

## **RESOLUTION NO. 2863**

### **A RESOLUTION APPROVING THE HILLSBORO HOUSING PRODUCTION STRATEGY**

WHEREAS, Oregon Revised Statutes 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 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 stakeholder 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.

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

Section 1. The document titled "Hillsboro Housing Production Strategy," dated December 2024, and attached as Exhibit A, is hereby adopted as the City of Hillsboro's official HPS.

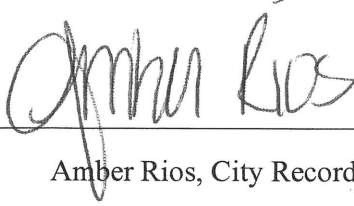
Section 2. The City Council directs staff to initiate implementation of the actions listed in the HPS.

Section 3. This resolution is effective immediately.

Approved and adopted by the Hillsboro City Council at a regular meeting held on the 3rd day of December 2024.



Steve Callaway, Mayor



ATTEST:

Amber Rios, City Recorder



# Hillsboro Housing Production Strategy

December 2024



# 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.

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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 (OAR 660-048-0050) 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). 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, both across the income spectrum and for protected classes. 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.

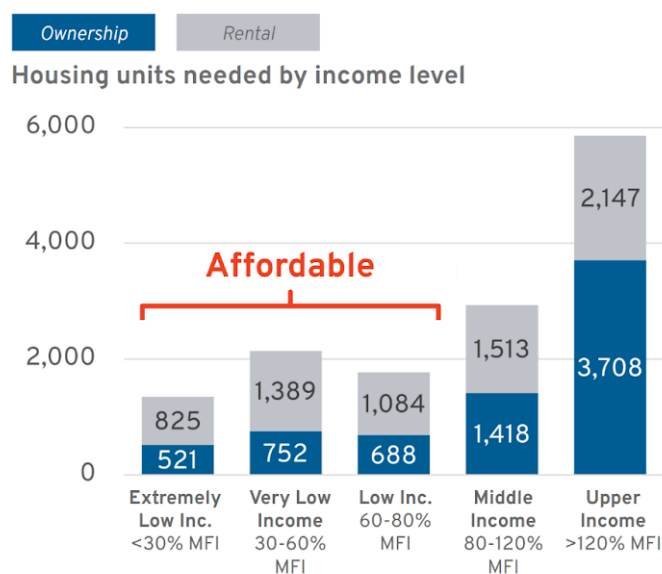
The HPS is organized into seven sections:

- 1. Executive Summary.**
- 2. Overview of Hillsboro’s Contextualized Housing Needs.** This section summarizes current and future housing needs, demographic trends, 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 has already undertaken to ensure the production of needed housing.
- 5. Strategies to Meet Future Housing Need.** This section describes 21 new 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.

## 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 (Figure on Right): 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** 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 quickly 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, City staff—alongside contracted consulting and engagement partners—gathered input from community stakeholders and developed a list of new housing actions (actions) beyond those the City is undertaking and will continue with. 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 ongoing 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: Strategies to Meet Future Housing Need offers a detailed summary of each action, providing with the following information:

- Overview, background, and rationale for the action

- Steps to implement the action, considerations for implementation, and a timeline
- 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 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.

## Regulatory Actions

- Action 1.1: Update Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in Multi-Dwelling Zones
- Action 1.3: Increase housing in Commercial & Mixed-Use Zones
- Action 1.4: Refine middle housing development standards
- Action 1.5: Streamline design standards
- Action 1.6: User-friendly code
- Action 1.7: Identify and reduce process barriers
- Action 1.8: Adopt pre-approved housing plans

## Land-Based Actions

- Action 2.1: Coordinate with partners to identify underutilized land
- Action 2.2: Coordinate with partners to pursue residential land UGB expansion(s)

## Partnership Actions

- Action 3.1: Develop new strategic partnerships for state/federal advocacy
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 3.3: Undertake a Calle Diez Equitable Development Strategy

