastructure standards, including the requirement for 40-year design life for roads, stormwater management standards, district streetlights, and difficulty coordinating with utility companies.
- Lack of clarity: Stakeholders noted that it was difficult to understand what was required for easements and ROW improvements, which caused delays and costs. There were also misunderstandings regarding when fee in lieu options were available.
- County coordination: On projects that involve both the City and the County, permits are often dependent upon each other and cause delays. In one project, having to get a facilities permit from the county, which can take up to 9 months, almost resulted in cancelling the project. Stakeholders mentioned coordination with the County when County roads were involved and managing annexed infrastructure was a challenge.

Code Concepts and Impact Modeling

Building on the audit of the CDC and D&CS, and feedback received from stakeholders, Cascadia Partners developed concepts for code amendments. These "Code Concepts" are general approaches to removing or reducing regulatory barriers to housing production, choice, and affordability. The concepts were refined based on feedback from City staff and the Planning Commission.

A key component of the approach to concepts was to use financial pro-forma analysis to test the impact of code changes on development feasibility and housing affordability ("impact modeling"). The tests are based on actual typical sizes of development sites and existing CDC requirements. Various code standards were analyzed and tested to determine the impact on project costs and potential returns. Hard costs, unit sizes, and costs per square foot assumptions were used in the pro forma tests based on industry standards and interviews with local construction professionals. Permit and impact fees were also calculated.

The impact modeling focused on multi-dwelling zones because this type of analysis can allow for a more accurate diagnosis of the barriers to development on high-density sites where multiple standards interact to impact development options. Variations of the code were modeled to understand the potential for increases in density, Floor Area Ratio (FAR), and height. The results of the impact modeling can be found in the HPS Action 1.2: Increase Housing in Multi-Dwelling Zones section of this report.

Each code concept includes an assessment of the magnitude of impact to housing production, choice and affordability. These impact assessments are based on the following factors:

- How broadly the standard applies. The impact of a code change can vary depending on how broadly it affects housing developments across the city. Code concepts that would apply citywide or in zones and plan districts that are mapped to a large area were weighted as higher impact.
- Amount of buildable land in those zone(s). While some code concepts may apply to only a few zones and plan districts, the code change could still have a significant impact on housing development capacity if those zones contain a large amount of buildable land.
- Impact on flexibility and options for development. Some code changes can create entirely new options for different housing products or types to be built in some locations than can be built under the current code, while others may only impact the efficiency with which currently allowed housing types can be developed. If a code change would create new options or flexibility, it was considered to have a greater overall impact on housing production.
- Impact on economic feasibility of housing development. Some code changes more directly and substantially impact either the potential revenues or costs associated with a housing development, while other code changes may have more marginal impacts on the economics of development. For Concepts 1.2.1 and 1.2.2, this impact was quantified using financial pro-forma modeling. For other concepts, the consultant team relied on feedback from developers and results of analyses conducted in other jurisdictions to qualitatively evaluate the impact of the code change on economic feasibility of development.

Implementation Considerations

The report identifies specific implementation considerations related to each code concept. The City should also take into account the following general considerations when implementing these code concepts:

- Community and stakeholder engagement. Additional engagement with the Hillsboro community and specific stakeholder groups to inform, consult, and help refine the code concepts will be necessary for many, if not all, the code changes outlined in this report. The level and type of engagement should align with the scope and nature of the code change.
- Internal consistency throughout the CDC. As code concepts are implemented, staff should examine how a code change may impact other standards or regulations within the CDC. For example, the standards in many plan districts based on/refer to base zone standards, so changes to base zone standards will need to be considered in light standards in plan districts that could conflict with or complicate the implementation of base zone changes.
- Consistency with D&CS standards. Standards in the D&CS will need to be reviewed alongside any development code changes to ensure consistency between the two codes. For example, allowing for detached middle housing types (Concept 1.4.1) may raise questions about whether

standards that apply to single-detached houses should apply to a detached units that part of a triplex or quadplex.

- Infrastructure sufficiency and capacity. As code changes are implemented, the City should ensure and evaluate if there is sufficient infrastructure and capacity to support higher density and increase in housing production in the locations where the change will take effect. Additional engineering analyses may be necessary depending on the scope and nature of the code change.
- Coordination with other service providers. Some code changes may impact or conflict with service provider requirements. City staff should coordinate with service providers during code implementation to identify and address any conflicts. This is also an opportunity to streamline the service provider review process, as delays in review timelines and late feedback on requirements were common concerns raised in stakeholder interviews.

2. CDC Audit and Concepts: Barriers to Housing

The findings of the code audit and initial code concepts informed a set of actions that were drafted to include in the City's HPS. By including these actions in the HPS, the City is committing to implement these code updates within the 6-year timeframe of HPS implementation. The HPS includes a general overview of the barriers to be addressed and initial concepts for code amendments. This report provides a more detailed description of the identified code barriers and more specific analysis of potential code amendments.

The main code audit findings and code concepts are organized within this framework of HPS actions. Code amendments that are required to comply with state law are presented in Section 3 of this report (Statutory Compliance Review).

This section of the report addresses the following HPS actions:

- HPS Action 1.2: Increase Housing in Multi-Dwelling Zones
- HPS Action 1.3: Increase Housing in Commercial and Mixed-Use Zones
- HPS Action 1.4: Refine Middle Housing Development Standards
- HPS Action 1.5: Streamline Design Standards
- HPS Action 1.6: User-Friendly Code
- HPS Action 1.7: Identify and Remove Process Barriers

HPS Action 1.2: Increase Housing in Multi-Dwelling Zones

Overview of Audit Findings

A key finding of the code audit is that several regulations in the city's multi-dwelling zones may unnecessarily constrain housing production, contribute to a higher cost of development, and limit housing choices. There are six residential zones in the City that are predominately intended for multi-dwelling development (excluding the Mixed Use and Urban Center Zones):

- MR-1 Multi-Dwelling Residential;
- MR-2 Multi-Dwelling Residential;
- MR-3 Multi-Dwelling Residential;
- SCR-DNC Station Community Residential – Downtown Neighborhood Conservation[1];
- SCR-MD Station Community Residential – Medium Density;
- SCR-HD Station Community Residential – High Density.

These zones implement the Medium Density Residential, High Density Residential, Mid-Rise Density Residential and Station Community Planning Area Comprehensive Plan designations. These zones generally allow for a wide range of housing types, including multiple-dwelling structures.

[1] This zone is single detached and middle housing residential zone but allows for multi-dwelling housing.

However, the maximum density regulations of these zones may be unnecessarily restricting the number of units that can be included in a multiple-dwelling development. In some cases, housing types that would otherwise be able to meet the minimum density of the zone are not permitted. In other cases, the maximum height of the zone may be an unnecessary barrier to achieving higher densities.

Three code concepts are recommended to address these issues. Each concept below has a full analysis of the barrier to be addressed, a description of the conceptual approach to updating the code, an assessment of the potential impact on housing outcomes, and considerations for implementation.

CDC Concept 1.2.1: Allow for higher density housing in multi-dwelling zones

Analysis and Findings

The minimum and maximum density standards in each of the multi-dwelling zones is summarized in Table 1. The maximum densities of these zones range from 16-30 dwelling units per net acre (du/na). In the SCR-DNC zone, those maximum densities are lowered if the site is further from a Light Rail Transit (LRT) station. In the SCR-MD and SCR-HD zones, the maximum density is lowered if the site is within 100 feet of single detached and middle housing neighborhood.

Table 1. Current Density and Height Regulations, Multi-Dwelling Zones

Zone	Min Density (du/na)	Max Density (du/na)	Max Building Height
MR-1	11	16	2 ½ stories or 35 feet, whichever is less
MR-2	17	21.25	3 stories or 40 feet, whichever is less
MR-3	23	28.75	3 stories (up to 5 stories with Planning Commission approval)
SCR-DNC *	9-15[1]	14-23[1]	2 ½ stories or 35 feet, whichever is less[3]
SCR-MD	18	23[2]	3 stories
SCR-HD	24	30[2]	5 stories

[1] Depends on proximity to LRT station
[2] Reduced to 7 du/na or density of adjacent zone, whichever is greater, if within 100 feet of single detached and middle housing neighborhood
[3] Up to 3 stories in Arterial Exception Area
* This zone is single detached and middle housing residential zone but allows for multi-dwelling housing

These zone and plan districts are mapped to a variety of locations throughout the City, some of which are in close proximity to transit lines (particularly LRT stations) and other services and amenities. According to the City's 2023 HNA, there is approximately 170 acres of unconstrained (or "buildable") land that is vacant or partially vacant and mapped to one of these zones. These zones account for about 35% of the gross buildable land in residential zones citywide. The HNA found that there is a deficit of 36 acres of land available for high density housing to meet the City's 20-year projected needs.

One strategy to increase capacity for high density housing throughout the City is to allow for more units to be developed on each site. To do so, the City would need to identify which regulations, if any, are

limiting the number of units that are developed on each site. Alternatively, developers may be choosing to construct fewer units than would be allowed under the code in order to meet market demand for larger units, more open space, more parking, or other amenities.

Based on feedback received during stakeholder interviews, research into similar scale projects in other jurisdictions, and impact modeling, there is strong evidence that the maximum density regulations in these multi-dwelling zones are the binding regulation on density. While many other regulations also impact density–including maximum building height, minimum setbacks, and minimum open space–these regulations could be maintained at their current levels and additional units could be added to the typical site but for the maximum density standard.

As part of the impact modeling work conducted for this audit, Cascadia Partners prepared hypothetical site plans and building models to test the maximum density standards of the multi-dwelling zones. Figure 1 through Figure 3 provide the results of that modeling. The models demonstrate that it is viable to exceed maximum densities of 30-50 dwelling units per acre while meeting the height, lot coverage, and setback requirements of the multi-dwelling zones.

Each prototype assumed a parking ratio of 1 space per unit, which is slightly lower than the City's previous parking requirements prior to implementation of the state Climate-Friendly & Equitable Communities (CFEC) rules, which led the City to eliminate minimum parking requirements for all uses citywide. Achieving these densities at parking ratios of 1.5 spaces per unit, or higher, would be more challenging but may be possible in some cases.

Figure 1. 2-Story Apartments Prototype

Density (du/ac)	30	Parking Ratio (spaces/du)	1.0	Building Height	2 stories
Avg. Unit Size (sf)	901	Lot Coverage	37%	Open Space	40%

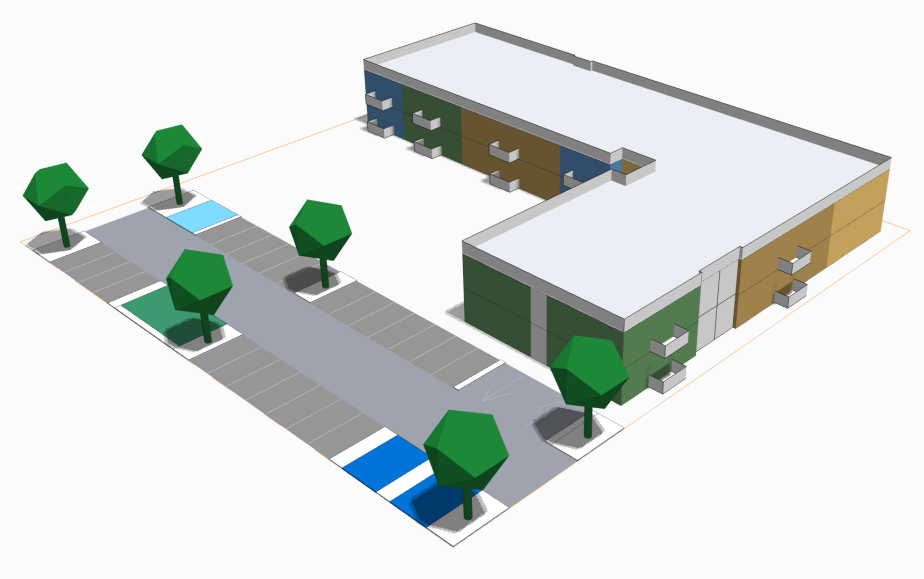


Figure 2. 3-Story Apartments Prototype

Density (du/ac)	40	Parking Ratio (spaces/du)	1.0	Building Height	3 stories
Avg. Unit Size (sf)	909	Lot Coverage	32%	Open Space	36%

Figure 3. 4-Story Apartments Prototype

Density (du/ac)	50	Parking Ratio (spaces/du)	1.0	Building Height	4 stories
Avg. Unit Size (sf)	937	Lot Coverage	33%	Open Space	25%

In addition to the physical logic of allowing higher densities in these zones, there are a number of other benefits to higher densities in these zones related to the City's housing policy goals:

- Reduce disincentives to build smaller units. If additional floor area could physically fit on a site while meeting other development standards, but the number of units on the site has reached the maximum density limit, then developers will often choose to build larger units. If adding more units is not an option, then it may generate higher returns to build larger units, which may rent/sell at higher rates. Alternatively, if adding more units is an option, then developers may choose to economize on the size of units (build smaller) in order to fit more units within the density maximum. This does not necessarily mean the units will have fewer bedrooms or not be suitable for families. These smaller units can be more affordable to low- or moderate-income households.
- Realize the housing benefits that can result from lower parking ratios. The state Climate-Friendly & Equitable Communities (CFEC) rules led the City to eliminate minimum parking requirements for all uses citywide. Developers will determine, and provide, the amount of parking they think is appropriate for their project. If developers choose to provide less parking than has been historically provided in Hillsboro, then that site area can be used for additional housing units. However, the current maximum density regulations would limit the number of units that could be added in lieu of those parking stalls. Raising these maximum densities will enable developments more flexibility to add more units if they provide less parking.
- Improve economic feasibility of market-rate housing at lower rents/prices. As described in the *Impact on Housing Production, Choice, and Affordability* section below, increased densities can raise the economic feasibility of market-rate housing by allowing the fixed costs of development to be spread across more units. It can also attract developers who have thresholds for the minimum size of a project they are willing to invest in.
- Improve economic feasibility of income-restricted affordable housing. In addition to enabling more market-rate developments to be feasible at lower prices/rents, allowing higher densities can enable more income-restricted affordable housing projects to be viable. These projects are financed from a variety of sources and there is often a gap between the amount of funding available and development cost. Higher densities can help to fill that gap.
- Reduce disparities in allowed densities between middle housing and multiple-dwelling structures. One consequence of the City's implementation of House Bill 2001 (2019) is that middle housing types may be permitted at equivalent or higher densities in the single-detached and middle housing zones as those types are permitted in the multi-dwelling zones. In other cases, such as the MR-1 zone, middle housing types may be able to develop at higher densities than multiple-dwelling structures within the same zone. These disparities may create incentives to build middle housing types rather than larger apartment buildings, despite the potential cost savings of buildings with more attached units. By increasing the maximum densities for multiple-dwelling structures, the City can provide more flexibility on building form at equivalent density levels.

Description of Code Concept

There are two recommended options for allowing for higher densities in the multi-dwelling zones. These options are presented below and the relative advantages and disadvantages of each are discussed.

Option A: Increase Maximum Density

Under this option, the City would increase the maximum densities in the six identified multi-dwelling zones (MR-1, MR-2, MR-3, SCR-DNC, SCR-MD, SCR-HD). Preliminary recommendations for the increased maximum density for each zone are provided in Table 2 and detailed below. These recommendations are based on the site impact modeling conducted for this audit, observations of developments of a similar scale in other jurisdictions, and considerations for consistency with other CDC regulations.

- MR-1 and SCR-DNC. A max density of 25-30 units per net acre is recommended in order to ensure the density is at least equivalent to the density that is effectively allowed for middle housing. Townhouses are permitted at up to 25 units per net acre and quadplexes built at the minimum lot size of 7,000 square feet is equivalent to nearly 25 units per net acre. This change would reduce a barrier to development while also allowing for equivalent densities for different building forms.
- MR-2 and SCR-MD. A max density of 30-35 units per net acre is recommended. This is consistent with current approach to allow higher densities than MR-1/SCR-DNC. This density level is common for 3-story apartments with surface parking, although higher densities could be achievable if a relatively low parking ratio is provided (less than 1 space per unit).
- MR-3. A max density of 35-45 units per net acre is recommended. If the maximum height of this zone is increased to 4 or 5 stories (see Concept 1.2.2 below), then a maximum density of 45 units per acre would be more consistent.

- SCR-HD: A max density of 45-50 units per net acre is recommended. A site with a 5-story apartment building and surface parking of 1 space per unit will often exceed densities of 30 units per net acre.

Table 2. Recommended Max Densities, Multi-Dwelling Zones

Zone	Current Max Density (du/na)	Recommended Max Density Range (du/na)	Current Max Building Height
MR-1	16	25-30	2 ½ stories or 35 feet, whichever is less
MR-2	21.25	30-35	3 stories or 40 feet, whichever is less
MR-3	28.75	35-45	3 stories (up to 5 stories with Planning Commission approval)
SCR-DNC*	14-23[1]	25	2 ½ stories or 35 feet, whichever is less[3]
SCR-MD	23[2]	30-35	3 stories
SCR-HD	30[2]	45-50	5 stories
* This zone is single detached and middle housing residential zone but allows for multi-dwelling housing			

These maximum density recommendations are preliminary. Further study and calibration are recommended in order to ensure they are aligned with the full range of City's policy goals, as discussed in the *Implementation Considerations* section.

If the City implements increases to maximum densities, then there will be a wider range of densities permitted in these districts. At the scale of multi-story development, often with stacked units, providing this flexibility is consistent with the City's housing production goals. Building at the densities that are

recommended in Table 2 would necessitate stacked units (not townhouse-style units), smaller average unit sizes than may be common in the market today, and lower parking ratios than are conventional today. Some developers may view these development program decisions as too risky or incompatible with a housing product they believe is in greatest demand on that site. By allowing higher maximum densities but not increasing minimum densities, the CDC will provide more flexibility to respond to market demand as it varies across these zones.

No changes are recommended to the minimum densities in these zones. Increasing the minimum density runs the risk of resulting in very few ownership housing developments occurring in these zones. Medium density/middle housing products like townhomes are much more likely to satisfy the need for ownership housing than higher density housing types, due to legal risks associated with condominium construction.

Option B: Replace Maximum Density with a Maximum Floor Area Ratio

As an alternative to increasing maximum density, the City may consider replacing current maximum density regulations with maximum Floor Area Ratio (FAR) regulations. FAR is the ratio of the building's gross floor area to the net lot/site area. The advantage of this approach is that it allows the City to continue to regulate the intensity and scale of development such as height, in concert with other form-based standards like setbacks and lot coverage but does not directly regulate the number of units on the site. As a result, a maximum FAR can provide more flexibility for developers to respond to market demand in the design of the project, especially in regard to the size and configuration of the units.

In other words, a max FAR sets a maximum envelope (amount of floor area) within which the building(s) must fit but provides flexibility for how many units fill up that envelope. Conversely, a maximum density standard regulates the number of units on the site but does not directly regulate the building envelope or total floor area. Therefore, a maximum density standard is more likely to inadvertently distort the decisions of a developer because it is often calibrated based on an assumed or conventional unit size and parking ratio. If that developer chooses to design a project with different unit sizes and parking ratios, the maximum density standard may unnecessarily prohibit that design.

The CDC uses FAR in some commercial zones today in order to ensure an efficient use of land in those zones. A definition of FAR and rules or measurement are provided in the code. Figure 4 provides a useful illustration of how FAR is measured and how different building envelopes can fit within the same FAR level. The City of Portland replaced maximum density with maximum FAR in all multi-dwelling zones as part of the Better Housing by Design project in 2019.[2]

If the City chooses to implement a max FAR, Table 3 provides preliminary FAR levels recommended for the six multi-dwelling zones. These recommended max FARs are based on the site impact modeling conducted for this audit and standards from comparable zones in other jurisdictions. Further study and calibration of these FAR regulations are recommended. Specifically, it is recommended that they City study the FAR levels of previously approved multi-dwelling developments in the City in order to calibrate the FAR based on observed developments with known densities, parking ratios, and unit sizes.

[2] For more information, see: https://www.portland.gov/bps/planning/news/2019/12/19/city-council-votes-adopt-better-housing-design

Figure 4. Example of FAR Measurement

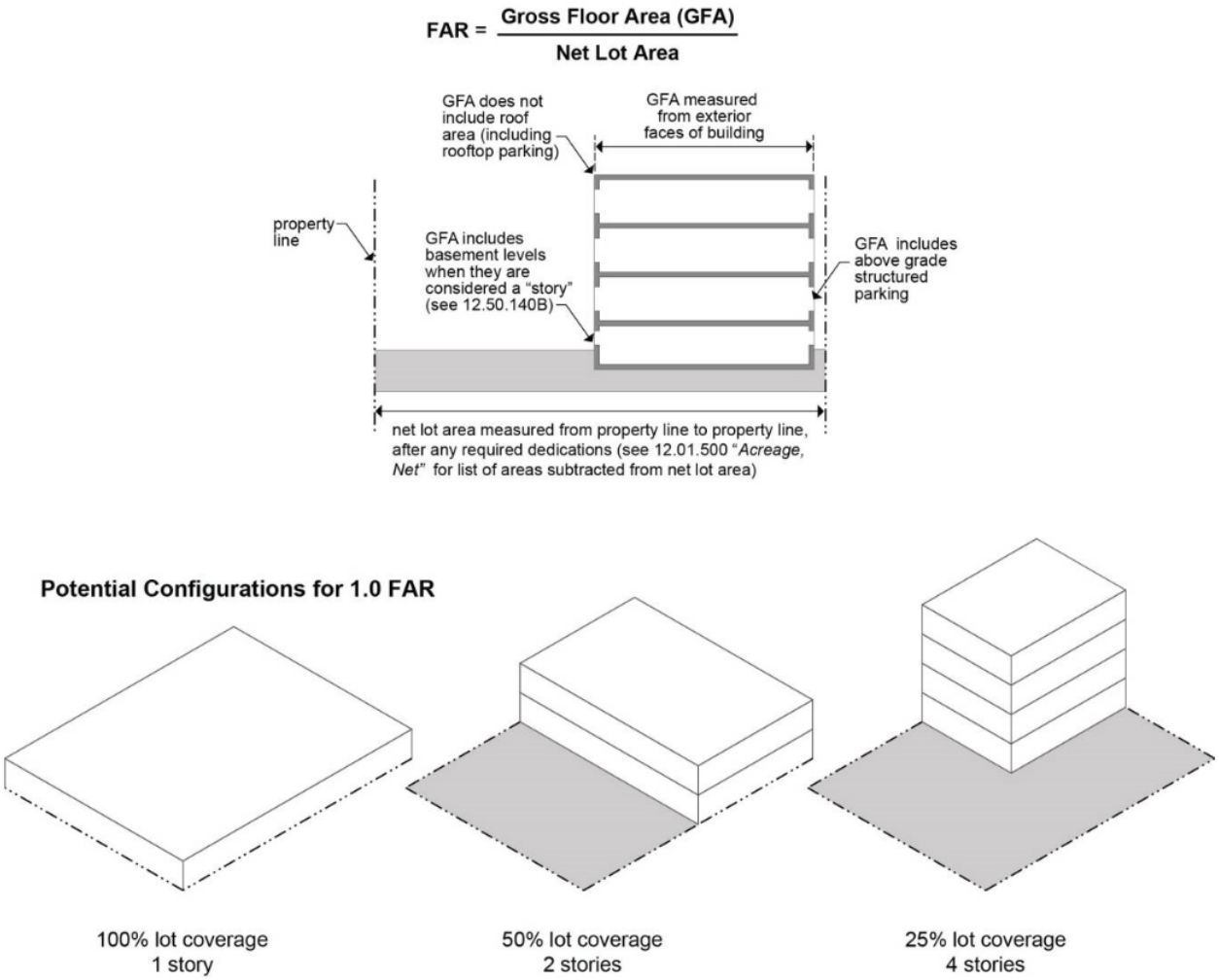


Table 3. Recommended Max FAR Standards, Multi-Dwelling Zones

Zone	Current Max Density (du/na)	Recommended Max FAR Range	Current Max Building Height
MR-1	16	0.7 – 1.0	2 ½ stories or 35 feet, whichever is less
MR-2	21.25	1.0 – 1.2	3 stories or 40 feet, whichever is less
MR-3	28.75	1.2 – 1.5	3 stories (up to 5 stories with Planning Commission approval)
SCR-DNC*	14-23[1]	0.7 – 1.0	2 ½ stories or 35 feet, whichever is less[3]
SCR-MD	23[2]	1.2 – 1.5	3 stories
SCR-HD	30[2]	2.5 - 3.0	5 stories
* This zone is single detached and middle housing residential zone but allows for multi-dwelling housing			

If the City implements a max FAR, it is recommended that the City continue to apply the current minimum density standard. A minimum FAR standard would not achieve the same outcome as minimum density as it may be possible to meet the standard at a relatively low density but with very large units. Additionally, the City is required to implement a minimum density as part of the Metro Urban Growth Management Functional Plan.

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: High

Relative to other code changes outlined in this report, this code concept is expected to have a high impact on housing production, choice, and affordability. Increasing maximum density directly impacts the number of units that can be produced on each site, the economic feasibility of development, and the potential affordability of the units.

Quantified Impact

Financial pro-forma models were created to estimate the impact of this code change on a typical multi-dwelling development in Hillsboro. The pro-forma used estimates of local market rents/prices, construction costs, land costs, System Development Charges, and other costs of development. More information on the assumptions of these pro-forma models is provided in Appendix 1.

If maximum density is increased at a similar level as recommended in Table 2, the minimum feasible rent[3] needed in that development would decrease by between 3.5% to 8%, depending on the zone. This reduction is made possible by the economies of scale achieved by spreading the fixed cost of land over more units. This change would also result in the number of units produced on each site increasing by between 1.3-1.6 times the number of units permitted today under current maximum densities.

If no maximum density is applied in these zones, but other standards such as height, setbacks, and lot coverage, remain the same, then the achievable density would be approximately 2-3 times the current maximum density. This would translate into a reduction of between 10-15% in the minimum feasible rent for a typical development. In some cases, the minimum feasible rent that was modeled increased when density or maximum height was increased. This is attributable to increased construction costs that were assumed if the building moved from 3 to 4 stories in height or the density was only achievable with a structured parking on the first level, which increases construction costs.

Implementation Considerations

It is recommended that the City consider and address the following factors and issues when implementing this code concept:

- Infrastructure sufficiency. Allowing for higher densities could place pressure on existing infrastructure systems in the City, including sewer, water, stormwater, and transportation. Further evaluation of these increases in allowable densities is recommended to ensure that any impacts to infrastructure systems are feasible to mitigate.

[3] Minimum rent level needed to achieve a 10% Internal Rate of Return (IRR).

- Consistency with the Comprehensive Plan. The Hillsboro Comprehensive Plan sets density ranges of each land use designation. In some cases, these recommended maximum densities could exceed the density ranges established by the plan. It may be necessary to amend the Comprehensive Plan in concert with the CDC to ensure consistency between the plan and land use regulations, as required by state law.
- Quality of open space requirements. As maximum densities increase, it is possible that less open space will be provided on-site than would otherwise be provided if the maximum density were lower. It is recommended that the City audit the existing Usable Open Space requirements (Sec. 12.50.210) in concert with this change to ensure they will meet minimum standards for livable, high-quality development.

Table 4. Pro-Forma Impact Modeling Results, Multi-Dwelling Zones, Half-Acre Site

Test ID	Test Version	Density (units / ac)	# of Units	Height (Stories)	FAR	Unit Size (Avg.)	Parking Stalls	Parking Ratio (Stalls/Unit)	Market Rent	IRR @ Market Return[4]	Minimum Feasible Rent[5]	Renter Min Income[6]	Renter Min AMI[7]
MR1-Existing	Existing Code	15.2	7	2.5	0.3	785	7	1.00	$1,953	6.6%	$2,404	$96,142	82%
MR1-1	Density Increase	24.0	11	2.5	0.5	785	11	1.00	$1,953	8.0%	$2,207	$88,298	76%
MR1-2	No Max Density	52.3	24	2.5	1.1	785	24	1.00	$1,953	9.3%	$2,036	$81,453	70%
MR1-3	Density Increase + 1 Story	25.0	11	3	0.5	785	11	1.00	$1,953	8.0%	$2,207	$88,293	76%
MR2-Existing	Existing Code	21.8	10	3	0.5	785	10	1.00	$1,953	7.7%	$2,239	$89,579	77%
MR2-1	Density Increase	30.5	14	3	0.7	785	14	1.00	$1,953	8.5%	$2,130	$85,207	73%
MR2-2	No Max Density	56.6	26	3	1.2	785	26	1.00	$1,953	9.4%	$2,024	$80,941	69%
MR2-3	Density Increase + 1 Story	30.5	14	4	0.7	785	14	1.00	$1,953	5.4%	$2,584	$103,367	88%
MR3-Existing	Existing Code	28.3	13	3	0.6	785	13	1.00	$1,953	8.4%	$2,149	$85,974	74%
MR3-1	Density Increase	39.2	18	3	0.8	785	18	1.00	$1,953	9.0%	$2,074	$82,956	71%
MR3-2	No Max Density + 1 Story	61.0	28	4	1.3	785	28	1.00	$1,953	6.2%	$2,463	$98,521	84%
MR3-3	Density Increase + 1 Story	39.2	18	4	0.8	785	18	1.00	$1,953	5.8%	$2,526	$101,023	86%
SCR-MD-Existing	Existing Code	23.0	11	3	0.5	785	8	0.73	$1,953	8.2%	$2,183	$87,301	75%
SCR-MD-1	Density Increase	30.5	14	3	0.7	785	11	0.79	$1,953	8.7%	$2,106	$84,231	72%
SCR-MD-2	No Max Density	63.2	29	3	1.3	785	22	0.76	$1,953	9.8%	$1,972	$78,888	67%
SCR-MD-3	No Max Density + 1 Story	69.7	32	4	1.5	785	24	0.75	$1,953	6.5%	$2,419	$96,772	83%
SCR-HD-Existing	Existing Code	30.5	14	3	0.7	785	11	0.79	$1,953	8.7%	$2,106	$84,231	72%
SCR-HD-1	Density Increase	50.1	23	3	1.1	785	17	0.74	$1,953	9.4%	$2,018	$80,722	69%
SCR-HD-2	No Max Density	113.3	52	5	3.0	785	39	0.75	$1,953	2.6%	$3,097	$123,880	106%
SCR-HD-3	No Max Density + 1 Story	113.3	52	6	1.7	785	28	0.54	$1,953	3.0%	$3,015	$120,581	103%

[4] Internal Rate of Return (IRR) if development achieves market rents. Generally accepted targets for attractive private market investment are 10-12%.
[5] Minimum rent level needed to achieve a 10% IRR.
[6] Renter minimum income (annual) needed to afford minimum feasible rent, plus utilities. Affordability is defined as spending less than 30% of income on monthly housing costs.
[7] Area Median Income (AMI) level based on 2024 HUD Median Family Income for Portland-Vancouver-Hillsboro, OR-WA MSA of $116,900.

CDC Concept 1.2.2: Increase maximum height in certain multi-dwelling zones

Analysis and Findings

Maximum building height limits in some multi-dwelling zones may limit flexibility for how to use site area or require more complex building forms in order to achieve maximum permitted densities. In most cases, maximum density is the binding regulation on the number of units that can be developed on a site. However, allowing for increased heights in some zones may improve the feasibility that the increased densities recommended under Concept 1.2.1 will be achievable and provide more flexibility to design around site constraints, parking needs, and open space.

Description of Code Concept

Preliminary recommendations for increases in maximum building height are summarized in Table 5.

- MR-1 and SCR-DNC. It is recommended to allow a full 3 stories in these zones in lieu of the current limit of 2.5 stories. Constructing a half-story usually requires a more complex building design and may not be necessary to ensure compatibility with lower density housing in these zones.
- MR-3. It is recommended to allow a full 4 stories in this zone without Planning Commission approval. This is the only zone that implements the Residential Mid-Rise Density Comprehensive Plan Designation. The zone allows for 4-5 stories today, but subject to Planning Commission approval through a Type III procedure. This is a discretionary review process that presents risk and uncertainty to prospective developers. To provide more opportunities for housing at higher densities through an administrative review process, it is recommended to allow a full 4 stories in this zone but continue to require Planning Commission approval for up to 5 stories.

Table 5. Current and Recommended Max Height, Multi-Dwelling Zones

Zone	Current Max Building Height	Recommended Max Building Height
MR-1	2 ½ stories or 35 feet, whichever is less	3 stories or 35 feet, whichever is less
MR-2	3 stories or 40 feet, whichever is less	(no change)
MR-3	3 stories (up to 5 stories with Planning Commission approval)	4 stories (up to 5 stories with Planning Commission approval)
SCR-DNC*	2 ½ stories or 35 feet, whichever is less[3]	3 stories or 35 feet, whichever is less
SCR-MD	3 stories	(no change)
SCR-HD	5 stories	(no change)
* This zone is single detached and middle housing residential zone but allows for multi-dwelling housing		

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Medium

As discussed, related to maximum densities in Concept 1.2.2, the primary limitation of increased housing production in the multi-dwelling zones is the maximum density regulations. This concept to increase height in certain zones will complement and support that change, but it will not independently have a major impact on the City's housing goals.

Implementation Considerations

Height step downs on side yards. The MR-2 and MR-3 zones require a larger side yard depending on the height of the building. This "height step down" along the side yard can have a significant impact on the buildable area on the site and the flexibility for site design. It is recommended that the City consider removing these requirements or only applying them to buildings 4 stories or taller.

Evaluation of other zone standards. Staff should analyze the effect of the height increases in these zones, particularly MR-1 and SCR-DNC, on other code elements including fire access. Residential buildings over 30 feet in height carry additional fire code requirements and there may be a need to examine setbacks to ensure the buildings are able to meet distance requirements for fire access.

HPS Action 1.3: Increase Housing in Commercial and Mixed-Use Zones

Overview of Audit Findings

This HPS Action aims to provide more flexibility for housing in the mixed-use and commercial zones. Housing is allowed in most of the commercial and mixed-use zones in the CDC, but there are a variety of limitations on the amount and type of housing that can be proposed. Some zones limit housing to upper stories, some allow housing on the ground floor only in certain locations, and some zones require housing to be part of a mixed-use development with a minimum amount of commercial space. Maximum density limits in mixed use and commercial zones vary widely from as low as 11 du/ac to no limit on density.

There are 15 commercial and mixed-use zones that currently permit housing in some form:

- MU-N Mixed-Use - Neighborhood
- MU-C Mixed-Use - Commercial
- MU-VTC Mixed-Use - Village Town Center
- UC-RM Urban Center - Residential Medium Density
- UC-MU Urban Center - Mixed-Use Urban Density
- UC-AC Urban Center - Activity Center
- UC-NC Urban Center - Neighborhood Center
- UC-OR Urban Center - Office/Research
- UC-RP Urban Center - Research Park
- C-N Commercial - Neighborhood
- C-G Commercial - General
- SCR-V Station Community Residential - Village
- SCC-DT Station Community Commercial-Downtown
- SCC-SC Station Community Commercial-Station Commercial
- SCC-MM Station Community Commercial-Multi-Modal

The limitations placed on housing and maximum density for each zone is listed in Table 6. Some of these zones are only located in one plan district, such as the Amberglen, Downtown, or South Hillsboro Plan Districts. The limitations on residential uses in these instances were often conceived as part of a comprehensive planning process for that district. In the case of the commercial zones (C-N and C-G), the limitation on residential uses is consistent with one purpose of these zones, which is to ensure a sufficient supply of commercial land to meet the long-term employment needs of the City.

However, there remain opportunities to recalibrate and refine these limitations on housing. Market demand for brick-and-mortar commercial spaces has weakened consistently over the last decade due to macroeconomic changes. The cost of construction continues to rise, and commercial space is more costly to build than residential space. The density limitations in some of these zones may not be aligned with current market realities, household sizes, and parking needs. Lastly, some of these zones are located in areas that have excellent proximity to transit, parks, commercial services, and other amenities that would support more climate-friendly transportation choices.

Table 6. Regulation of Housing in Commercial and Mixed-Use Zones

Zone	Limitations on Residential Uses	Maximum Density
MU-N Mixed-Use - Neighborhood	None, most housing types permitted	11-24 du/ac depending on street classification
MU-C Mixed-Use - Commercial	At least 60% of street level street frontage on arterial and collector streets shall be constructed for occupancy by active uses	None
MU-VTC Mixed-Use - Village Town Center	None, most housing types permitted	None, except maximum dwelling units limited in cumulative for subareas within South Hillsboro (Table 12.24.360-2)
UC-RM Urban Center - Residential Medium Density	None, most housing types permitted	43 du/na
UC-MU Urban Center - Mixed-Use Urban Density	None, most housing types permitted	None
UC-AC Urban Center - Activity Center	Dwelling units are not permitted on the ground floor of any primary street frontage entirely or partly within a Retail Focus Frontage Area	None
UC-NC Urban Center - Neighborhood Center	Dwelling units are not permitted on the ground floor of any primary street frontage within a Retail Focus Frontage Area	None
UC-OR Urban Center - Office/Research	Dwelling units are not permitted on the ground floor of any primary street frontage within a Retail Focus Frontage Area	None
UC-RP Urban Center - Research Park	Dwelling units are not permitted on the ground floor of any primary street frontage within a Retail Focus Frontage Area	None
C-N Commercial - Neighborhood	Limited to upper stories	24 du/na
C-G Commercial - General	Limited to upper stories	24 du/na
SCR-V Station Community Residential - Village	Multiple-dwelling structures permitted, except if within 200 feet of High Capacity Transit (HCT) station site and over 25 units per net acre, then must include at least 10% of the ground floor (up to 5,000 sq. ft.) as retail or office commercial uses	• No max density if < 1,300 feet from LRT station • 60 du/na if 1,301–2,600 feet from an LRT station • 45 du /na if > 2,600 feet from an LRT station
SCC-DT Station Community Commercial-Downtown	Allows triplex, quadplex, and multiple-dwelling structures. Duplexes and townhouses limited to Residential Compatibility Areas.	• 36 du/na within Residential Compatibility Area • 90 du/na outside Residential Compatibility Area
SCC-SC Station Community Commercial-Station Commercial	Multiple-dwelling structures permitted, except if within 200 feet of High Capacity Transit (HCT) station site and over 25 units per net acre, then must include at least 10% of the ground floor (up to 5,000 sq. ft.) as retail or office commercial uses	• 36 du/na if free-standing, within 1300' of an LRT station • 30 du/na if free-standing, beyond 1300' from an LRT station • No max density for Mixed-Use Buildings
SCC-MM Station Community Commercial-Multi-Modal	None, most housing types permitted	30 du/na

CDC Concept 1.3.1: Recalibrate limitations on housing in Mixed Use, Urban Center, and Station Community Commercial zones

Analysis and Findings

As inventoried in Table 6, most of the Mixed Use (MU-), Urban Center (UC-) and Station Community Commercial (SCC-) zones allow for most housing types but often include special limitations on housing in certain locations or on certain types of streets. The purpose of these regulations is generally to either ensure that certain streets include more "active" uses that contribute to a more interesting pedestrian environment or to promote convenient access to commercial uses in locations near transit or on streets with higher traffic volumes.

In all cases, these regulations allow for housing as part of a mixed-use building that also includes a commercial use. Vertical mixed-use development is an ideal building form in many contexts. However, there are two major factors contributing that make mixed use development more complex, risky, and less likely to be proposed than a free-standing (single use) residential building:

- Construction Costs. Commercial uses often require podium-style construction to accommodate the wider support spans typical of ground-floor commercial uses. Per the International Building Code (IBC), residential construction up to five stories can be achieved through relatively cost-effective wood-frame construction. If a commercial component is added, this typically changes the construction type to a wood frame over podium which substantially increases costs. In addition, ground floor commercial uses in mixed-use buildings require more intensive fire blocking and sprinklers, as well as more complex HVAC systems.
- Macroeconomic Factors. Office and retail uses have faced underlying headwinds since before the COVID-19 pandemic. The rise of e-commerce as well as changing consumer behavior have both impacted the demand for brick-and-mortar retail space. Demand for office space has also declined as many industries have embraced remote work. Many retail markets have experienced stagnant lease rates and an increasing inventory of vacant space for much of the last two decades. These factors translate to relatively low lease rates and high vacancies for commercial space despite its relatively high cost to construct within a mixed-use building.

Given these factors and the City's focus on removing barriers to housing production, it is recommended to reconsider existing limitations on housing in the MU-, UC-, and SCC- zones.

Description of Code Concept

There are three types of locational restrictions on housing in the MU-, UC-, and SCC- zones today:

- The MU-C zone only permits 40% of the ground floor of buildings to be used as dwellings on collector and arterial streets. The MU-C zone is mapped to a small area near the core of the Witch Hazel Village plan area. Some of these sites remain undeveloped.
- Four of the Urban Center zones (UC-AC, UC-NC, UC-OR, and UC-RP) completely prohibit ground floor housing on Retail Focus Frontage Areas (specific street frontages in the Amberglen Plan District).