## Incentive Actions

- Action 4.1: Make fee structure adjustments
- Action 4.2: Scale select SDCs
- Action 4.3: Pursue MUPTE to incentivize needed housing and extension of the VHDZ program
- Action 4.4: Evaluate additional tax abatements



## Investment Actions

- Action 5.1: Identify strategic infrastructure investments to unlock housing production
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production
- Action 5.3: Build a year-round homeless shelter
- Action 5.4: Support Permanent Supportive Housing production

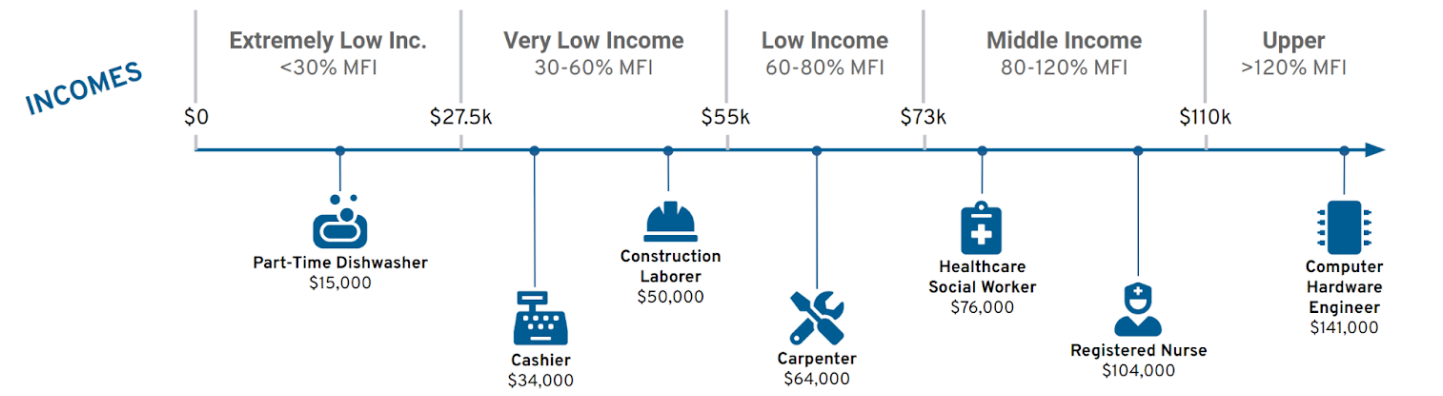
## 2. Overview of Hillsboro’s Contextualized Housing Needs

Hillsboro adopted the 2023 Housing Needs Analysis (HNA) in early 2024. The HNA (see Appendix D) 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

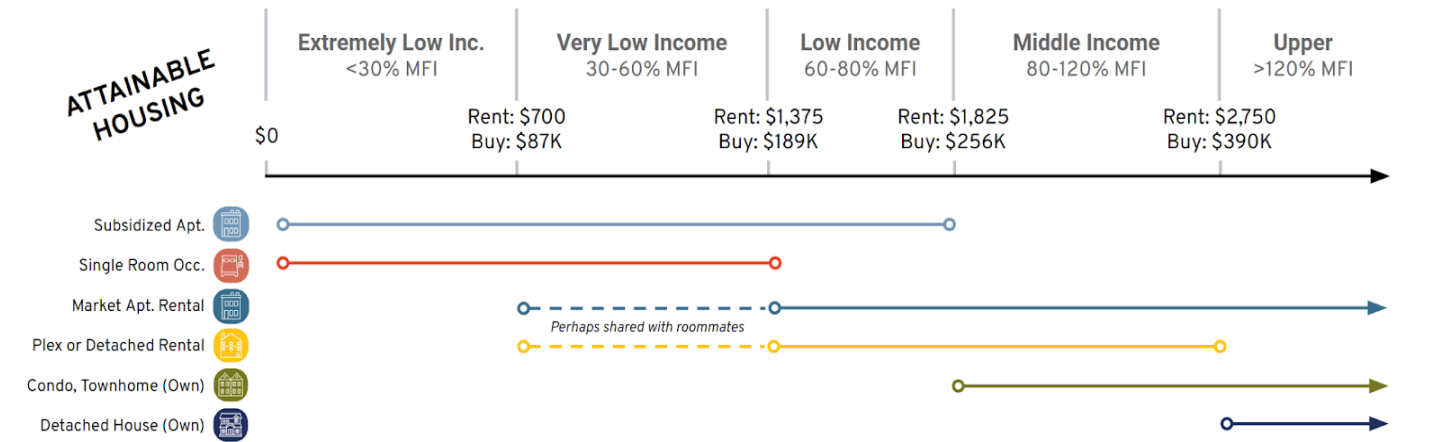
Hillsboro’s median household income is about \$99,000. This is higher than the statewide and regional medians of \$76,500 and \$90,500.<sup>1</sup> Despite tending to have more higher income households than a typical Oregon community, Hillsboro still has a range of jobs and incomes. That range is visualized 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