- The SCC-SC and SCR-V zones require at least 10% of the ground floor (up to 5,000 sq. ft.) to be retail or office commercial uses if the site is within 200 feet of a HCT station and is proposed for development at over 25 units per acre.

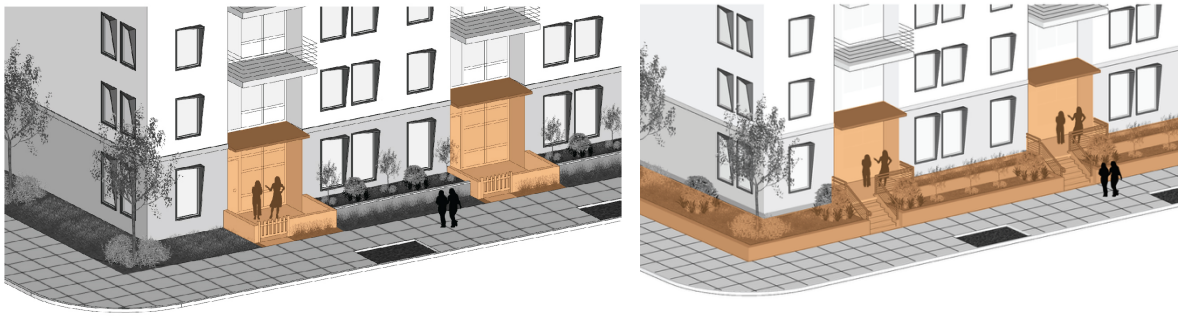
In all of these cases, it is recommended that the City reevaluate the requirement to include commercial uses with a residential development on the following basis:

- Policy Priority. Does it remain a policy priority for these specific areas to be developed with commercial uses on the ground floor? Does that policy goal outweigh the policy goal to facilitate housing production?
- Market Feasibility. Are the locations (street types, specific frontages, etc.) where these regulations require ground floor commercial uses well-suited for new commercial space? In many cases, commercial uses are required in locations that are not viable for many types of commercial uses, especially the types of commercial uses that are most suitable to be on the ground floor of a mixed-use building, such as retail, restaurants, and personal services. These uses require high visibility from either vehicular or pedestrian traffic.

If requiring commercial uses is no longer a policy priority in any of these locations, then it is recommended to allow freestanding residential buildings, while continuing to apply minimum density standards to ensure an efficient use of land. If there are concerns about how ground floor residential units will contribute to an interesting and active streetscape, then consider applying design standards that can mitigate this issue. The following are two examples of design standards for ground floor housing that are intended to contribute to an active streetscape:

- Beaverton's Downtown Design District requires ground floor units to have individual entries and those entries must follow one of several established entry types which will enhance the pedestrian experience (Figure 5).
- The CFEC Walkable Design Standards Model Code recommends a similar type of standard, but rather than requiring the entries meet specific typologies, it requires any entry to accommodate a minimum of two design features from a list of options, which includes a private patio, a small tree, a raised planter, and a low wall.

Figure 5. Example of Residential Ground Floor Design Standard Options, Beaverton



If requiring commercial uses remains a policy priority but there are uncertainties about the market feasibility of including commercial uses in that location, then it is recommended to consider code

changes that may lessen the barrier presented by that regulation. Below are three options for how the regulation could be modified to mitigate the negative impact on housing production:

- Redefine the locational restriction. Consider narrowing the area where ground floor commercial uses are required by limiting it to certain street frontages where commercial uses may be more market feasible. This approach would ensure some commercial uses are provided on that street/within that subarea but allow more flexibility for residential in other areas.
- Reduce the amount of ground floor commercial space that is required. The MU-C zone requires 60% of the street frontage to be occupied with commercial uses and the four Urban Center zones require the entire ground floor to be commercial spaces. In some instances, it may be feasible to provide a small commercial space on a portion of the ground floor if the remainder of the ground floor can be housing. The requirement of the SCC-SC and SCR-V zones is a useful model of this type of requirement. It requires 10% of the ground floor to be commercial, with a flat maximum cap of requiring no more than 5,000 square feet.
- Require "commercial-ready" spaces but allow those spaces to be used for housing. Some cities have elected to regulate the design of the ground floor spaces to ensure that it could be used for commercial spaces without significant renovations but not regulate the use of that space. These design standards typically require taller ceiling heights and horizontal occupancy separation that meets the building code.[8]

The best approach from the options above may depend on the specific zones, the policy priority for requiring commercial uses in that location, and the market feasibility of commercial space.

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Medium

The code concepts outlined above can create opportunities for housing production in locations where it may not be market-feasible today. However, the Mixed Use and Urban Center zones currently permit freestanding housing development in many locations, so the relative impact of lessening some of the ground floor commercial use requirements may not be as great as other code concepts outlined in this report.

Implementation Considerations

It is recommended that the City consider and address the following factors and issues when implementing this code concept:

- Consistency with the Comprehensive Plan and Community Plans. Prior to amending any of these commercial use requirements, it is recommended to evaluate any applicable goals and policies of the Comprehensive Plan or specific Community Plans. Those goals and policies may need to be amended to be consistent with the preferred regulatory approach. In some cases, it may be appropriate to engage with stakeholders and conduct community outreach to solicit input on the policy tradeoffs associated with the change.

[8] For an example, see City of Bend Development Code: https://bend.municipal.codes/BDC/2.7.3245

- Commercial Market Study. It may be beneficial to conduct a study of the demand for commercial/retail spaces in the locations where these requirements apply in order to assess the market feasibility of commercial uses in these locations.

CDC Concept 1.3.2: Enable standalone residential in some locations in the Commercial General and Commercial Neighborhood zones

Analysis and Findings

Unlike zones addressed above, the C-G Commercial-General and C-N Commercial Neighborhood zones do not allow freestanding residential buildings in any locations in the zone. Residential uses are limited exclusively to the upper stories of a mixed-use building. For the reasons described above, vertical mixed-use development is often not market-feasible and less likely to be developed than freestanding residential buildings.

The C-G and C-N zones are mapped widely throughout the City, especially the C-G zone. The C-G zone is mapped to substantial portions of the frontage of Tualatin-Valley Highway, a large area west of downtown Hillsboro, several large areas off NE Cornell Road, and the northern end of NE 185th Ave near Highway 26. The C-N zone is mapped to smaller pockets of commercial areas throughout the City.

The City's 2021 Economic Opportunities Analysis estimated there are approximately 25.8 acres of net buildable land in the C-G zone and 0.3 acres in the C-N zone. This estimate does not include sites that may be candidates for redevelopment. Therefore, there is a substantial untapped opportunity for additional housing production in these zones. As addressed below under *Implementation Considerations*, if the City chooses to lessen restrictions on housing development in these zones, then it must also address how the City will ensure there remains a sufficient supply of commercial/employment land as required by Statewide Planning Goal 9 and associated administrative rules. There are feasible strategies for striking this balance.

Description of Code Concept

It is recommended that the approach to lessening restrictions on residential uses in the C-G and C-N zones begin by identifying if there are areas or street frontages within these zones that meet the two criteria described above in relation to the Mixed Use and Urban Center zones (1) Policy Priority and (2) Market Feasibility. In short, are there locations within these zones where requiring commercial uses with housing is no longer a policy priority and are there locations where commercial uses may be less market-feasible?

Given that these zones are mapped widely throughout the City, the macroeconomic environment for commercial space has changed dramatically in the last 20 years, and the high priority placed on new housing supply, it is reasonable to assume that at least some locations in these zones may be appropriate and suitable for freestanding residential development. It is possible the City may conclude that most locations in these zones would be suitable and appropriate for freestanding residential development.

If the City elects to limit residential uses within specific subareas or street frontages in these zones, then that will likely require establishing a new overlay zone.[9] It may be possible to implement that concept using a map that is embedded in each zone that identifies the specific street frontages (similar to the Retail Focus Frontage Areas in the Amberglen Plan District) or a textual amendment that describes the locational criteria.

In the areas where the City chooses to continue to require some form of commercial use on the ground floor, it is recommended that the City consider one of the two strategies identified above in order to lessen the barrier that regulation presents to housing development:

1. Reduce the amount of ground floor commercial space that is required.
2. Require "commercial-ready" spaces but allow those spaces to be used for housing.

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: High

The C-G and C-N zones are mapped widely throughout the City and there is a substantial supply of buildable land in these zones. There may also be significant potential for redevelopment of older commercial uses into vertical mixed-use development or freestanding housing. The current regulation requiring the entire ground floor to be commercial uses is a major barrier to housing production.

Implementation Considerations

It is recommended that the City consider and address the following factors and issues when implementing this code concept:

- **Consistency with the Comprehensive Plan and Community Plans.** Prior to amending any of these commercial use requirements, it is recommended to evaluate any applicable goals and policies of the Comprehensive Plan or specific Community Plans.
- **Consistency with Goal 9 (Economic Development).** Prior to removing restrictions on housing in these zones, the City will need to evaluate if the code change would conflict with Goal 9 obligations to plan for a sufficient supply of land for commercial and employment uses. There are several reasons why allowing more housing in commercial zones may not present a conflict with Goal 9, but more research and analysis will be necessary once a specific code change proposal is developed in order to ensure a sufficient factual basis for the change. Some preliminary reasons why this change may not conflict with Goal 9 are:
    - There may be a surplus of land available for the types of commercial uses that are permitted in the C-G and C-N zones.
    - The City may limit freestanding housing development to sites that are being redeveloped. These sites are not included in the City's Buildable Land Inventory (BLI) that is designated to satisfy commercial land needs and redevelopment with new commercial uses may not be market feasible.

[9] For an example of an overlay zone that requires ground floor commercial uses where the base zone would otherwise not required it, see the City of Portland's Centers Main Streets Overlay Zone. Note that the City elected to temporarily suspend the ground floor active use requirement until 2029 as part of the Housing Regulatory Relief project.

- The City may choose to require commercial-ready spaces so that new buildings could satisfy the need for commercial space at some point in the lifespan of the building, even if they are used for residential spaces today.
- The City allows for residential uses in only a portion of the commercial zones and in areas where commercial spaces are not viable.

CDC Concept 1.3.3: Raise max density and building height in some mixed use and commercial zones

Analysis and Findings

Similar to the findings above in relation to the multi-dwelling zones, there are several mixed use and commercial zones that have maximum densities that may be unnecessarily restrictive and limiting housing production, choice, and affordability. To summarize, increasing maximum density can have the following benefits:

- Reduce disincentives to build smaller units.
- Realize the housing benefits that can result from lower parking ratios.
- Improve economic feasibility of market-rate housing at lower rents/prices
- Improve economic feasibility of income-restricted affordable housing.
- Reduce disparities in allowed densities between middle housing and multiple-dwelling structures.

These benefits apply similarly in the commercial and mixed-use zones as the multi-dwelling zones. In some cases, the maximum density allowed in these zones is in greater misalignment with other development standards in those zones. In other words, it would be possible to include more units within a building/on a site while meeting all other physical development standards, but for the maximum density standard.

Description of Code Concept

Similar to the multi-dwelling zones, the City can choose to address this barrier by increasing the maximum density or by replacing the maximum density with a maximum FAR regulation. See Concept 1.2.1 for more discussion of the relative advantages of each approach.

In some zones, adjustments to maximum heights are recommended in order to align with the currently permitted maximum densities or allow more flexibility for building design. If the City elects to replace maximum density with a maximum FAR regulation in the multi-dwelling zones, it is recommended to apply the same approach to the commercial and mixed-use zones. Maximum FAR recommendations are not provided in this section because they are dependent on whether the City removes ground floor commercial requirements and/or allows increased height in these zones.

Table 7 provides preliminary recommended maximum density standards for each commercial and mixed-use zone. If a zone is not included in this table, then a maximum density standard currently does not apply, or the maximum density was not found to be a potential barrier to housing development.

More information and rationale for the recommended increases the maximum density and height and are provided below:

- MU-N Mixed-Use – Neighborhood. This zone allows for middle housing types, which must be allowed by state law at densities equivalent to about 25 u/na, but limits other housing types to 11-24 du/na depending on location. Given the allowance for middle housing, it would be more consistent to allow all types of housing to develop at a similar density.
- UC-RM Urban Center - Residential Medium Density. A minor adjustment in maximum density is recommended to align with densities that are possible at this scale with lower parking ratios and smaller units.
- C-N Commercial – Neighborhood. If housing is permitted on the ground floor in some locations in this zone, then it is recommended to allow full 3-story buildings and align with densities that are achievable at this scale (30-40 du/na).
- C-G Commercial – General. If housing is permitted on the ground floor in some locations in this zone, then it is recommended to allow full 4-story buildings and align with densities that are achievable at this scale (40-50 du/na). A 4-story residential building can be constructed entirely with simple wood frame construction, so this is an economical and efficient building form.
- SCR-V Station Community Residential – Village. It is recommended to allow a full 4 stories in this zone to align with the allowed maximum densities in this zone, which are relatively high. Additionally, it is recommended to reevaluate the need to limit density more strictly on sites that are further from an LRT station.
- SCC-DT Station Community Commercial-Downtown. These density and height regulations are generally well-aligned, but it is recommended to allow a full 3 stories or 35 feet in height in the small Residential Compatibility Area which currently limits height to 30 feet.
- SCC-SC Station Community Commercial-Station Commercial. It is recommended to increase maximum density to align with densities achievable under the 75-foot height limit and to allow that higher density in all locations in the zone.
- SCC-MM Station Community Commercial-Multi-Modal. It is recommended to increase max density to align with densities that are achievable under the 50-foot height limit.

Table 7. Maximum Height and Density Recommendations, Commercial and Mixed-Use Zones

Zone	Current Max Height	Recommended Max Height	Current Max Density	Recommended Max Density
MU-N Mixed-Use - Neighborhood	45 feet	45 feet	11-24 du/ac depending on street classification	25-30 du/na
UC-RM Urban Center - Residential Medium Density	55 feet	55 feet	43 du/na	50 du/na
C-N Commercial - Neighborhood	35 feet or 2½ stories, whichever is less	40 feet or 3 stories, whichever is less	24 du/na	30-40 du/na
C-G Commercial - General	35 feet	50 feet or 4 stories, whichever is less	24 du/na	40-50 du/na
SCR-V Station Community Residential - Village	3 stories	4 stories	• No max density if < 1,300 feet from LRT station • 60 du/na if 1,301–2,600 feet from an LRT station • 45 du /na if > 2,600 feet from an LRT station	• No max density if < 1,300 feet from LRT station • 60 du/na in all other locations
SCC-DT Station Community Commercial-Downtown	30-75 feet depending on location in zone (see Figure 12.61.400-D)	Allow for 35 feet or 3 stories where currently limited to 30 feet.	• 36 du/na within Residential Compatibility Area • 90 du/na outside Residential Compatibility Area	• 36 du/na within Residential Compatibility Area • 90 du/na outside Residential Compatibility Area
SCC-SC Station Community Commercial-Station Commercial	75 feet	75 feet	• 36 du/na if free-standing, within 1300' of an LRT station • 30 du/na if free-standing, beyond 1300' from an LRT station • No max density for Mixed-Use Buildings	• 50 du/na in all locations • No max density for Mixed-Use Buildings
SCC-MM Station Community Commercial-Multi-Modal	50 feet	50 feet	30 du/na	40-50 du/na

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Medium

The code changes outlined under this concept will directly impact the number of units that can be built on any site. However, the existing densities in some of these zones are already relatively high. Additionally, achieving the increased maximum densities may require smaller average unit sizes than may be common in the market today, and lower parking ratios than are conventional today. Some developers may view these development program decisions as too risky or incompatible with a housing product they believe is in greatest demand on that site.

Implementation Considerations

The same implementation considerations related to increasing maximum densities apply in the commercial and mixed-use zones as apply in the multi-dwelling zones (See Concept 1.2.1).

Separately, the CDC currently allows for increased density and height for qualifying affordable housing projects in these zones, consistent with SB 8 (2021) (Sec. 12.40.107). The amount of the density and height bonus depends on the density of the base zone. If density is increased, the amount of the bonus may change (it varies from 125%-200%). The City may consider whether the amount of the density bonus remains sufficient to support the needs of affordable housing development and, if not, consider additional bonuses as allowed by SB 8. Additionally, the City should consider if the additional height bonus for affordable housing would allow for projects that are incompatible in scale with surrounding buildings in that zone.

HPS Action 1.4 Refine Middle Housing Development Standards

Overview of Audit Findings

This HPS Action aims to recalibrate standards to proactively encourage middle housing types in residential zones. The CDC complies with state requirements to allow middle housing types in all zones that allow single-detached dwellings. However, there remain some barriers to developing middle housing and, in many zones, larger and more expensive single-detached dwellings may often be more attractive to build. The barriers identified include limitations of the development of duplexes, triplexes, and fourplexes, lack of flexibility in the middle housing land division process, and limitations on ADUs.

Why are changes to development standards applying to single-detached dwellings not recommended?

The development standards that apply to single-detached dwellings in the Single-Detached and Middle Housing zones were evaluated and no changes are recommended because they were not found to be a major barrier to housing production, choice, and affordability. Common standards are addressed below:

- Minimum Lot Size: Existing minimum lot sizes are generally aligned with the maximum density in the zone. Reducing minimum lot size would not allow for additional units in most cases due to the maximum density. Concept 1.4.1 to allow detached units in a duplex, triplex, or quadplex will enable detached houses on smaller lots, in concert with the Middle Housing Land Division process.
- Maximum Density: Maximum density is the primary basis for differences across these zones. Middle housing types can exceed or are not subject to maximum densities, providing options for a wider variety of housing product types.
- Maximum Building Height: All zones permit 2.5 stories, which is sufficient for a variety of single-detached and middle housing product types.

Modifications to minimum setbacks and maximum lot coverage may facilitate middle housing development. See the "Implementation Considerations" under Concept 1.4.1 for further discussion.

CDC Concept 1.4.1: Provide more flexibility on whether middle housing units are attached or detached

Analysis and Findings

The CDC defines duplex, triplex, and quadplex housing types as attached units.

- Duplex. A residential structure containing two dwelling units attached on a common wall, floor or ceiling. Both units of a duplex must be built on a single lot or parcel or attached on a common wall and located on two child lots created through a middle housing land division.
- Triplex. A residential structure containing three dwelling units attached on a common wall, floor or ceiling. All three units of a triplex must be built on a single lot or parcel or attached on a common wall and located on three child lots created through a middle housing land division.
- Quadplex. A residential structure containing four dwelling units attached on a common wall, floor or ceiling. All four units of a quadplex must be built on a single lot or parcel or attached on a common wall and located on four child lots created through a middle housing land division.

The CDC defines cottage cluster as being limited only to detached units:

- Cottage Cluster. A grouping of no fewer than four detached dwelling units per net acre sharing a common courtyard. Units may be located on a single lot of parcels, or on individual lots or parcels following a middle housing land division.[10]

While these housing types are conventionally conceived as attached (plexes) or detached (cottages), requiring the units to take that form does limit flexibility for developers to respond to market preferences, site constraints, and building code complications. In the case of plexes, there are several reasons why allowing for the units to be detached could provide more flexibility:

- Less complex building code requirements. Detached units are not subject to the same firewall and sprinkler requirements that some types of attached plexes must meet.
- Site planning flexibility. Allowing for detached units makes it easier and more cost-effective to site the buildings in response to environmental constraints or even existing structures. In some cases, it may improve the likelihood that existing mature trees are preserved.
- Could encourage development of more homeownership units. Developers report that potential homebuyers often prefer detached units for a variety of reasons. Developers may be more willing to building middle housing as affordable starter home products if the units could be detached.

In the case of cottage clusters, there may be situations in which it would be advantageous for some of the units to be attached, including to make more efficient use of site area, improve energy efficiency, or facilitate multi-generational living arrangements.

[10] Note: The definition of a cottage cluster under state law is limited to detached units. However, pending legislation in the 2025 session (HB 2138) may modify this definition to allow attached units.

Description of Code Concept

The City defines duplexes as "a residential structure containing two dwelling units attached on a common wall, floor or ceiling." This definition, and the definitions for triplexes and quadplexes, should be expanded to allow for attached or detached units, or remove the reference to attached and list any configuration. The following definitions are examples of other jurisdictions' approach to allowing detached duplexes:

- City of Bend: Duplex means *two dwelling units on one lot or parcel. For permitting purposes, units may be attached vertically or horizontally or detached.*
- City of Beaverton: *Duplex means two dwelling units total on a single lot in any configuration.*

The City could choose to include additional regulations for detached plexes to reduce potential barriers and ensure there is proper separation between units. Two jurisdictions, for example, have additional regulations for detached plexes:

- The City of Bend requires detached units to be separated by a minimum of six feet as measured between the building footprints of detached units.
- The City of Eugene provides exemptions from certain standards for detached units which are not visible from the street.

To allow for attached cottages in a cottage cluster, the definition of a cottage in the CDC would need to be amended to clarify that the cottage may be detached or attached. The design and development standards for cottage clusters (Sec. 12.50.715E) would need to be amended so that references to "cottage" are generally replaced with "cottage unit" and the maximum building footprint is applied to each cottage unit, rather than each detached cottage.[11]

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Medium

This change has potential to attract more developers to build middle housing units. Middle housing units are more likely to be affordable to moderate or even lower income residents than single-detached units on larger lots and provide a housing option that is less common in the market today. However, the market demand and developer willingness to invest in middle housing is less well-established than traditional single-detached subdivisions, so it is unclear if this change will stimulate significant new housing production.

Implementation Considerations

It is recommended that the City consider and address the following factors and issues when implementing this code concept:

- HB 2138 (2025). The passage of HB 2138 in the 2025 Oregon Legislative Session impacts the state requirements that apply to middle housing, including detached plexes and attached

[11] The City of Milwaukie currently permits attached cottages. See: https://ecode360.com/43867912

cottage clusters. It is recommended that the City monitor subsequent rulemaking prior to drafting code amendments.

- Minimum Setbacks and Maximum Lot Coverage in Single-Detached and Middle Housing Zones. In some Single-Detached and Middle Housing Zones, deep minimum setbacks or relatively low lot coverage could complicate or pose obstacles to developing middle housing. These standards may be met by adjusting the project design or programming smaller units. However, this may result in housing products that are less marketable or attractive to build. While implementing the code change to allow for detached units, it is recommended that the City conduct further analysis of these standards and engage with potential middle housing developers to identify if changes are needed. Front or rear setbacks greater than 10-15 feet and maximum lot coverage lower than 50% should be evaluated. If there is concern about modifying these standards for all types of housing, the standards could only apply to middle housing.

CDC Concept 1.4.2: Allow concurrent review of Middle Housing Land Divisions and building permits

Analysis and Findings

The Middle Housing Land Divisions (MHLD) process (12.80.099) requires the design of the entire development project to be finalized and approved prior to the land division. The intent of this requirement is to ensure that the project meets all middle housing development standards prior to the lots being created. This prevents a challenge for developers because they need to wait to submit their MHLD until the building permit is reviewed and approved. The time delay in sequencing these two applications can be significant and may even deter some developers from pursuing a MHLD or building middle housing.

Description of Code Concept

Currently, the City requires an approved building permit before applying for a Middle Housing Land Division (12.80.099.D.1.a.). By allowing for a concurrent process, it can help to incentivize Middle Housing Land Division (MHLD) projects and meaningfully reduces review time for middle housing projects.

For example, the City of Portland allows the building permit to be under review when a developer or builder applies for a Middle Housing Land Division process. Alternatively, the City of Bend allows an application to be submitted with a conceptual site plan but no building permit if the units in the MHLD are detached from each other.

The City of Portland's process requires the submittal of a building permit application to precede the MHLD application submittal. Once the first building permit review has taken place, then an applicant can submit a MHLD application. Figure 6. City of Portland Building Permit and MHLD

Figure 6. City of Portland Building Permit and MHLD Process

City of Portland's Process

1. Building Permit Application Submitted
2. Building Permit Checksheet Issued
3. MHLD Application Submitted
4. MHLD Completeness Review

Check for Permit Alignment

5. MHLD Deemed Complete
6. Building Permit Issued
7. Inspections
8. MHLD Final Plat Review

Process illustrates the City's process for both the building permit application and MHLD application process.

Alternatively, the City of Bend allows for a Middle Housing Land Division at any point during the process. The City allows a middle housing land division application to be submitted when:

- The parent site is developed with middle housing;
- The parent site has an active building permit to construct middle housing;
- The application is being reviewed concurrently with a building permit application for construction of middle housing; or
- The application is being reviewed with a site plan for proposed detached middle housing with a series of site plan requirement.

These concurrent review processes will require more coordination between staff reviewing the MHLD and building permit. However, the time savings from a concurrent process may provide substantial benefits in terms of housing production.

Figure 7. City of Bend's Site Plan Requirements for MHLD

City of Bend's Site Plan Requirements

MHLD applications being reviewed with a site plan for proposed detached middle housing must include the following to identify the buildable area for each resulting lot or parcel:

1. Existing and proposed easements.
2. Percent of lot coverage allocated for each child lot or parcels.
3. Setback dimensions for all existing and proposed buildings.
4. Six-foot separation between buildable areas (if units are detached)

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Medium

Relative to other code concepts in this report, this change will not directly allow for more units on a site or significantly enhance the economic feasibility of housing development. However, it will reduce some "soft costs" associated with middle housing development and may contribute towards greater adoption of for-sale middle housing units.

Implementation Considerations

Coordination between building permit reviewers and planning staff will be necessary to implement this process change.

CDC Concept 1.4.3: Allow for two Accessory Dwelling Units (ADUs) on a single lot

Analysis and Findings

Accessory Dwelling Units (ADUs) can provide a relatively low-impact strategy to increase density and provide homeowners with additional housing options for family members or rental income. The CDC allows for one ADU on every legal lot for a single detached dwelling or townhouse and subjects ADUs to limitations on size, placement, and design. In general, these standards are reasonable regulations and not found to be unnecessary barriers to building an ADU. However, there may be opportunities to further incentivize the development of ADUs.

Description of Code Concept

To create more opportunities for ADU development, the City could allow for up to two (2) ADUs on any lot with a single-detached dwelling or townhouse. There are several situations in which this provision may create more opportunities for ADU development:

- An internal space (such as a basement or attic) can be converted to an ADU while a detached ADU could be sited in a rear or side year.
- A large residential lot with a small home could have space for two detached ADUs in a rear yard.
- A smaller lot with an existing house could accommodate two ADUs, but that lot would not meet the minimum lot size for a triplex (assuming that the site could be classified as a detached triplex under Concept 1.4.1).

Most of the current regulations that apply to a single ADU could be maintained but some may require adjustments or clarifications. Importantly, it is recommended to maintain the size limit on both ADUs because this is the key distinguishing feature between a house with an ADU(s) and a duplex or triplex. Additionally, limiting the size of an ADU will limit its impact on neighboring properties, whether due to smaller household sizes in the ADU or more compatible scale/intensity of development.

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Low

There are a limited range of situations where a property owner would be likely to propose two ADUs on a lot. However, providing the flexibility to allow for this outcome in the CDC would provide contribute toward diversifying housing options.

Implementation Considerations

In the course of implementing this concept, it is recommended that the City consider adjustments to the following standards that apply to ADUs:

- Allow the cumulative size of both ADUs to exceed the current limit of 50% of the size of the primary dwelling (12.40.100D.5)
- Allow for ADUs that are exempt from base zone side and rear setbacks (and allowed to be within 3 feet of side/rear lot lines) to be larger than 450 square feet (12.40.100D.7.c.i)
- Provide flexibility for ADUs to be located in front of the front building plane of the primary dwelling in certain circumstances where it is infeasible to place the ADU behind the main dwelling and the ADU meets certain design standards (12.40.100.D.7.b.)

HPS Action 1.5: Streamline Design Standards

Overview of Audit Findings

This HPS Action aims to reduce the cost of development while continuing to achieve urban design goals. Some of the Design Standards for All Residential Development (12.50.710) and other similar design standards in certain plan districts may impose unnecessary costs on housing development. This may occur if the standard requires the construction being more expensive, such as minimum glazing standards. Other standards may limit design options or require more expensive construction techniques.

CDC Concept 1.5.1: Scale design standards by housing type and broaden acceptable treatments

Analysis and Findings

Multiple stakeholders from the development community identified the residential design standards in the CDC as contributing to the higher cost of development and preventing housing product designs that would otherwise meet market demand and preferences while contributing positively to community character. The residential design standards have been modified over time to ensure they meet requirements for clear and objective standards (ORS 197A.400). In some instances, it is possible that a design standard was modified to be more clear and objective, but inadvertently the standard was made to be unnecessarily prescriptive and inflexible. In other cases, specific Plan Districts have established design standards that go further than base residential design standards in an effort to encourage high-quality, pedestrian-friendly, neighborhoods.

The design standards were reviewed as part of this code audit and evaluated for their potential to raise the cost of residential construction and limit flexibility for a diversity of housing products and preferences. In general, the standards were not found to be abnormally prescriptive compared to other jurisdictions in the Metro region. However, there are certain standards that may benefit from refinement and modification to ensure they do not inadvertently present barriers to housing production.

Description of Code Concept

The overall concept for streamlining the design standards is to refine and then continually evaluate the design standards as follows:

1. Refine a targeted set of design standards that appear to cause the most challenges for developers to implement. These recommended refinements are provided in Table 8.
2. Monitor requests for adjustments to the design standards (either as Major Adjustment under 12.80.156 or as a state-mandated adjustment under SB 1537).

3. If the design standards that were refined continue be the subject to requests for adjustments, consider either (a) further modifications of the standard or (b) establishing an alternative set of discretionary design guidelines that run parallel to the design standards.

The purpose of this incremental change process is to ensure that the City is being responsive to feedback from the development community, while not unnecessarily loosening standards that contribute to the quality of place and community character that is important to the City.

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Low

If some of the recommend adjustments are successful in lowering the cost of construction and providing more flexibility, it could facilitate developers choosing to invest in housing development in Hillsboro over alternative locations and, in some cases, could result in more units being produced due to cost savings. However, these impacts are not certain to occur due to these modifications and design standards overall are not a primary driver of housing underproduction.

Implementation Considerations

It is recommended that the City consider and address the following factors and issues when implementing this code concept:

- Consider commissioning a more in-depth and quantitative study on the impact of the City's design standards on the cost of construction. There is limited research available on this issue and independent study specific to the City's design standards would help the City make more informed decisions when weighing the costs and benefits of the standards.
- Manufactured dwellings that are located outside of manufactured dwelling projects must adhere to the same standards that would apply to a single detached dwelling in that zone (12.40.190.C.5). This would include that manufactured homes would need to meet the same Design Standards for All Residential Developments that are applied to single-detached dwellings. Some of these standards, particularly standards related to articulation and detailed design, would be difficult to meet as manufactured dwellings cannot always be customized and modified. Consider developing design standards specific to manufactured dwellings or exempt manufactured dwellings from the Design Standards for All Residential Developments (12.50.710).
- The passage of SB 974 in the 2025 Oregon Legislative Session may impact the types of design standards that can apply to certain residential developments. It is recommended that the City evaluate how this will impact the application of design standards to residential development prior to drafting code changes.

Table 8. Recommended Adjustments to Design Standards

Existing Design Standard	Assessment and Recommendation
Windows (for all Residential Development). Requires at least 15% of the area of each façade facing a street or open space, and 20% of the ground floor facing those two features must be glazing or entry doors with glazing insets. (12.50.710.C.2.)	The 20% ground floor glazing requirement is relatively high compared to other jurisdictions. This may be more challenging to meet on small single-detached houses with relatively small façade areas that must also include doors, garage doors, trim, etc. Consider scaling down to 10-15% for single-detached houses or any front facades below a certain area.
Articulation (for all Residential Development). Requires residential dwelling structures on facades that face a street or open space to incorporate a minimum of four elements from a list of options that break up facades into smaller planes (12.50.710.C.4.)	This requirement may be more difficult to meet on houses or middle housing units that have relatively small front façade areas, especially if a front-loading garage is provided. Consider reducing the number of elements that must be provided for smaller facades or reducing the dimensional requirements of each element to make it more feasible to fit multiple elements on a small façade.
Detailed Design Standards (for Residential Development). Requires residential dwelling structures on facades that face a street or open space to incorporate a minimum of nine detailed design elements from a list of options (12.50.710.C.5.)	Similar to the Articulation requirement above, these standards may be more difficult to meet on houses or middle housing units that have relatively small front façade areas. Consider scaling down the number of elements that are required for smaller facades.
Articulation and Detailed Design Elements (for Cottage Clusters). Requires cottages within 20' of a street property line to meet some of the articulation and design elements in 12.50.710.C and requires the façade of each cottage facing the common courtyard to include some of those elements. (12.50.715.E.12.)	If the base Articulation and Detailed Design requirements are scaled down, then consider if modifications are needed to this standard to ensure consistency.
Roofs. (Multiple-Dwelling Residential). Requires roofs be no flatter than 4/12 pitch unless the roof top is usable as a deck or balcony and has a maximum area of 150 sq. ft., or if the roof has a 2-part cornice with prescribed heights or meets alternative standards (12.50.720.C.2.)	Developers of multiple-dwelling structures indicated that this standard limited options for more modern designs of apartment buildings. Consider broadening the different treatments that are allowed as an alternative to a pitched roof under 12.50.720C.2.d to allow a wider variety of architectural design approaches while ensuring consistency with the intent of the standard.
Ground Floor Windows in Residential Development in a Mixed-Use Zone. Requires 50% of the length and 50% of the area of the ground level of multi-dwelling structures to have windows or doorways. For townhomes, 20% of the ground level wall area shall have windows or doorways. (12.50.830.D.)	A minimum of 50% window area on the ground floor of a dwelling is relatively high and may not be effective in encouraging an active and interesting streetscape, as residents often cover windows that are placed close to the street. Consider scaling down this standard to 25-40% and supplementing it with standards that requiring individual unit entries and frontage treatments (See Code Concept 1.3.1)
Ground Floor Windows on Active Use Streets in Downtown Plan District. Requires building façades facing an Active Use Street to have windows for at least 70% of the length and 50% of the ground level wall area. (12.61.400G).	Where this standard may apply to ground floor residential, the same recommendation as above related to mixed use zones.
Windows in South Hillsboro Plan District. Requires minimum window areas on front, side, and rear elevations for all residential development. The minimum area requirement varies by housing type, whether a garage is present, whether the building is multi-story, and the direction the elevation faces (12.65.710D.2 and 2.65.720D.3)	These window area requirements are more prescriptive than the general standard that applies outside South Hillsboro. If the general standard is modified as recommended above, consider modifying this standard accordingly. Consider reducing or eliminating window area requirements on side or rear elevations that do not face a street.

HPS Action 1.6: User-Friendly Code

Overview of Audit Findings

This HPS Action aims to reduce uncertainty and time costs associated with using the code. The CDC is a complex set of regulations that often requires applicants a substantial amount of time to navigate and identify applicable regulations. There may be an opportunity to simplify the user-experience of the code by streamlining the number of zones/plan districts/overlays and taking other steps to reduce the complexity of the CDC. This project can also allow the City to identify and resolve any redundancies, conflicts, or inconsistencies that may cause confusion or uncertainty.

CDC Concept 1.6.1: Develop a code streamlining strategy

Analysis and Findings

The CDC is a complex set of regulations that has been added to and modified over decades. The CDC includes 23 chapters and hundreds of sections across those chapters. Hillsboro has a long history of engaging in localized planning efforts (Community Plans), which result in Plan Districts that supplement, modify, and add to the base zone. Most of the Plan Districts also include site design, building design, public facility, and other regulations that supersede or supplement the base standards that apply citywide. There are also a number of Overlay Zones and a relatively high number of base zones. The Plan Districts have separate design standards that supersede the design standards for all residential development. Many plan districts contain design standards that go above and beyond the design standards for all residential development. In some cases, these standards may be redundant or unnecessarily more stringent.

While this regulatory complexity is not uncommon for a large, high-growth community such as Hillsboro, there are substantial benefits that can be gained from modernizing, streamlining, and simplifying the CDC. This can save time and money for applicants in finding applicable regulations; reduce staff time in training to understand the code; reduce staff time in applying the code to development applications; reduce barriers to entry for homeowners looking to build an ADU or smaller developers; reduce potential conflicts or needs for interpretations; and overall create more certainty and reduce perceived risk for the development community.

Description of Code Concept

Streamlining and simplifying the CDC may be a complex, time-intensive project that requires clear communications, input from a wide range of stakeholders, and potential for difficult policy decisions. Any regulations that are similar to each other but apply to different locations or uses, such as similar base zones or design standards that are similar across different Plan Districts and base zones, have the potential to be consolidated into a single regulation. However, in doing do, the City will need to make numerous decisions about which standard will apply: one of the current standards, a new standard that is roughly equivalent to both, or an entirely different standard that is more appropriate. Some of the

standards that are specific to a base zone or Plan District were developed to implement a Community Plan or other planning process, so the City will need to evaluate whether the regulatory change effectively changes the policy the regulation is intended to implement. It may be possible to simplify or consolidate some regulations in a manner that is "policy-neutral", but most streamlining will necessitate some form of a policy decision.

Given this complexity, it is recommended that the City develop a clear, achievable strategy for streamlining the code. The strategy should address the following questions:

- Will the streamlining project be combined with other policy-driven code amendments, such as those outlined in this report?
- What is the scope of CDC chapters, sections, zones, or plan districts that can feasibly be streamlined by the project?
- Which CDC chapters or sections are currently relatively easy to use and navigate and therefore focusing the streamlining effort on these chapters or sections would offer little return-on-investment?
- What can be modified about the way the CDC is presented and navigated in the eCode system in order to make it easier to use in addition to or in lieu of consolidation and streamlining?

The preliminary assessment of this audit is that the base zones and Plan Districts in the CDC present the greatest opportunity for consolidation and streamlining. The implementation of middle housing allowances has blurred the distinctions in density between many lower density zones. The Mixed Use and Urban Center zones are primarily the result of Community Planning efforts that have occurred serially over time. With each of those planning projects, efforts were made not to modify regulations that would apply outside the planning area; as a result, new zones were created to implement area-specific policies. The differences between some of these zones are relatively minor.

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Low

Relative to other code concepts in this report, this change will have a limited direct impact on housing production, choice, and affordability. However, if streamlining contributes to a more predictable development environment, it could contribute to attracting and retaining housing developers in the City.

Implementation Considerations

The City may consider implementing this goal in a phased manner over several years in order to leverage the most beneficial aspects of streamlining first, while not committing limited staff resources to streamlining efforts that are not as impactful.

HPS Action 1.7: Identify and Reduce Process Barriers

This HPS Action aims to streamline current development review processes and to provide greater certainty for housing developers. HPS Technical Advisory Committee members provided input indicating that some elements of the land use review and approval process can be time-consuming and add risk to the development process by pushing developers into discretionary reviews and negotiations. Implementation of Actions 1.4-1.6 has the potential to reduce several key process barriers, particularly if the City creates more clarity around the middle housing land division process, streamlines its design and/or overlay standards, and creates additional clear, objective, non-discretionary approval pathways for infill and multi-unit development. The action will seek to identify additional process barriers to eliminate, such as by consolidating and coordinating approvals and review by different departments, which was recommended by TAC members.

There are no specific code concepts recommended in this report to address HPS Action 1.7. As described in the HPS, it is likely that some of the process delays and requirements for discretionary reviews are downstream of issues with the substance of specific code regulations that are addressed by other concepts in this report. Specific examples include:

- Allowing for greater densities and building heights in certain zones, whether otherwise a Planned Unit Development or other Type III approval may be required.
- Creating a concurrent review process for a building permit and Middle Housing Land Division application.
- Allowing for more flexibility for detached or attached forms of middle housing may allow an alternative path to building certain forms of housing that would have historically required a PUD.
- Scaling and adjusting certain design standards may reduce the need for a Major Adjustment
- Clarifying the factors under which the City will grant an exception to the engineering Design & Construction Standards (D&CS), as described in Section 4.

There may also be evidence that recent code amendments have begun to reduce the need for discretionary reviews, such as the Housing Hillsboro amendments in 2022. According to City staff, there were 0 PUD applications in 2022, one in 2023, and two in 2024. Prior to this time, PUDs were required in several areas of the City and average PUD applications were higher (6-8 a year).

The process delays that do occur may relate to issues that cannot be addressed by amendments to the CDC, such as administrative resources or coordination with other local governments and service providers.

However, it is recommended that the City continue to monitor any requests for adjustments, variances, Planned Unit Developments, state-mandated SB 1537 adjustments, and other forms of regulatory relief. If there are standards that are routinely the subject of these applications, then this may indicate that standard is an ongoing barrier to housing production.

3. Statutory Compliance Review and Recommendations

A preliminary review for compliance with state statutes and administrative rules applicable to housing was conducted while reviewing the code for barriers to housing production and affordability. Table 9 summarizes whether the CDC is in compliance with the statute, if codification in the CDC is necessary. Statutes that may require amendments to ensure compliance are addressed following the table.

Table 9. Statutes, Requirements, and Findings

State Statute	Requirement	Finding
ORS 197A.420	Middle Housing	Complies
ORS 197.660 to 197.670	Residential Homes and Facilities	Complies
ORS 197.522	Requirement to Approve Needed Housing	Codification not required
ORS 227.175	Reduced Density or Height as Condition of Approval	Codification not required
ORS 197.195 and 197.015	Limited Land Use Decisions	Partially complies
ORS 90.112	Occupancy Limit Based on Familial Relationship	Complies
ORS 197.480	Manufactured Home Parks	Partially complies
ORS 197.493	Occupancy of Recreational Vehicles (RV)	Does not comply
ORS 197A.430	Single Room Occupancies (SRO)	Does not comply
ORS 197A.425	Accessory Dwelling Units	Complies
ORS 92.031	Middle Housing Land Divisions	Complies
ORS 197.478	Manufactured Homes	Complies
ORS 227.178	Opting-In to Amended Housing Regulations	Codification recommended
ORS 197A.445	Affordable Housing: General Siting Allowances	Partially complies
ORS 197A.460	Affordable Housing: Redevelopment of Commercial Land	Does not comply
ORS 197A.445	Affordable Housing: Density and Height Bonus	Complies
ORS 197A.470	Affordable Housing: Expedited Review	Complies
ORS 197A.400	Clear and Objective Standards for Needed Housing	Partially complies

Limited Land Use Decisions

ORS 197.195 requires cities to apply a limited land use decision procedure for tentative subdivisions, partitions, site design reviews, replats, property line adjustments, and the extension, alteration, or expansion of nonconforming uses. The CDC currently requires a Type III review for the expansion of a non-conforming uses (Table 12.70.020-1) and for subdivisions over a certain size or in specific zones (12.80.098.D.1). A Type III review is "quasi-judicial" decision process and not consistent with a limited land use decision procedure.

In Amberglen Plan District, a Pre-existing Structure or Use Expansion that expands the gross floor area by greater than 20% must be approved through a Type III (Table 12.70.020-1). While this requirement does not only apply specifically to non-conforming uses, it appears likely that many existing uses in this district would be non-conforming in some respect. Additionally, if the use was conforming but still required to follow Type III review procedure to expand the use, it may conflict with the ORS requirement that "site design review" applications be subject to limited land use decision procedures.

Subdivisions that are more than 5 acres, more than 20 lots, more than 20 dwelling units, in a light rail zone, or in a conservation zone are required to go through a Type III review (12.80.098.D.1). The state statute requires a Type II review regardless of the size or location of the subdivision. Applications that must be processed as a limited land use decision are limited to a notice radius of 100 feet by statute. The City may be able to expand the notice to a wider area than required, but the consultant team recommends seeking legal counsel to ensure this is admissible under the limited land use statute.

To comply with ORS 197.195, it is recommended to amend the CDC to establish a limited land use decision procedure (Type II) or a ministerial procedure (Type I) to expansion of a non-conforming use or structure generally and to expansion of pre-existing structure or use in the Amberglen Plan District and to all subdivision applications.

Manufactured Home Parks

ORS 197.480 requires cities to allow manufactured homes parks on sufficient lands to meet the following two requirements: (1) in zones that allow a residential density of 6-12 units per acre and (2) on sufficient land to meet the identified need for manufactured homes in the most recent Housing Needs Analysis (HNA). The projection of need must be based on both population projections/demographics and to accommodate the potential displacement of residents of current manufactured home parks. This means that if the City is to prohibit manufactured dwelling parks in any zone that allows for a density of 6-12 units per acre, then it must do so on the basis that there is sufficient land available to meet the need for manufactured dwelling parks.

Currently, Manufactured Dwelling Projects (12.40.180) are only allowed in MR-1 Multi-Dwelling Residential zone (12.40.180.C.1). The City's 2023 HNA bases the projected need for manufactured homes only on the projected population growth and demographic trends. It does not directly address how many manufactured dwellings in parks would be needed if existing residents were displaced due to redevelopment of an existing manufactured dwelling park. While the 2023 HNA found a sufficient supply of land for "medium density residential", of which manufactured homes are one housing type, it does not directly address the need for manufactured homes in parks.

The City can ensure compliance with this standard either by amending the HNA to more directly address how the need for manufactured dwelling parks is met with existing land supply or to expand the zones where manufactured dwelling parks are permitted to all those zones that allow a density range of 6-12 units per acre. The zones that allow a density range of 6-12 units per acre are R-6 through R-10 and SCR-OTC Station Community Residential - Orenco Townsite Conservation.

Single Room Occupancies

Cities must allow Single Room Occupancy (SRO) units in all residential zones (ORS 197A.430). An SRO is defined as a residential development with no fewer than four attached units that are independently rented and lockable and provide living and sleeping space for the exclusive use of an occupant but require that the occupant share sanitary or food preparation facilities (bathrooms or kitchens) with other units in the occupancy.

In zones that are primarily limited to single-family dwellings, the City must allow for up to 6 SRO units on each lot. In zones that allow for dwellings with five (5) or more units (corresponds to the CDC definition of multi-family dwelling), the City must allow for the same density of SRO units as would be permitted for a conventional multiple-dwelling structure.

The CDC does not have a definition for SRO and SRO is not a listed housing type. To comply with ORS 197A.420, the City could incorporate SROs into the Group Living use and allow them in all zones that allow single-detached dwellings. The City would need to add a definition for SRO.

It is also important to note that SRO requirements may be impacted by pending House Bill (HB) 2138, so it is recommended that the City monitor potential impacts of that legislation.

Occupancy of Recreational Vehicles (RVs)

ORS 197.493 requires cities to allow recreational vehicles to be occupied as a residential dwelling, with no time limit, in recreational vehicle parks and manufactured home parks, if the recreational vehicle is lawfully connected to water, electrical, and sewage disposal systems. In addition, if a manufactured home or single-family dwelling was made uninhabitable due to a natural disaster event, a recreational vehicle may be occupied on the lot without connection to utilities while rebuilding occurs.

The only use category in the CDC that addresses RV parks is Major Assembly Facilities. RV camping areas are permitted as an accessory use. The regulations of Sec. 12.40.180: Manufactured Dwelling Projects would prohibit the occupancy of RVs in manufactured home parks. To comply with ORS 197.493, the CDC will need to be amended to allow RVs to be occupied as a residential dwelling, with no time limit, in RV parks that are an accessory use to a Major Assembly Facility and manufactured home parks, if lawfully connected to water and electrical supply systems and a sewage disposal system.

Outside of the CDC, the City permits camping only in sanctioned campsites pursuant to Subchapter 9.44. This provision is consistent with ORS 197.493.

It is also recommended to amend the CDC to permit occupying an RV without connection to utilities where a manufactured home or single detached home was made uninhabitable due to damages from a natural disaster, until not later than the date:

- The dwelling has been repaired or replaced, and an occupancy permit has been issued;
- The local government makes a determination that the owner of the dwelling is unreasonably delaying in completing repairs or replacing the dwelling; or
- Twenty-four months after the date the dwelling first became uninhabitable.

Opting-In to Amended Housing Regulations

ORS 227.178 requires governing bodies to take final action on complete applications for permits, limited land use decisions, and zone changes within 120 days. If relevant new standards have been adopted by the city, an applicant may elect to have their application reviewed under these new standards after the application was submitted. This enables an applicant to apply a city's new development standards and criteria if they choose to, without withdrawing and resubmitting their application. If the applicant requests a different review process, the timeline resets as if a new application were submitted. Codification of this process is not required, but it is recommended for clarity to applicants.

Affordable Housing: General Siting Allowances

ORS 197A.445(1-8) requires cities to allow affordable housing outright, with no zone change or conditional use permit required, if it is located on a site that meets specific criteria, such as owned by a public body, religious non-profit, affordable housing non-profit; zoned commercial uses, religious assembly, or as public lands; converting an existing commercial building to affordable housing.

The CDC mostly complies with this statute but there are few areas that need to be updated in 12.40.107. The list of ownership entities of the housing must also include an affordable housing non-profit (12.40.107.A.1.b). Existing commercial buildings must also be allowed to be converted into affordable housing in this section, but it is unclear if this is permitted by the regulations of 12.40.107.A. Additionally, conversion of an existing commercial building to affordable housing must be exempt from SDC charges or a receive a reduction in SDC charges. Lastly, the affordability criteria (12.40.107.A.1.a) must be expanded to include a manufactured dwelling park affordable to households with incomes of 120% or less of AMI.

Affordable Housing: Redevelopment of Commercial Land

In addition to the provisions of ORS 197A.445, ORS 197A.460 requires cities to allow for redevelopment of an existing commercial use as affordable housing without regard to the ownership of the land or the development. The development must meet one of the following eligibility criteria:

- All units are affordable to families with incomes of 60% or less of AMI.
- Mixed use development with ground floor commercial and units affordable to families with moderate income (80-120% of AMI).

The City may limit this allowance only to redevelopment properties and prohibit it on vacant land, among other factors. A city may only apply standards of the residential zone that are most comparable in density to the commercial zone. The existing allowances for affordable housing in 12.40.107 are narrower than these allowances. Amendments to 12.40.107 are recommended to ensure consistency with both ORS 197A.445 and ORS 197A.460.

Clear and Objective Standards

ORS 197A.400 requires local governments to adopt clear and objective standards, conditions, and procedures when regulating the development of needed housing. "Needed housing" means housing by affordability level, type, characteristics and location that is necessary to accommodate the city's allocated housing need over the 20-year planning period in effect when the city's housing capacity is determined.

Jurisdictions cannot discourage needed housing through unreasonable cost or delay. This includes development standards such as setbacks and building height that apply to housing at the time of building permit, and land use application criteria that apply to partitions, subdivisions, and site plan reviews.

Cascadia Partners conducted a thorough review of the CDC to review all standards that apply to housing and evaluated the standards to determine if they were clear and objective. Table 10 identifies specific standards in the CDC that may need to be amended to comply with ORS 197A.400.

Table 10. Review for Clear and Objective Standards

CDC Chapter	Findings
12.01 General Provisions	No instances of non-compliance were identified
12.10 Use Categories	No instances of non-compliance were identified
12.21 Single Detached and Middle housing Residential Zones	No instances of non-compliance were identified
12.22 Multi-Dwelling Residential Zones	No instances of non-compliance were identified
12.23 Commercial Zones	12.23.220 - Improvement of existing dwellings require a conditional use permit (CUP). This is not clear and objective. However, the C-G zone was not identified in the City's BLI in the 2023 HNA; therefore, this CUP requirement may be allowable because a dwelling in the C-G zone is not needed housing under the HNA.
12.24 Mixed-Use and Urban Center Zones	No instances of non-compliance were identified
12.27 Overlay Zones	No instances of non-compliance were identified
12.40 Special Use Standards	No instances of non-compliance were identified
12.50 Development and Design Standards	• 12.50.210F.5 – Standards for when courtyards or rooftop courtyards, gardens and terraces may be counted as usable open space are not clear and objective. • 12.50.210.H – Minimum improvement standards for usable open space are not clear and objective. • 12.50.220.F - Landscaping design guidelines are not clear and objective, but compliance is "encouraged" for applicants. If these guidelines were implemented as requirements, it would conflict with clear and objective statute.

CDC Chapter	Findings
	• 12.50.360.D - Parking Structure Design in MU-C Zones contains vague language for design standards, which is not clear and objective • 12.50.420.D.6 – The minimum level of improvements requires for on-site pedestrian and bicycle circulation when they cross vehicle areas is not clear and objective. • 12.50.430.E.2 - Weather protection requirements for building entrances are not clear and objective. Minimum dimensions of weather protection elements are recommended. • 12.50.430.E.3 - Changes in facade includes range of options that are not clear and objective. Minimum dimensions to qualify as a "change in relief" are recommended. • 12.50.530.B.6 - Review Authority may condition development approvals on neighborhood routes to include traffic calming measures is not clear and objective, unless more specific criteria for when the measures are required and design standards for each measure are adopted in the TSP. • 15.50.820.F.4 - Entries to mixed-use buildings shall be 'clearly marked' is not clear and objective. Standards that apply to mixed use buildings that include residential units must be clear and objective. • 15.50.840.B - Architectural features required are not clear in the number or amount of features a project must include to meet this standard. Standards that apply to mixed use buildings that include residential units must be clear and objective.
12.60 Plan District Generally	No instances of non-compliance were identified
12.61 Downtown Plan District	12.61.400.G.5 - Weather protection requirements for building façades facing an Active Use Street "may be provided" is not clear. It is recommended to clarify if this standard is a requirement or simply a guideline.
12.62 Orenco Plan District	No instances of non-compliance were identified

12.64 Amberlen Plan District	• 12.64.220 – The following landscaping requirements in the Amberglen Plan District are not clear and objective:
	  ○ CPTED Guidelines (12.64.220.C)
	  ○ Landscaping area "mixture of…elements" (12.64.220.C)
	• 12.64.830.A.2 - Height transitions shall be accomplished through "gradual changes in building mass and height" is not clear and objective
	• 12.64.840.B.2 - Buildings shall be organized to create pedestrian-friendly spaces and streetscapes is not clear and objective
	• 12.64.860.B - Free-standing parking structures shall be designed to complement surrounding buildings is not clear and objective

12.65 South Hillsboro Plan District	• 12.65.220.E.2 - Landscaping area "mixture of…elements" is not clear and objective • 12.65.530.B - Active use street intersection requirements are not clear and

CDC Chapter	Findings
	objective. If this requirement was applied as a condition of approval for a residential development, then it would conflict with clear and objective statute. • 12.65.530.C.13 - Structured parking requirements contain vague language for design standards, which is not clear and objective. A free-standing parking structure that is associated with a residential building would be required to only be reviewed under clear and objective standards. • 12.65.850.D.2 - Minimum height at street corners contain vague language for design standards, which is not clear and objective
12.67 Witch Hazel Village Plan District	No instances of non-compliance were identified
12.68 Witch Hazel Village South Plan District	No instances of non-compliance were identified
12.70 Procedures	No instances of non-compliance were identified
12.80 Applications	No instances of non-compliance were identified

4. D&CS Audit and Concepts: Barriers to Housing

Overview of Audit Findings

Cascadia Partners and PBS Engineering reviewed the City of Hillsboro Design and Construction Standards (D&CS) to identify potential barriers to housing production, choice, and affordability. Overall, a limited number of D&CS provisions were identified as significant barriers to housing. The standards identified as potential barriers are as follows:

- City-Owned Easements (130.B.6). A 20-foot-wide permanent access and maintenance easement to benefit the City may be required in instances where City-owned infrastructure is inaccessible by way of the permanent easement. This wide of an easement may have a significant impact on the buildable land on smaller sites, but it is only required in certain circumstances.
- Neighborhood Route Section (Figure 210.3). The Neighborhood Route street cross section lane widths are relatively wide and potentially unnecessarily wider than the Local Road sections. This would result in additional construction costs and less buildable area for housing.
- Typical Sections – Half Street Improvements (210.2.B). This standard requires the reconstruction of any existing street section not meeting the required pavement design life. Many existing streets do not meet the pavement design life requirements of the D&CS but may otherwise meet the dimensional standards for that street section. Requiring these streets to be upgraded to meet higher design life standard can add costs to development and may present a barrier to smaller projects where frontage improvements are a higher share of overall costs.
- Standard Cul-de-sac and Eyebrow Corner (Figures 230.8 and 230.9). Requiring sidewalks and landscape strips on cul-de-sacs or eyebrow corners requires a substantial amount of space and there may be more efficient designs that continue to ensure pedestrian access.
- Horizontal Alignment (230.1.C). Requiring a tangent between reverse curves may be unnecessary on lower speed roads and limits flexibility where reverse curves can be used, especially on smaller sites that are constrained for space.
- Preapproved Street Lighting Materials (350.1.C., Appendix C). Preapproved streetlights help to provide certainty to developers about the standards, but engineers have stated difficulty in obtaining specific streetlights due to production backorder. This held up projects, which can have especially impactful issues with smaller developers.

After further discussion with City staff, nearly all of these standards were determined to be infeasible to modify substantially due to physical engineering constraints or legal issues, including those related to compliance with the Americans with Disabilities Act (ADA). City staff preferred to continue to allow for relief from these standards through the Design Standard Exception Requests process (Section 160) on a project-by-project basis. Therefore, two concepts are recommended related to Design Standard Exception Requests:

- D&CS Concept 1: Streamline and clarify the Design Standard Exception process
- D&CS Concept 2: Codify common Design Standard Exception Requests

Separately, a minor adjustment to the street cross section design for the Neighborhood Route street type is recommended in order to reduce total right-of-way width and construction costs.

- D&CS Concept 3: Reduce lane width for the Neighborhood Route cross-section

More details on these three recommended D&CS concepts are provided below.

D&CS Concept 1: Streamline and clarify the Design Standard Exception process

In lieu of major changes to D&CS standards, it is recommended that the City focus on improving the process for requesting site-specific exceptions to the standards. Currently, any deviation from the D&CS requires a Design Exception Request (Section 106.1.A). While this process allows applicants to seek exceptions that may be unique to the development, exceptions are approved at the discretion of the Public Works Director, which presents uncertainty and risk to an applicant and may have a "chilling effect" on the request for exceptions. If factors for approving an exception request were more clearly defined, it may result in more applicants requesting exceptions when compliance would otherwise present a barrier to housing development. Clear approval factors may also help to ensure fair and consistent responses to exception requests.

Under Section 106.1.A of the D&CS, applicants must submit a completed *Design Exception Request* form to request deviations from design standards. The form outlines elements that are eligible for exceptions, such as grade, sidewalk width, and lane width, and identifies those needing additional review via a PE stamp. It also requires a high-level description of how compliance with the standard impacts the project and the how proposed deviations remains consistent with the intent of the code standard, such as public safety or roadway performance.

However, neither the D&CS nor the form provides clear approval factors for granting exceptions, creating uncertainty and barriers to housing development. While the form offers some insight into the City's considerations, it lacks explicit factors to help applicants determine whether their request meets approval thresholds. To improve clarity, it is recommended that the City include approval factors in the D&CS and the design exception request form for housing development projects.

Examples of two factors for a design exception that consider both overall housing supply and affordable housing are:

- Economic Barrier to Housing Production: Meeting the standard would require substantial increase in cost that may impair economic viability of a housing development project. This criterion would require an applicant to demonstrate how a design standard(s) would impair the viability of a development project that includes housing units. Given the City's stated policy goals to stimulate housing production in order to address systemic housing shortages, this criterion could be only applied to housing projects. This factor could be weighted more heavily in an approval decision for affordable housing projects.
- Physical Constraint: If meeting the standard would reduce the number of housing units in a project, applicants must show how the standard limits unit production. An example would be that compliance with a physical standard would reduce the buildable area of a site to the extent that it limits that number of units below the maximum density of the zone.

Public Works staff acknowledged that affordable housing projects are weighted when reviewing exception requests due to the City's need for such housing. While this can be a weighted factor, approval factors should apply the City's policy goal to identify opportunities to increase overall housing production while ensuring public safety and needed public improvements. For example, while physical constraints may not always justify exceptions to design standards, the City's goal to increase housing production means that the extent to which a design standard limits achievable density should be a key consideration.

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Low

If factors for approving an exception request are more clearly defined, it may result in more applicants requesting exceptions for housing developments, which could result in more housing units being produced due to cost savings of receiving design exceptions. However, these impacts are not certain to occur because it is not a guarantee that a design exception request would be granted and could therefore impact the viability of a housing development project.

D&CS Concept 2: Codify common Design Standard Exception Requests

During the review of the D&CS, standards were identified that could pose barriers to housing production, either individually or collectively. Since design standards can directly impact housing affordability, re-evaluating and refining them could remove unintentional barriers to housing production. City staff expressed that addressing the standards that were found to be barriers may not be necessary because the design exception process is already in place. However, this approach may overlook opportunities to streamline common exceptions through codification. Recognizing these patterns and adjusting standards accordingly could make development more predictable and efficient while still upholding critical design and safety objectives. For example, the lighting standards were raised as an issue during stakeholder interviews, particularly the issue of certain lighting being backordered, but City staff stated that issue has been resolved. It should continue to be monitored if preapproved lighting materials are creating delays in housing developments due to backorder or other issues.

It is recommended the City review past design exception requests to identify common themes of requests. By proactively identifying these recurring exceptions, the city could introduce a more flexible range within the standards—such as defining an acceptable variation or establishing a lower threshold where reductions are frequently requested—while still maintaining the intent of the regulations.

Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Medium

Codifying common Design Standard Exceptions could encourage more housing development in Hillsboro by offering greater flexibility and potential cost savings compared to other jurisdictions. However, the impact depends on which standards are codified and to what extent.

D&CS Concept 3: Reduce lane width for the Neighborhood Route cross-section

The D&CS review identified that standards for the Neighborhood Route Section (Figure 210.3) in Section 210 could be modified to reduce potential barriers to housing development. Currently, the Neighborhood Route Section requires 60 feet of total right-of-way width and 12-foot-wide travel lane. It is recommended to reduce these requirements to match the Local Road Section (Figure 210.4), which would result in a 54-foot-wide right-of-way and 10-foot-wide travel lane. This would save 4 feet of right-of-way in the Neighborhood Route Section that would help to reduce development costs but would not have a direct negative impact on traffic flow or safety. Figures 210.3 and 210.4 from the D&CS are presented below for reference (Figure 8).

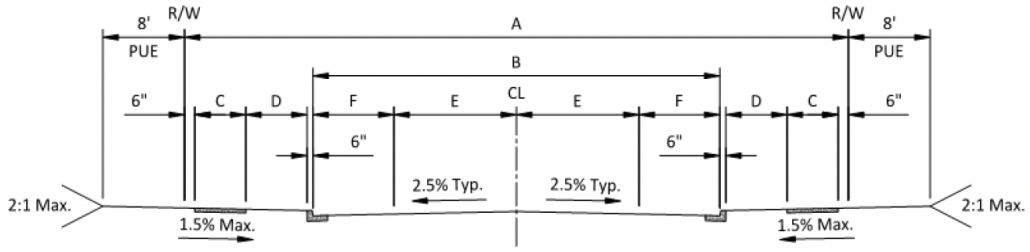
Impact on Housing Production, Choice, and Affordability

Relative Magnitude of Impact: Low

Reducing the width of Neighborhood Route streets may lower costs for projects on those street classifications, but it will have limited impact citywide. Broader cost reductions could be achieved if the City explores narrowing other street classifications, as well.

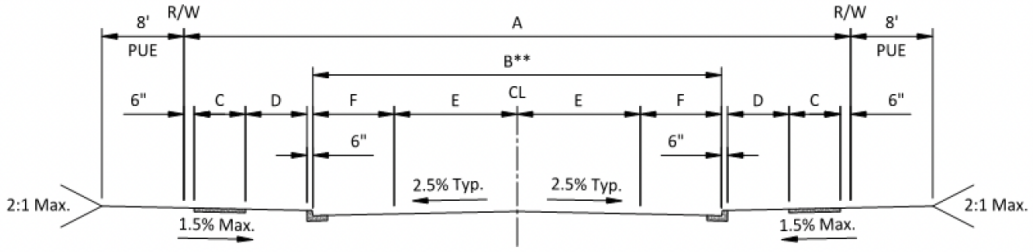
Figure 8. Neighborhood Route and Local Road Sections

Figure 210.3 – Neighborhood Route Section



Subcategory	Right-of-Way (A)	Paved Width (B)	Sidewalk Width (C)	Landscape Strip Width (D)	Travel Lane Width (E)	Parking Lane (F)	Parking
Commercial & Industrial	62’	40’	5’	5’	12’	8’	Both Sides
Residential	60’	36’	5’	6’	12’	6’	Both Sides

Figure 210.4 - Local Road Section



Subcategory	Right-of-Way (A)	Paved Width (B)	Sidewalk Width (C)	Landscape Strip Width (D)	Travel Lane Width (E)	Parking Lane (F)	Parking
Commercial & Industrial	62’	40’	5’	5’	12’	8’	Both sides
Residential	54’	32’	5’	5’	10’	6’	Both sides
Residential	50’	28’	5’	5’	11’	6’	One side
Residential	46’	24’	5’	5’	12’	-	None

**All roadways must meet minimum fire access requirements.

Appendix 1: Pro-Forma Impact Modeling Assumptions

Appendix 1: Pro-Forma Impact Modeling Assumptions

Land Costs	$ / sf
MR1, MR2, and MR3	$20.00

Hard Costs - Building Construction	Rate	Basis
Wood Frame Apartments (3 Story, Walk-Up, Type V-B)	$195	Per gross SF
Wood Frame Apartments (4 Story, Elevator, Type V-A)	$250	Per gross SF
Podium/Wrap Building (4-7 Stories)	$325	Per gross SF

Hard Costs - Parking Construction	Rate	Basis
Surface Parking	$12,000	Per space
Structured Garage (1-2 levels above grade)	$30,000	Per space

Soft Costs	Rate	Basis
Professional Services (architecture, engineering, etc.)	7.00%	% of hard costs
Contingency	5.00%	% of hard costs

Property Taxes	Res.	Com.
Tax Rate	3.00%	-%
Assessment Ratio	35%	-%

Permit and Impact Fees	Rate	Basis
SDCs - per city fee schedule		Unit
Building Permit Fees	3.50%	Hard Costs

Rents - Market Rate	Rent/sf	Unit Size	Monthly Rent	Unit Mix
3 BR Apartment	$2.00	1,150	$2,300	15%
2 BR Apartment	$2.25	850	$1,913	40%
1 BR Apartment	$2.75	650	$1,788	35%
Studio	$3.25	450	$1,463	10%

Target Returns	
IRR	10%
Project Rate of Return	15%

Appendix 2: Stakeholder Interview Notes

Stakeholder Interview Notes

Cascadia Partners conducted 10 group interviews with stakeholders from the housing development community in order to inform the Community Development Code (CDC) and Design and Construction Standards (D&CS) audit. Stakeholders included those who have direct experience in using Hillsboro's CDC and D&CS, such as developers of various scales, real estate professionals, architects, engineers, and land use planners. Stakeholders were asked about their experience developing housing under the CDC; how supportive the CDC is in encouraging housing development; the impact of the CDC and D&CS on the cost of development; the impact of the CDC on specific housing types; delays caused by approval processes or unclear requirements; and requested suggestions for code updates.

The summary notes of these interviews have been anonymized to ensure privacy of the stakeholders. The following questions were asked of each interviewee. Not all questions were answered or addressed in each interview, so the notes do not address each question in each interview.

CDC Questions:

1. What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?
2. Has there ever been an instance where you thought there was a demand or need for a certain housing product in Hillsboro, but Hillsboro's codes made it impractical or impossible to develop that housing type? In other words, what housing types are you not building due to Hillsboro's code?
3. Have Hillsboro's codes ever had the following negative impacts on your projects?
    a. Limited the density/number of units you could build, even below the maximum density permitted in that zone?
    b. Added to the cost of construction/development unnecessarily (for example, there was a reasonable alternative that was lower cost?)
    c. Forced you to design a project in a way that impaired the marketability or lessened the market value of the project?
4. Encouraged you to design a project to target higher income buyers/tenants, such as larger unit sizes or higher end finishes?
5. What specific code provisions have had the most significant negative impact on the market value, affordability, or economic feasibility of your projects?
6. Do you have any suggestions for code updates that would make it easier or more attractive to build housing, particularly products or unit types that are more broadly affordable?

7. Have Hillsboro's codes ever caused an unnecessary delay for your project? For example:
    a. Requiring a special approval such as a conditional use permit or PUD
    b. Process requirements such as PC hearings or neighborhood meetings
    c. Lack of clarity caused multiple resubmissions of your land use applications
8. Do you have any suggestions for ways the City could improve efficiency of development-related processes to help facilitate housing development?

D&CS Questions:[1]

1. Have you seen any examples of right-of-way, utility easement, or other public dedications that limit developable space / hinder development?
    a. If so, is this on an individual parcel basis, or are there certain parts of town or types of dedications that tend to bring on these issues?
2. Are there any public or private utility infrastructure requirements that add exceptional time or cost that could hinder development? This could be related to water, sewer, or stormwater mains or service lines.
3. If/when offsite improvements are required for private developments, do they seem appropriate / fair?
    a. Are requirements implemented consistently? Is it easy to predict what will be required, or is this typically unknown when planning for projects?
    b. Are there opportunities for public/private partnerships, or other incentives?
4. Are there any on-site requirements that impact usable space that you feel could be changed, for example open space or stormwater requirements? If so, what are some solutions you would suggest?

[1] Participants often responded to multiple of these questions at one time, rather than individually. Therefore, the notes have been organized under the general category of D&CS-related questions for conciseness.

Interview 1

CDC Questions:

1. **What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?**
    - Engineering firm that has worked on various projects – affordable and market rate housing in Hillsboro.
    - Relationships with staff are beneficial for navigating the development process. Compared to other cities, Hillsboro has become more process oriented, but staff generally does a good job pushing things through the land use process.
    - Staff has been good to work with but there is a whole lot of process. A lot of staff involvement where it is good but with a lot of staff sometimes it is not as clear cut.
    - Like most jurisdictions, the code has become more complicated over the years, so hard to move things through as quickly as they used to. Intention to get to yes, but a lot of subjective criteria to work through. Almost every project has to be a PUD which triggers all the subjective requirements. A lot of negotiations on public benefits and design. Unknown layers of steps of negotiations. A lot of projects we do are pretty straight forward and don't need as much scrutiny.
    - Wilsonville allows you to do MHLD with your initial application.
2. **Have Hillsboro's codes ever had the following negative impacts on your projects?**
    a. **Limited the density/number of units you could build, even below the maximum density permitted in that zone?**
    b. **Added to the cost of construction/development unnecessarily (for example, there was a reasonable alternative that was lower cost?)**
    c. **Forced you to design a project in a way that impaired the marketability or lessened the market value of the project?**
    d. **Encouraged you to design a project to target higher income buyers/tenants, such as larger unit sizes or higher end finishes?**
    - The zoning standards for lot size and other dimensional requirements often push projects into the Planned Unit Development (PUD) process. Developers who want to offer a variety of housing types must go through a PUD rather than pursuing all single-family homes. The use of different density calculations for attached versus detached housing within the same zone is seen as confusing and inconsistent.

- In the newer phases of South Hillsboro, there are ongoing efforts to navigate density calculations due to the variation in how different housing types are counted.
- To achieve a marketable density with smaller lots, developers are often required to pursue a PUD. This process triggers the public benefit requirement, which adds additional costs to the project.
- There are challenges in navigating Hillsboro's middle housing requirements. The city's code defines triplexes and quadplexes as attached units, while the market is showing interest in detached quadplexes as a higher-density middle housing product. However, detached quadplexes are not permitted under the current definition. Although the city offers a cottage cluster definition, it includes numerous requirements that align specifically with that form. A detached quadplex could function under a Middle Housing Land Division (MHLD) model with shared driveways, and there is clear demand for fee simple lot ownership from clients.
- Hillsboro permits detached homes in zones with relatively high density, but development in these areas can become extremely constrained. In locations where multifamily housing is a desired outcome, it may be more appropriate to limit detached housing.
- For smaller developments, those under approximately 30 lots, meeting minimum density requirements is challenging unless the property is ideally sized and shaped. Odd-shaped parcels and strict roadway standards, including limitations on minimum lot sizes, make compliance difficult.
- In one case, the city acted in the role of developer for a specific project but ultimately had to return jurisdiction to Washington County due to requirements tied to HUD funding. Strict stormwater regulations were triggered, and multiple agencies debated how to comply with the HUD standards, which were dictated by the source of funding.
- The design review of an affordable housing project was handled like any other development. While demonstrating the public benefit was straightforward, the construction review process was time-consuming. Although the project did not go through a PUD, it was subject to design review with several required adjustments. The proposed roof design did not meet code standards, and the building frontage along the street was insufficient to meet the maximum setback requirement.

3. **What specific code provisions have had the most significant negative impact on the market value, affordability, or economic feasibility of your projects?**
    - Design standards are finicky. Glazing standards in south Hillsboro are an administrative beast. The market will provide windows without the strict glazing standards.
    - They had to put a window in a closet to meet glazing requirements.
4. **Have Hillsboro's codes ever caused an unnecessary delay for your project?**

- Infill project that had similar issues with trying to get the density to work out for single family detached and attached. The attached required architectural review and glazing standards, which is just a longer process. To meet density, they had to have attached and detached products. Subdivision was a Type II standard, but a portion had to go to a planning commission hearing. It was challenging to meet minimum density because property was set up for apartments, but access was through an existing neighborhood.

5. **Do you have any suggestions for ways the City could improve efficiency of development-related processes to help facilitate housing development?**
    - Lights and substantial completion are very strict for building permits.
    - City doesn't allow building permits unless everything is 100% complete and signed off. Building permits have been held up recently just due to the timing of them going through the building department and have been taking longer recently.

D&CS Questions

1. **Have you seen any examples of right-of-way, utility easement, or other public dedications that limit developable space / hinder development? If so, is this on an individual parcel basis, or are there certain parts of town or types of dedications that tend to bring on these issues?**
    - The city's development code is generally consistent with those of other jurisdictions. However, one area that adds cost is the requirement for roads to have a 40-year design life, whereas most other jurisdictions currently require only a 20-year design life, although some may be transitioning to 40 years.
    - All collectors and arterials in the city are required to be constructed as concrete streets. This requirement is especially prevalent in South Hillsboro, where most new streets are being built.
    - The city has worked with development teams to grant design exceptions, but there is a frequent need for such exceptions. For example, a specific type of eyebrow corner requires more flexibility, but the policy mandates a knuckle in some circumstances. Any deviation from a city standard requires a formal design exception—even removing a foot from a planter strip. There is little to no built-in flexibility.
    - Public Utility Easements (PUEs) cannot be used for city infrastructure purposes. In cases where existing infrastructure exists outside of the right-of-way, the PUE cannot be used to accommodate city needs. If an extra foot is needed to fit a sidewalk, the PUE cannot be used for that purpose. PUEs are reserved solely for franchise utilities, which created complications for a particular project.
    - A project encountered a sight distance issue. The biggest challenge involved coordinating stormwater treatment requirements with multiple agencies. The resolution

took four months of back-and-forth communication, and there was no flexibility in the process. Ultimately, the city's position prevailed over the county's.

Interview 2

CDC Questions:

1. **What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?**
    - Architecture firm that has worked on affordable housing projects in Hillsboro. The affordable housing project is completed. They have also conducted a study for a separate project to understand development opportunity for the City of Hillsboro owned land.
2. **Have Hillsboro's codes ever had the following negative impacts on your projects?**
    a. **Limited the density/number of units you could build, even below the maximum density permitted in that zone?**
    b. **Added to the cost of construction/development unnecessarily (for example, there was a reasonable alternative that was lower cost?)**
    c. **Forced you to design a project in a way that impaired the marketability or lessened the market value of the project?**
    d. **Encouraged you to design a project to target higher income buyers/tenants, such as larger unit sizes or higher end finishes?**

    - The study project involved six lots that were primarily focused on developing middle housing types.
    - In an affordable housing project, several issues were avoided because the city was involved from the beginning and provided the land. The desired density was clear early on, and parking considerations were part of the initial planning discussions. These factors did not become obstacles because the city was aligned with the goals of the project and worked closely with the development team from the outset. A feasibility study for the site was conducted before the architect joined the team, which helped avoid later challenges. The project did require a Planned Unit Development (PUD) review.
    - The timing of the PUD process was the most significant challenge, although the city was very responsive throughout. If neighborhood meetings do not go smoothly, the process can be delayed further.

- For this project, schematic design was developed in parallel with the PUD application, and a pre-screening for the building permit was completed thanks to weekly coordination meetings with city staff.
- The PUD process in Hillsboro is not necessarily more burdensome than in other jurisdictions.
- There is a need for further discussion with the Housing Production Strategy (HPS) team regarding parcels that have both split zoning and a Comprehensive Plan overlay. A clear direction from the city on how such lots will be handled would help developers plan more effectively.
- In the same study project, achieving ideal density across the lots would still require going through a PUD process.
- The city intends to take the study findings and use them to make the property development-ready by addressing some of the current barriers.
- The PUD process is a significant undertaking in Hillsboro. For affordable housing projects, this adds risk because many funding sources come with strict timelines that can be difficult to meet when the entitlement process is prolonged.

3. **Do you have any suggestions for code updates that would make it easier or more attractive to build housing, particularly products or unit types that are more broadly affordable?**
    - Having more than one zone in a lot is really challenging, they need clarity on how to decide when there is split zoning. Each zone triggered requirements that were very different - height, density, etc. was different.
    - Clarity on the building typologies such as middle housing types, start to outline typologies in a way that guide architects/applicants better.
    - Consistency between building types and development standards is needed - sometimes there is zoning that allows you to do a building typology that does not match the height or density constraints that also apply to the property. A lot of jurisdictions have caps on density. Hillsboro has caps on density in addition to other caps such as height, number of duplexes and triplexes in other typologies and so you get conflict in the data. Inadvertently, the code is prohibiting what the city is trying to support. R10 vs R7 - max density could support a lot more, but the other restrictions in the zone couldn't make use of the density.
    - MR1, MR2, R7, R10 - every single one of these zones had parcel overlap with the zone beside it. When overlay the comp plan on top of the zoning, MR2 and MR1 was split across lots, but there was no guidance from the city in terms of what the preference is for when the lot is split.

- R7 and R10 - when looking at building typologies, they are in conflict with each other. Disadvantaging density in a way that does not align. You can get greater density in R7. Allowance/exception for affordable housing did not make sense and they were able to get more density in R7 than R10. Section 12.40.107 - language that triggers the density bump increase. The density bump does not align with building height requirements. 35 ft is not enough for 3 story building. Building typologies looked at were duplex, triplex, quadplex, townhomes, and cottage clusters. In Hillsboro, cottage cluster needs to be detached. The clarity on whether attached vs detached is needed, as well as parking, common courtyard, size of units, etc.
- Hillsboro - Cottage clusters of detached modular homes would not pencil - not definition of cottage cluster

4. **Do you have any suggestions for ways the City could improve efficiency of development-related processes to help facilitate housing development?**
    - The city was flexible regarding architectural standards, which were perceived as somewhat outdated. During the design process, deviations from certain standards were made with supporting justifications, and obtaining exceptions was not difficult. The standards function more as guidance than as clear and objective requirements. The PUD process offered additional flexibility.
    - Requirements related to unit entrances, lighting, glazing, and materials can vary depending on the individual reviewer. This creates a potential risk and inconsistency. Establishing clear and objective standards for these elements would help reduce variation in interpretation and streamline the review process.
    - Existing incentives in the code do not reflect Senate Bill 8 (SB8). For example, one MR2 lot located near transit qualified for parking reductions, but adjacent lots did not, simply because SB8 provisions had not yet been incorporated into the city's code. As a result, available benefits could not be fully utilized across the project.
    - The city was supportive of increased parking in the project, but there is a need for clearer direction on what is permitted or encouraged, especially in relation to state legislation and parking standards.
    - The Climate-Friendly and Equitable Communities (CFEC) rules also lack clarity, which adds uncertainty to the development process.

D&CS Questions:

- Understanding a required easement was difficult. Navigating the requirements from the Parks and Recreation Department took significant time and energy, as it was unclear what was permitted and what was not. Discussions about right-of-way improvements—such as adding traffic lights, pedestrian access, and other infrastructure—were

extensive, but ultimately these improvements were deferred until after the project, and implementation was not required during development.

- The Parks and Recreation Department maintained oversight of two of the six lots included in the project study, as those lots were previously owned by the department. The development team was informed that these two lots would be subject to additional engagement due to that history.
- The project team included a civil engineer who participated in the study. This individual had a full understanding of the site conditions and did not identify any significant issues during the review.
- There were no problems encountered related to building with the existing utility infrastructure.

Interview 3

CDC Questions:

1. **What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?**
    - The applicant has worked on a variety of projects as a consultant planner, with recent experience primarily in subdivisions that include single-family homes and some townhomes. Previous projects have included subdivisions on sensitive lands, multifamily development outside of Hillsboro, property line adjustments, and some work in the Witch Hazel area. There is also experience with industrial property development in Hillsboro.
    - The role of city staff is seen as crucial in determining how supportive the code feels in practice. Flexibility in applying the code is important but achieving a balance can be difficult. Assembling a project has become increasingly challenging over time, with more complex "puzzle pieces" to navigate. Overall, the staff is described as supportive and less bureaucratic than in other jurisdictions. They are effective at moving projects forward, and decision-makers tend to trust staff recommendations. In a recent subdivision project, there were many layers to address, and significant time was spent during the completeness check and in submitting various documents, particularly for more complex developments.
    - The development code itself is generally functional and user-friendly. Challenges tend to arise from additional applications, particularly when entering the Planned Unit

Development (PUD) process. Tree-related requirements have been manageable, and the overall code interface is considered relatively accessible.

- For one specific project, the PUD was triggered by the need to realign a road through the site, located along a boulevard and situated on a separate tract. Uncertainty around the road configuration required flexibility. Lot sizes were another factor; the PUD provided needed flexibility for varied lot sizes and allowed the project to trade off open space. The development plan included both single two-story homes and townhomes. There was also discussion around a stub street entering the site, and whether extension of the street would be required—indicating that the main complexities were tied more to public works requirements than to the zoning code itself.
- When asked whether the project could have proceeded "by right" under a Middle Housing Land Division (MHLD) pathway, the response was cautiously optimistic. It was believed to be possible, although there was some uncertainty around the townhome component. Comparisons were drawn to Washington County, which does not impose caps on Floor Area Ratio (FAR) or lot coverage—factors that can make development more feasible. There is a belief that Hillsboro may be similar or could adopt similar approaches.

2. **Has there ever been an instance where you thought there was a demand or need for a certain housing product in Hillsboro, but Hillsboro's codes made it impractical or impossible to develop that housing type? In other words, what housing types are you not building due to Hillsboro's code?**
    - To a certain degree, the market builds what the code says you can build. Up until middle housing, most of the traditional housing he has done was subdivisions. Now, the market is figuring out middle housing and what they can build. Certainty is important. Can I do child lots at the same time I can do parents? Can I do an expedited land division? The uncertainty can be a barrier because new housing types are considered risks without certainty.
3. **Have Hillsboro's codes ever had the following negative impacts on your projects?**
    a. **Limited the density/number of units you could build, even below the maximum density permitted in that zone?**
    b. **Added to the cost of construction/development unnecessarily (for example, there was a reasonable alternative that was lower cost?)**
    c. **Forced you to design a project in a way that impaired the marketability or lessened the market value of the project?**
    d. **Encouraged you to design a project to target higher income buyers/tenants, such as larger unit sizes or higher end finishes?**

- Mostly works with people looking to get as many units as they can. They think Hillsboro code strikes a balance. 12 lots, dropped off in the back, sensitive lands overlay, a lot of zoning. Their code is a little over kill on that stuff because they have buffers on top of buffers. But they allow density transfer. Can get flexibility when you reduce lot size. No certainty that you can transfer enough density. Another issue that came up was lot frontage. They would have frontage on a street but access from another street. The dual flag lot requirements, access easements, and widths. It was hard to find consistent problems since each project is so different. It wasn't easy for a while to understand how to calculate density, but they now have a spreadsheet that explains how to do it.
- Frontage and access. When getting an exception to minimum lot frontage, do you recall whether the issue was in zoning in terms of access or circulation requirements or was it more what the engineering and design construction standards? - combination of both. When you get to the end of the cul de sac, we had to create an entrance facing on to boulevard, but the whole house is oriented to the back rather than that street and access is from the back. Applicants don't always know that access doesn't have to be from the frontage. - public works can take a win-win situation with a shared access and make it more complicated.
- Public works street requirements causes some issues to come up when subdividing for now more "units" rather than lots

4. **Have Hillsboro's codes ever caused an unnecessary delay for your project? For example:**
    a. **Requiring a special approval such as a conditional use permit or PUD**
    b. **Process requirements such as PC hearings or neighborhood meetings**
    c. **Lack of clarity caused multiple resubmissions of your land use applications**

    - Planning commission trusts the staff so going to that isn't as big of a delay, decisions don't get drug out.
    - Project had to go to planning commission twice, but it was pretty complicated project, so it was expected, clients don't like that it takes so long.
    - A lot of the subdivision stuff he does is a Type II decision. The planning staff gets the notices out, decisions between 46th to 60th day after submission.

5. **Do you have any suggestions for ways the City could improve efficiency of development-related processes to help facilitate housing development?**

    - People often begin with the best intentions to simplify their development codes, but those codes are not always easy to use in practice. With base zones, special use provisions, overlay zones, and Planned Unit Developments (PUDs), it can be quite a journey to determine which parts of the code apply to a given project. Hillsboro's code includes some built-in flexibility, which is helpful in navigating these complexities.

- Regarding the development of housing in commercial zones, each commercial zone allows housing in different ways, creating inconsistencies and challenges. Generally, intermingling commercial and residential uses is difficult to accomplish. Many developers tend to specialize in either commercial or residential projects, but not both.
- One person involved in code development noted experience with writing code that requires ground-floor retail in mixed-use areas but observed that this type of provision has not been widely implemented in practice. That said, integrating residential uses into commercial zones can be a good approach when it is contextually appropriate—when it fits well, looks good, and supports the surrounding area.

6. **Any experience in the MR zones?**
    - They have done projects in MR1, not much in MR2 and MR3. Most of his work has been single family housing. He remembers thinking MR1 wasn't very dense. Would like to see a broadening of available densities. A big difference between calculated density and the ability to fit it on the ground. Just because someone could doesn't mean that they can.
    - Some codes use an FAR limit. Sometimes can't meet density due to FAR limits.
    - In most zones, they can't get a cottage cluster on a 1500 sf lot by the time I satisfy parking, landscaping, common green, etc.

D&CS Questions:

- The fire marshal has a standard that the radius of the turn is when you turn the wheel close to the end, but not completely turned, and that changes the turn radius a lot. It is usually measured by turning the wheel all the way.

Interview 4

CDC Questions

1. **What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?**
    - Built hundreds of homes in Hillsboro since 1989. Primary jurisdiction to build in. Consisted of exclusively single family detached homes. Those projects have been raw land projects. Ranged from 5 or 6 lots up to 82 lots (in South Hillsboro). But generally, project size is usually in 15 to 30 lot range. When that land was available, which it isn't any longer.

- Land use applications pursued: most projects have been PUD applications in Hillsboro. Probably had only 20% of projects been subdivisions. Very different than unincorporated Washington County where we do all subdivisions.
- They say Hillsboro has been more supportive except a recently changed natural resource code prevented them from moving forward, now another project is moving forward with the changed code.
- Neighbor opposition has been a force in Hillsboro, the city was supportive of the project, but they were very responsive to the neighbors which caused some problems for the project. Most responsive jurisdiction in her experience.
- Did the code require neighborhood meetings? Or other engagement with community? If you're following written code, why are people allowed to have a say on your application. Neighborhood meetings (required for PUDs) are frequent. It has been a few years since they've completed one in Hillsboro, and they think the city's focus has changed a little bit. They don't know that it changes the outcome. They remember losing two lots to neighborhood opposition. But thinks that sort of thing is less likely to happen today.
- On PUDs, in your experience, what were the factors that led you to the decision to do a PUD? The name of the game for making deals work in the region is you have to build as many units as possible, and you have to build units that you can sell for as much as possible just to get in the neighborhood of 10%. Different hot button issues depending on which planner you got. So, PUDs allowed to set some of that aside and get the same density they wanted. They have a rigorous architectural code that makes it harder to build their typical type - single family home with back yard and garage in front. Smaller lots - but not too small.
- Forced into alley loaded product in south Hillsboro. They plan to do all detached. Some small lot. A lot of the environment tucked away.
- Garages: in south Hillsboro, they had a garage width problem, and they will forward an email that shows the back and forth on that. Separate house and garage is more expensive: two foundations. They've done them once but haven't done them awhile.

2. **Has there ever been an instance where you thought there was a demand or need for a certain housing product in Hillsboro, but Hillsboro's codes made it impractical or impossible to develop that housing type? In other words, what housing types are you not building due to Hillsboro's code?**
    - Project was lost and now it is being done by someone else.
    - Planning staff turnover created an issue where they had worked through a solution with an environmental issue, but a new staff member came in and said they could not do it. They were not allowed to mitigate. They had to walk away. They would have had to go LUBA. Their natural resource code was not clear and objective and lost money. The lack of clear and objective standards creates a vacuum for changing interpretations.

- Transportation requirements - city says you need to improve something, and project has had to take it to an attorney. They always use an attorney when working in Hillsboro for these reasons.

3. **Have Hillsboro's codes ever had the following negative impacts on your projects?**
    a. **Limited the density/number of units you could build, even below the maximum density permitted in that zone?**
    b. **Added to the cost of construction/development unnecessarily (for example, there was a reasonable alternative that was lower cost?)**
    c. **Forced you to design a project in a way that impaired the marketability or lessened the market value of the project?**
    d. **Encouraged you to design a project to target higher income buyers/tenants, such as larger unit sizes or higher end finishes?**

- Tree code was bad, might have changed now, but there wasn't a fee in lieu option.
- The architectural standards regularly present problems. City started to mandate alley-loaded homes through architectural standards such as glazing which adds a lot of costs. Interesting requirements for garages. Mandating to the building industry that you will not build what your market desires. People do want a backyard. Glazing is both the facade and the garage.
- They cannot make a single cottage cluster pencil.
- The land cost makes it to where even with SDC deferrals, it's not helpful.
- Most people want extra storage space that a garage provides. When you take a garage, 20'x16' and if you go and look at the townhome, we look at is what for sell and pending and what has sold. On the lower end of things, is a 1500 sf townhome with a garage. Consumers hate 3 story homes. They don't like to build them. 1500sf makes more sense. In Tigard, they developed a 79-lot project, and we are developing all 52 single family homes, and we sold all townhome lots to a developer - 1800 sf, two car garages, sold for $116,000 each. We would have lost money, don't know how another developer is doing it.
- There's a middle housing project in north Portland and a real estate agent who sells middle housing is having a hard time selling.

D&CS Questions:

- Obtaining a building permit is a very lengthy process and can take up to three months.
- Leadership within the Public Works department is reportedly not functioning effectively.

- The site inspection process requires multiple individuals to visit, including the Public Works inspector, the assistant director, and the Public Works director. Signatures must circulate among various parties, and it is unclear whether this process has improved over time.
- A bill passed four or five years ago was intended to allow developers to proceed with building permits once substantial completion had been achieved. There was initial hope that Hillsboro's process would be improved as a result, but the legislation ultimately lacked enforcement power.
- Other jurisdictions, including some within Washington County, allow developers to begin construction earlier in the process. Hillsboro is perceived as the most restrictive in this regard.
- The Water Department has implemented changes that require upgraded pipes and materials, which are significantly more expensive. An email outlining the details of those changes is expected to be forwarded.
- Street design standards have become more demanding. Previously, projects could use less rock and asphalt, but current standards require a 40-year design life for roads. Similar changes have been adopted in Tigard. In some cases, such as in South Hillsboro, the inclusion of public trails and similar amenities adds value, and developers are generally willing to construct them.
- Stormwater requirements represent the most significant expense after earthwork. These systems also consume the most space on a site. While costly, developers appreciate that the systems are now designed to appear more natural and are generally expected.
- Energy and environmental code requirements are anticipated to become more significant in the future. Developers are preparing for these evolving standards.

Interview 5

CDC Questions:

1. **What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?**
    - Local general contractor focused on infill projects
2. **Has there ever been an instance where you thought there was a demand or need for a certain housing product in Hillsboro, but Hillsboro's codes made it impractical or**

impossible to develop that housing type? In other words, what housing types are you not building due to Hillsboro's code?

- There is an intent to increase density by giving up backyard space, but the middle housing land division did not provide any advantage. A build-ready plan is required before proceeding. This requirement applies even when the intent is simply to sell the backyard or build on it independently. Developers must pay $3 per square foot to have plans created, just to divide and sell the lot. In some cases, two separate architectural firms must be paid to prepare plans for a $90,000 lot. In one instance, the divided lot was intended to include an ADU and a duplex. However, the only way to meet the narrow definition of middle housing was to convert the ADU into a duplex. The current definition excludes a single-family home with an ADU from being considered middle housing.
- In Portland, it is allowed to have both a duplex and an ADU on the same lot. In Hillsboro, however, such a configuration is not permitted. An alternative option would be to divide the lot and construct an extremely narrow duplex or townhome, which is considered undesirable. Additionally, the developer would be required to connect two separate sewer lines, adding approximately $20,000 in costs per lot.
- Technically, an ADU could be added to the right-hand side of a townhome, but this would result in a lot line running through the middle, with the ADU located on the same lot. Townhomes are seen as a pathway to homeownership, whereas duplexes are viewed as more suitable for renters. Adding an ADU to a townhome lot is not considered appealing, while renting an ADU alongside a duplex is seen as more viable.
- A city rule stipulates that an ADU can only be constructed if its front façade is located behind the rear façade of the main house. This creates issues in older neighborhoods where homes are set far back from the street, leaving available space for ADUs in the side or front yards.
- A $3,000 penalty per lot had to be paid to request that the city not require tearing up existing concrete to install a catchment for Clean Water Services. When older homes with large lots are divided, issues like this commonly arise. In this case, the only relief came from not being able to meet the required slope for adding a catchment.
- The property includes a narrow strip of land with an ADU and a single-family home, as well as two very narrow lots. There is a plan to sell all of them. The complexity of developing such narrow lots exceeds the current developer's skill level.
- There is a statewide building code issue in Oregon. The International Building Code was updated in 2021 to allow a lot line along a non-fire-rated wall, which would facilitate duplex development and create new homeownership opportunities. However, Oregon established its own rule that only townhomes may have a lot line through them. Townhomes must meet two conditions: a 12-inch fire-rated wall and no plumbing or

mechanical systems on that wall. This makes it impractical to divide most existing homes without removing kitchens or bathrooms.

- The middle housing land division proposal should not require completion of the construction permitting process. It should be sufficient to present a reasonable CAD drawing showing the location of a proposed duplex. Removing the requirement for completed plans would eliminate a major barrier for those who only wish to divide and sell land. Without this requirement, construction could already be underway.

3. **Have Hillsboro's codes ever had the following negative impacts on your projects?**
    - **Limited the density/number of units you could build, even below the maximum density permitted in that zone?**
    - **Added to the cost of construction/development unnecessarily (for example, there was a reasonable alternative that was lower cost?)**
    - **Forced you to design a project in a way that impaired the marketability or lessened the market value of the project?**
    - **Encouraged you to design a project to target higher income buyers/tenants, such as larger unit sizes or higher end finishes?**
    - The construction of a project took place in 2011 and 2018—before the latest development codes were implemented. The singular construction was exempt under the codes at that time. There was nothing in the development code that created a challenge.
    - After dividing an infill lot within the past two years, an application for approval was submitted. This process involved navigating three separate activities. The first issue encountered was that not all rules previously applied to infill development, but the project became subject to Chapter 12, Section 50 for the first time. This would not have applied previously to the construction of a single home. The new requirements were significant, especially considering the home was being constructed in the middle of a 1920s-era neighborhood. One of the new obligations included meeting a specific glazing percentage. According to an audit of numerous cities, no city in the U.S. has a glazing percentage as high—this requirement is more than double that of any other reviewed city.
    - When large-scale development occurs in South Hillsboro under Section 12.50, major developers are able to negotiate concessions, reducing requirements such as the glazing percentage to around 13%. Individual infill developers, however, do not have the ability to negotiate these terms.
    - The requirements of Section 12.50 are fundamentally flawed and present numerous challenges for small-scale developers.

- Aesthetic and design requirements under the current code are a major obstacle for infill and middle housing development.

4. **Do you have any suggestions for code updates that would make it easier or more attractive to build housing, particularly products or unit types that are more broadly affordable?**

    - It is possible to divide and sell the backyard or build on it and relocate elsewhere. A shed currently located in the backyard holds sentimental value, as it was built with a late parent. The distance from the edge of the shed allows a car to pass through. One option could involve using a middle housing loophole by submitting a conceptual architectural design for a duplex to bypass setback requirements. Alternatively, the shed sits four feet from the proposed lot line, making the project ineligible for a desk review. Instead, a full variance request must be submitted, costing approximately $3,000 to $4,000, for a one-foot variation that may not be approved. Concessions are uncertain, and the preference is for clarity and predictability rather than negotiations. Another option is to pay $4,000 to a contractor to relocate the shed and avoid the issue entirely.
    - The current desk review rule allowing a 10% variance should not be restricted to a single lot. It should include some consideration of proportional magnitude—for example, when attempting to do 4.6 inches instead of 5 inches.
    - Although the stated purpose of the regulations is to ensure new development matches the city's character, the result has been a strong disincentive for infill development. The explanation given was that these changes were mandated by the state and were therefore out of the city's control. The mechanism that previously excluded developments with fewer than eight homes from the requirements of Section 12.50 has been removed. There is no current provision in the code to grant a variance to bypass Section 12.50, leaving no viable pathway forward.
    - Unlike Portland, Hillsboro does not present Floor Area Ratio (FAR) challenges for this type of development.
    - When short-term rental options such as Airbnb are not viable, developers may turn to congregate living arrangements. This use is not addressed in the current development code. It is possible to construct large homes with seven bedrooms and rent each bedroom for $1,000, without triggering permit, building code, or parking requirements. This has become a new form of Airbnb. The question remains whether the city of Hillsboro wants to encourage or limit this type of unregulated use, as current code does not restrict it.

D&CS Questions:

- If the code were tweaked to clarify that the fee in lieu is always an option, then public works would not be able to tell him it was unpayable.

Interview 6

CDC Questions:

1. **What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?**
    - The primary focus has been on building single-family homes as a homebuilder.
    - Currently, the team is developing both attached and detached single-family homes in Hillsboro.
    - There is some experience with multifamily housing.
    - The company builds approximately 20 single-family homes per year.
    - This is a developer-builder operation, smaller than many of the other construction companies operating in Hillsboro.
    - In South Hillsboro, the majority of development is led by developers who sell lots to builders.
2. **Have Hillsboro's codes ever had the following negative impacts on your projects?**
    a. **Limited the density/number of units you could build, even below the maximum density permitted in that zone?**
    b. **Added to the cost of construction/development unnecessarily (for example, there was a reasonable alternative that was lower cost?)**
    c. **Forced you to design a project in a way that impaired the marketability or lessened the market value of the project?**
    d. **Encouraged you to design a project to target higher income buyers/tenants, such as larger unit sizes or higher end finishes?**
    - A change in design requirements during the development process was frustrating. The glazing requirements were only made known after design work had already been completed.
    - There is uncertainty about whether those design standards remain in the code today.
    - There is disagreement with the idea that city staff should dictate required design features. The perspective is that most smaller cities do not impose such criteria. These requirements create unnecessary constraints and increase project costs.
    - The belief is that builders already have an incentive to design homes that are marketable and well-constructed, making certain city requirements redundant.

- There is an understanding of the need for design standards in historic districts.
- Architectural and glazing requirements are seen as particularly problematic.
- Window and glazing requirements often necessitate structural engineering, making them difficult to meet. For example, a craftsman-style door with windows does not count toward glazing requirements, while a glass front door does.
- Lot sizes for current projects range from approximately 3,000 to 6,000 square feet.
- In terms of density, a current townhome project is built to the minimum required. It includes two-car garages. While density can be frustrating at times, it has not caused major issues on most projects.
- There was a recent opportunity to develop middle housing on 14 lots in Hillsboro, but the product would have been attached and only 15 feet wide. That design was not considered appealing or marketable. There is a preference for detached products, which tend to sell more easily.

3. **What specific code provisions have had the most significant negative impact on the market value, affordability, or economic feasibility of your projects?**
    - Hillsboro has chosen not to fully adopt certain state laws, including HB 2306, which addresses when a builder can begin pursuing building permits relative to subdivision approval. This results in a longer delay before starting the permitting process.
    - In South Hillsboro, developers can pre-order streetlights because they know they will be approved. Smaller companies do not have this flexibility due to uncertainty over approvals.
    - City staff were working on a policy to allow subdivisions to be deemed partially complete, enabling earlier home construction, but could not reach consensus on what the policy should include.
    - While it makes sense to restrict certificate of occupancy until final approval, it does not make sense to delay construction entirely until subdivision approval is granted.
    - The city attorney's interpretation of HB 2306 has been questioned and may warrant further discussion with staff.
    - Most other jurisdictions, including Washington County, allow developers to begin construction earlier in the process.
    - The most significant issues during the Planned Unit Development (PUD) process have involved public improvements and the engineering department. Relationships with field staff and building inspectors have been positive, and the internal review process has improved over the past seven years. There is stronger leadership and more efficient review than in the past.
    - It has been five or six years since completing any infill development.

- Two townhome projects—both attached and detached—are currently underway in Hillsboro

D&CS Questions:

- There are many regulatory hurdles for a city the size of Hillsboro. The structural public improvements process requires streetlights to be publicly owned. In one case, the specific streetlights required were unavailable, and the project was delayed because construction could not begin until the lighting was installed. The required types were backordered, which further delayed the project.
- There have been challenges with easements, including situations where easement requirements changed during the process.
- Overall, interactions with the public works department have been fairly smooth.
- A separate plan review process is required for each home plan, even if the floorplans are identical. This repetition is seen as an unnecessary use of time and money.
- Even when water, public works, and planning departments provide initial approval, if one department later rejects the plan, the entire resubmission must go through all departments again-even those that already approved it.
- There is a desire for the city to allow re-issuance of permits for identical plans on different lots, which would save time and resources.
- Hillsboro's multiple layers of process result in higher fees for planning and engineering consultants, which must be paid to help navigate the city's requirements.
- Smaller builders are especially impacted by extended development timelines, as they typically manage one project at a time and cannot shift resources to another project while waiting.
- Regional and national builders are competing for the same lots as smaller developers but are better equipped to handle regulatory delays. While building homes is considered the easy part, navigating the regulatory process is the most challenging aspect.
- Better alignment and consistency across city departments in terms of support and flexibility would help streamline development.

Interview 7

CDC Questions:

1. **What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?**
    - Developer at a national company focused on multi-unit developments.
    - Municipalities in the Pacific Northwest and California are the most challenging in the country for development.
    - A national development company recently decided to stop pursuing new projects on the West Coast and will focus future efforts in Florida and Texas, where projects take about half the time to complete compared to the West Coast.
    - Building codes on the West Coast result in more complex and expensive projects.
    - Recent Hillsboro projects included project 1 with mix of mid-rise apartment units and townhomes and project 2 multiple apartment buildings across multiple blocks.
    - The first project used two partition plats. The second project used a subdivision process, mirroring a previous 2016 subdivision approval that had expired.
    - The City encouraged the redevelopment into smaller blocks, with more roads and smaller buildings. Some roads were required to be 110 feet wide but only connected office building parking lots.
    - The lack of Transportation Development Tax (TDT) credit for some of these roads was a significant issue, as it reduced buildable land and increased costs.
    - The subdivision process itself went quickly because it mirrored a previously approved one.
    - Stormwater facility requirements caused challenges.
    - The Transportation Plan was one of the most intensive and rigid elements of the project, and it was the biggest obstacle the development team faced.
2. **Have Hillsboro's codes ever had the following negative impacts on your projects?**
    a. **Limited the density/number of units you could build, even below the maximum density permitted in that zone?**
    b. **Added to the cost of construction/development unnecessarily (for example, there was a reasonable alternative that was lower cost?)**

c. **Forced you to design a project in a way that impaired the marketability or lessened the market value of the project?**

d. **Encouraged you to design a project to target higher income buyers/tenants, such as larger unit sizes or higher end finishes?**

- Zoning code frontage requirements created inefficiencies. In some cases, unconventional design decisions were necessary to comply with frontage standards.
- The code lacked flexibility and often failed to account for real-world constraints or economic feasibility.
- There is a clear mismatch between the urbanism goals outlined in the code and the economics of suburban multifamily housing development.
- The code lacked flexibility for context-sensitive solutions. For example, there was no ability to waive minimum frontage requirements on alleys used for access, which led to inefficient building placement.
- The inability to get more than a 10% variance meant that some buildings had to be single loaded along alleys, which was not a desirable design outcome.
- From conceptual design to building permit, the process took two years. There was reluctance to request discretionary approvals that could add even more time.

3. **What specific code provisions have had the most significant negative impact on the market value, affordability, or economic feasibility of your projects?**
4. **Do you have any suggestions for code updates that would make it easier or more attractive to build housing, particularly products or unit types that are more broadly affordable?**

- Street design requirements such as requiring 110-foot-wide rights-of-way decreased developable land and added costs.
- Rigid stormwater and transportation requirements at Amberglen further reduced flexibility and viability.
- The need to comply with minimum frontage, open space, and infrastructure standards without context-based discretion significantly affected project costs and feasibility.

5. **Have Hillsboro's codes ever caused an unnecessary delay for your project? For example:**

a. **Requiring a special approval such as a conditional use permit or PUD**

b. **Process requirements such as PC hearings or neighborhood meetings**

c. **Lack of clarity caused multiple resubmissions of your land use applications**

- The project team did not pursue variances in several cases due to the lengthy process and lack of clarity in how staff could approve alternatives.
- Requirements for approvals like subdivision or land use reviews delayed the ability to begin construction, contributing to the two-year timeline from concept to permit.
- Inflexible code interpretations and limited staff discretion contributed to delays and complexity.

6. **Do you have any suggestions for ways the City could improve efficiency of development-related processes to help facilitate housing development?**
    - Hillsboro hosts weekly or biweekly development coordination meetings, which in concept are useful. However, many attendees lack decision-making authority, which leads to delays in getting definitive answers and creates more follow-up work.
    - Utility coordination, particularly with PGE, was ineffective. PGE was expected to provide design input but was unprepared. This led to major redesigns mid-construction, including the need to add a switch vault connecting two substations with no available space on the site.
    - The team was advised to request permission from a neighboring property owner to install infrastructure, which was not viable. Ultimately, they negotiated with the Parks Department to place it on park property.
    - If city staff had more flexibility to apply discretion in certain code requirements, that could avoid lengthy discretionary hearing processes and improve timelines.
    - The lack of speed and adaptability on the West Coast, compared to places like Texas and Florida, is a significant deterrent for developers.
    - Permitting in Florida and Texas is faster and allows more adaptability in design and process.
    - Other jurisdictions like Gresham and Shoreline (north of Seattle) offer contrasting models. In Gresham, a public-private partnership with Metro enabled quicker permitting. In Shoreline, there is little land use review, and projects go directly to building permit. However, this process can be overly prescriptive, and interpretation issues are only resolved at the permit stage, which presents its own risks.

D&CS Questions:

- A shared stormwater facility created challenges due to the need to size it appropriately for large surrounding roads, which increased costs and complexity.
- In one area, all the roads were originally private and did not meet city standards for public roads. In order to secure approval, the development team had to agree to

dedicate the roads to the city and make improvements to bring them up to public standards.

- This required a three-party agreement between the existing road owner, the developer, and the city.
- Although the roads were eventually accepted by the city, the financial responsibility for the improvements fell entirely on the developer, with only a small portion, around 20%, was reimbursed.

Interview 8

CDC Questions:

1. **What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?**
    - Developer focused on single-unit and multi-unit developments.
    - An application is currently being prepared for a development in South Hillsboro intended to follow a cottage cluster model; however, the design does not meet the city's current code definition for a cottage cluster. The site is also undergoing annexation. This would be the first attempt at a cottage cluster, with units designed to accommodate three bedrooms.
    - Past rowhome and townhome developments encountered challenges related to setbacks and private drive aisle requirements that made the inclusion of two-car garages infeasible. This required coordination with architects to redesign the product layout, including reducing garage space and converting a portion to storage.
    - There has been strong interest in allowing homebuilders or private homeowners to construct Accessory Dwelling Units (ADUs), but fewer than a dozen were feasible due to restrictive setbacks. Rear setback requirements on single-family lots were especially prohibitive when combined with density standards, effectively preventing ADU development.
    - Some developments received allowances in exchange for providing additional open space and trails.
    - Most residential developments proceed through the Planned Unit Development (PUD) process, which allows for more flexibility in product types.

- Most project experience has occurred in Washington County, though residential developments have also been completed in other locations. Extensive experience exists under previous work with a production builder operating in Hillsboro.
- While recent updates tied to the state's middle housing legislation have introduced some code-related challenges, these are consistent with issues seen in other jurisdictions.
- Additional design considerations include requirements for traffic calming elements such as roundabouts.

2. **Have Hillsboro's codes ever had the following negative impacts on your projects?**
    a. **Limited the density/number of units you could build, even below the maximum density permitted in that zone?**
    b. **Added to the cost of construction/development unnecessarily (for example, there was a reasonable alternative that was lower cost?)**
    c. **Forced you to design a project in a way that impaired the marketability or lessened the market value of the project?**
    d. **Encouraged you to design a project to target higher income buyers/tenants, such as larger unit sizes or higher end finishes?**

- The total square footage allowance for cottage clusters was manageable; however, the ground floor square footage requirement was too restrictive to meet the city's definition of a cottage cluster. As a result, the project could not qualify for a reduced System Development Charge (SDC), which would have supported affordability. SDCs for single-family residences can exceed $50,000.
- Meeting density requirements while complying with setback standards has proven difficult. There is a contradiction in the code that prohibits placing buildings within a certain distance of each other yet also requires specific density targets and setbacks. Balancing these competing requirements has been challenging.
- In one rowhome development, the end units were approximately 1,500 square feet, while the middle units were closer to 1,200 square feet. The cottage cluster model allows for detached single-family homes, but the 900-square-foot ground floor maximum is difficult to work with. A 1,200-square-foot ground floor allowance would better support single-story construction, which is in demand. Additionally, meeting ADA requirements is difficult within a 900-square-foot footprint. The local code overrode the middle housing definition for rowhomes, although fee-simple townhomes were allowed a different definition.
- Providing affordable single-story homes has been particularly difficult. It is not feasible to match the number of single-story homes that the city desires with the current density requirements. Allowing more flexibility to build small, single-story homes would benefit a

wide range of consumers. The cottage cluster model could offer a solution if larger ground floor areas were permitted. Lowering the minimum density requirement would also help. In some cases, it was necessary to include more apartment units than intended to meet density standards, even in areas not located near transit.

3. **Have Hillsboro's codes ever caused an unnecessary delay for your project? For example:**
    a. **Requiring a special approval such as a conditional use permit or PUD**
    b. **Process requirements such as PC hearings or neighborhood meetings**
    c. **Lack of clarity caused multiple resubmissions of your land use applications**

- A Planned Unit Development (PUD) is often the preferred path because the underlying zoning does not allow for a mix of different housing types within a single site or master plan.
    - Most zones only permit one or two housing products, limiting flexibility.
    - The PUD process has generally been positive, despite some tradeoffs. It allows for the inclusion of diverse housing options, which supports multigenerational households within the same development or neighborhood.

D&CS Questions:

- Eight-foot public utility easements (PUEs) can be challenging to accommodate between cottage clusters and rowhome buildings. These challenges have been addressed by adjusting building placement, including initially using the smallest cottage design and later redesigning units to meet the required eight-foot setback for corner units.
- Collector or county roads can present difficulties when trying to fit in all required infrastructure for annexed areas. However, coordination with the county and city has generally resolved these challenges. Coordination efforts include addressing bicycle and pedestrian infrastructure, such as ensuring the appropriate widths for bidirectional traffic and bike lanes. Engineering teams are well-prepared to manage these technical requirements.
- The working relationship with the City of Hillsboro has generally been positive. However, there were some complications during the annexation process, particularly due to offsite improvements that were not triggered by the proposed development but were still requested by the city. The annexation process was slowed because some of these improvements had been removed from the county's MSTIP program, creating a negotiation challenge. High-cost infrastructure requirements, such as an $8 million bridge, can significantly limit the feasibility of affordable housing.

- Utility coordination, particularly with Portland General Electric (PGE), presents ongoing challenges. A final plat cannot be recorded until PGE inspections are complete, and those inspections often take a long time. Submittals are typically made 12 or more months in advance, but review and approval can be delayed. In one case, several hundred thousand dollars were spent on permits submitted to the Department of State Lands (DSL), which were not reviewed until several months later, and the permit had still not been issued.

Interview 9

CDC Questions:

1. **What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?**
    - Local engineer and realtor who both have experience with various development types in Hillsboro.
    - An apartment project in downtown Hillsboro was unable to achieve the intended density, even with a density bonus.
    - One of the largest costs for small developers is related to street improvements, particularly the requirement that streets meet a 40-year life standard.
    - A pre-application was submitted for a small project consisting of five townhouse units in two buildings. While the project appears feasible, some of the zoning standards were found to be too rigid. The lots were approximately 1,500 square feet, and frontage became an issue due to width and depth requirements.
        - An attempt was made to include an additional unit, but this was not permitted due to standards related to lot size and other dimensional requirements under the middle housing ordinance.
        - Public Utility Easements (PUEs) also created complications.
        - The alley was required to meet the same 40-year lifespan as streets, and no private street option was available.
        - The standards were seen as inflexible, and it was suggested that the overall design would benefit if the standards were less rigid. Alley widths were also considered too wide for the context.
    - In Washington County, road improvements are not required for developments that do not involve platting.

- Smaller developers have reported that engineering reviews take a considerable amount of time due to extensive back-and-forth communication with staff. This issue is not unique to Hillsboro.
- Even when addressing only a single comment, applicants must go through the full resubmittal and review process. A quicker review option for minor issues would help streamline development.

2. **Has there ever been an instance where you thought there was a demand or need for a certain housing product in Hillsboro, but Hillsboro's codes made it impractical or impossible to develop that housing type? In other words, what housing types are you not building due to Hillsboro's code?**
    - In medium-density zones that only permit rowhomes, developers face challenges achieving economies of scale. For example, a three-story townhome with a garage may cost approximately $450,000 to construct. Flexibility in site planning would allow for one area with lower density and another with higher density within a single property. In some cases, developments were only feasible through the Planned Unit Development (PUD) process. The Planning Commission has generally been open to Type III modifications.
    - While the code is relatively flexible with regard to density, further increases across all zones would support more housing production.
3. **Have Hillsboro's codes ever had the following negative impacts on your projects?**
    - Permitting costs have consistently been reported as a challenge.
    - In one case, the installation of a sink on the ground floor led to a determination that it constituted a separate unit due to mobility-related code interpretations.
4. **What specific code provisions have had the most significant negative impact on the market value, affordability, or economic feasibility of your projects?**
5. **Do you have any suggestions for code updates that would make it easier or more attractive to build housing, particularly products or unit types that are more broadly affordable?**
    - Window and glazing requirements have not been cited as major challenges.
    - Density bonuses could be made more flexible, possibly by associating them with lot size. For example, rather than limiting by density or lot size, using Floor Area Ratio (FAR) as a standard may offer more flexibility. FAR-based zoning could improve financing viability for middle housing, which is often the most difficult to finance.
    - In general, existing infrastructure is adequate for smaller projects.
6. **Have Hillsboro's codes ever caused an unnecessary delay for your project? For example:**

- Requiring a special approval such as a conditional use permit or PUD
- Process requirements such as PC hearings or neighborhood meetings
- Lack of clarity caused multiple resubmissions of your land use applications

7. **Do you have any suggestions for ways the City could improve efficiency of development-related processes to help facilitate housing development?**
    - Under Hillsboro's code, Accessory Dwelling Units (ADUs) are not classified as housing units, which creates limitations in development flexibility.
    - Increasing allowable building heights in downtown would help create more housing opportunities.
    - Sewer easements have posed some problems when sewer lines could not be placed in buildable areas. In past cases, overhead power lines were required to be buried for land partitions, but this requirement has since been relaxed for middle housing.
    - In one case, a small development was affected by off-site overhead power lines. Staff later recommended removing the undergrounding requirement, which had previously hindered infill development. This exemption now applies to middle housing and partition projects.
    - Another site cannot bring 12 units to market unless two overhead power lines located on the property are buried, creating a substantial development barrier.
    - Several subdivisions are currently in progress. One required a modest right-of-way improvement involving a three-foot section of asphalt and sidewalks. Another has been under annexation for over a year due to unclear requirements, including an unexpected traffic study request.
    - A shared housing project based on the Single Room Occupancy (SRO) model originally included nine bedrooms, but the design was modified to eight bedrooms per structure based on audit requirements.
    - No significant concerns with the planning process have been raised, but some project types could benefit from being processed under a Type I review. However, engineering reviews tend to take longer than planning reviews and are the primary source of delay.
    - Greater flexibility in requirements, such as fee-in-lieu options, could be beneficial.
    - The cost of design and review processes, combined with the cost of required road improvements, are significant barriers for small projects. Sufficient stormwater and sewer capacity are typically less of a concern.
    - Flag lot development is perceived as inflexible. Additional options for how easements and platting are handled could help, as the City currently prefers public access over private easements. Fire access is often cited as the reason.

- In one instance, a dispute arose over an easement tied to a street dedication. The situation involved a hammerhead turnaround and was ultimately resolved in court to determine access rights.
- Allowing two ADUs per lot and enabling internal ADUs through fire sprinkler retrofits could expand housing options. Some cities allow more internal conversions than Hillsboro currently does.
- More flexibility related to alley design could support better site planning.

D&CS Questions:

1. **Have you seen any examples of right-of-way, utility easement, or other public dedications that limit developable space / hinder development? If so, is this on an individual parcel basis, or are there certain parts of town or types of dedications that tend to bring on these issues?**
    - A 2019 ordinance from Clean Water Services has been implemented differently across cities and may present both financial and design challenges. For example, a 12-unit project in Washington County received stormwater detention comments requiring costly infrastructure. In some cases, paying a fee-in-lieu is an option, but this approach can be difficult to implement under certain site conditions.
    - Fee-in-lieu options are considered helpful in providing needed flexibility related to utility requirements.

Interview 10

CDC Questions:

1. **What types of housing developments have you worked on in Hillsboro in the past? Compared to other jurisdictions you work with, how supportive was Hillsboro's code of the housing types you have developed?**
    - Affordable housing developer and architect both focused on multi-unit developments.
    - The primary experience in Hillsboro was with a 60-unit development.
    - Compared to other jurisdictions, Hillsboro's building permit process was significantly more straightforward and timelier than in Portland.
    - While cities in the Bay Area offered permit expeditors to help navigate the application process and offer options to expedite, Hillsboro did not have that service at the time.

- In Boise, permitting was more relaxed, while cities like Seattle, Bellevue, and some parts of Oregon had more complex regulatory environments.
- During the project in Hillsboro, the City was considering introducing a process manager, which may have since improved the experience further. Overall, the project was not delayed by building permit timelines in Hillsboro.

2. **Have Hillsboro's codes ever caused an unnecessary delay for your project? For example:**
    a. **Requiring a special approval such as a conditional use permit or PUD**
    b. **Process requirements such as PC hearings or neighborhood meetings**
    c. **Lack of clarity caused multiple resubmissions of your land use applications**

- A public hearing was required due to the roofline design; lacking a cornice triggered a Type II review.
- Several variances were required because the site spanned two zoning designations (MU-N and MR-2) and exceeded the maximum density on one side.
- The number of requested exceptions met a threshold that triggered the need for a hearing.
- The City requested a presentation to City Council as an opportunity to highlight the project, but this was not a required step.
- There was flexibility in design standards, but it took time to understand what was required; roof slope standards were particularly unclear.
- The development team considered increasing density and believed it was likely allowed but would need to confirm with project records.
- Without a maximum density limit, the project would likely have added more units without transitioning into more expensive high-rise construction.
- Although no parking was required for the affordable housing project, the team aimed to provide a 1:1 ratio, which became challenging.
- Creative code interpretations, such as increasing compact parking spaces, helped meet goals.
- Neighborhood concerns about parking reinforced the desire to maintain the 1:1 parking ratio.
- Parking located in front of the building resulted in non-compliance with maximum setback standards.
- The project relied heavily on density bonuses to achieve the unit count.

3. **Do you have any suggestions for ways the City could improve efficiency of development-related processes to help facilitate housing development?**
    - The project went through a Type II design review rather than a PUD process.
    - Flexibility built into the design review process was appreciated, though it was sometimes unclear where the goalposts were.
    - A conversation with the City's urban designer occurred early on but did not result in substantial feedback.
    - Overall, the project received minimal resistance, and the City offered flexibility in navigating requirements.
    - A specific challenge arose related to fence height, where there appeared to be tension between staff preference and what the code required.
    - Plan examiners were described as responsive and adequately staffed.
    - Pre-application meetings were easy to schedule and helped clarify the early phases of the process.
    - The process related to public improvements was harder to follow and resulted in slower turnaround times.

D&CS Questions:

- Nearly $2 million was spent on public improvements, including three-quarter street improvements, sidewalks, parkways, street line planters, and a facilities permit through Washington County.
- Another $2 million in systems development charges (SDCs) brought the total to approximately $4 million in off-site costs.
- These cumulative requirements created significant uncertainty and financial risk.
- It would be beneficial if developers could pay either SDCs or construct improvements, rather than both.
- The requirement for facilities permit nearly prevented the project from receiving a building permit and starting construction.
- Although the project received $10.5 million in Metro bond funding, no waivers or limits were offered for SDCs.
- The City paid for land use and HUD-required environmental review costs.
- Fee-in-lieu options were available through the City and County, but federal fund restrictions prevented their use.

- In past school district projects, facilities permits through the County often took up to nine months to obtain.
- The project site included both City and County jurisdiction, creating complications in navigating separate and sometimes conflicting requirements.
- There is a need for clearer separation or coordination between City and County permitting processes.
- At one point, five or six civil permits were still pending while the building was otherwise ready to move forward.
- The building permit could not be issued without resolution of those civil permits, causing delays.
- Establishing greater independence between civil and building permits could help avoid this issue in the future.
- **Street improvement requirements: Did you think the standards you were being asked to build to were excessive?**
    - Yes. Requirements included adding a vehicle lane, a bike lane, and modifying turn lane configurations at a nearby intersection.
    - These improvements triggered a series of domino effects, such as needing to engage neighbors about vegetation removal for sightline compliance.
    - Frustration was expressed about being required to both pay SDCs and complete extensive street improvements, which felt duplicative.
    - The standards did not appear to consider the existing neighborhood context when applied.