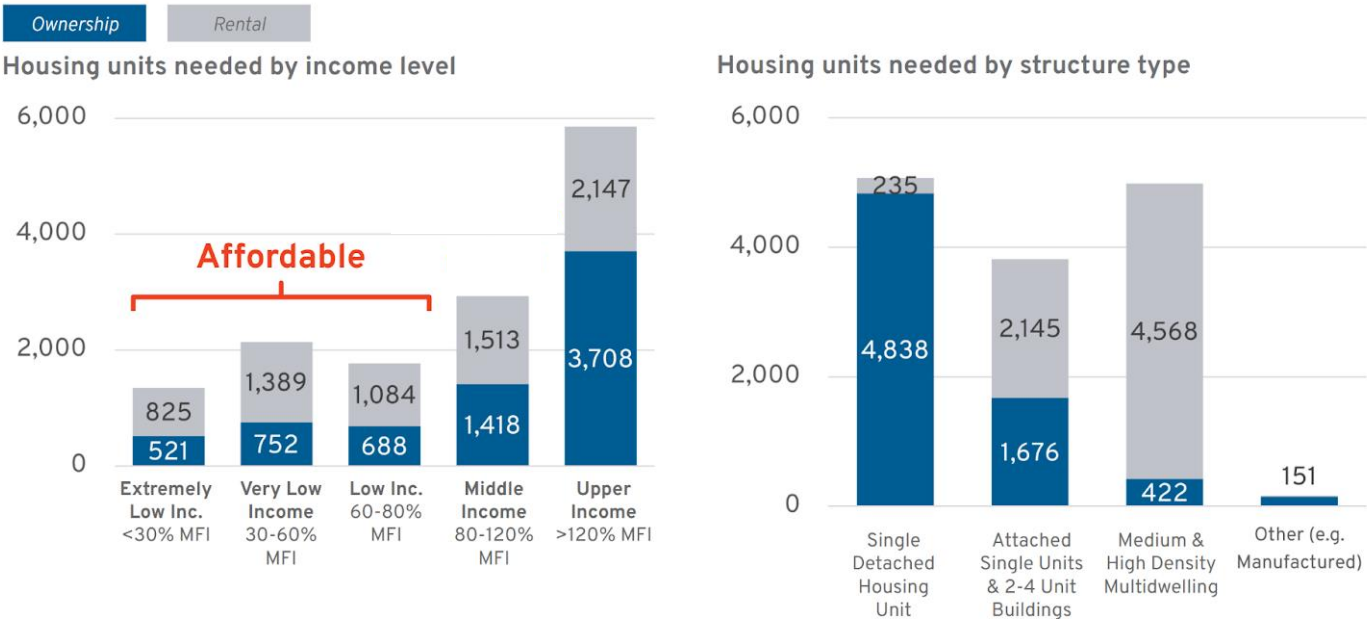
Source: City of Hillsboro’s 2023 HNA, specifically for the attainable housing rent and sale prices.

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 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

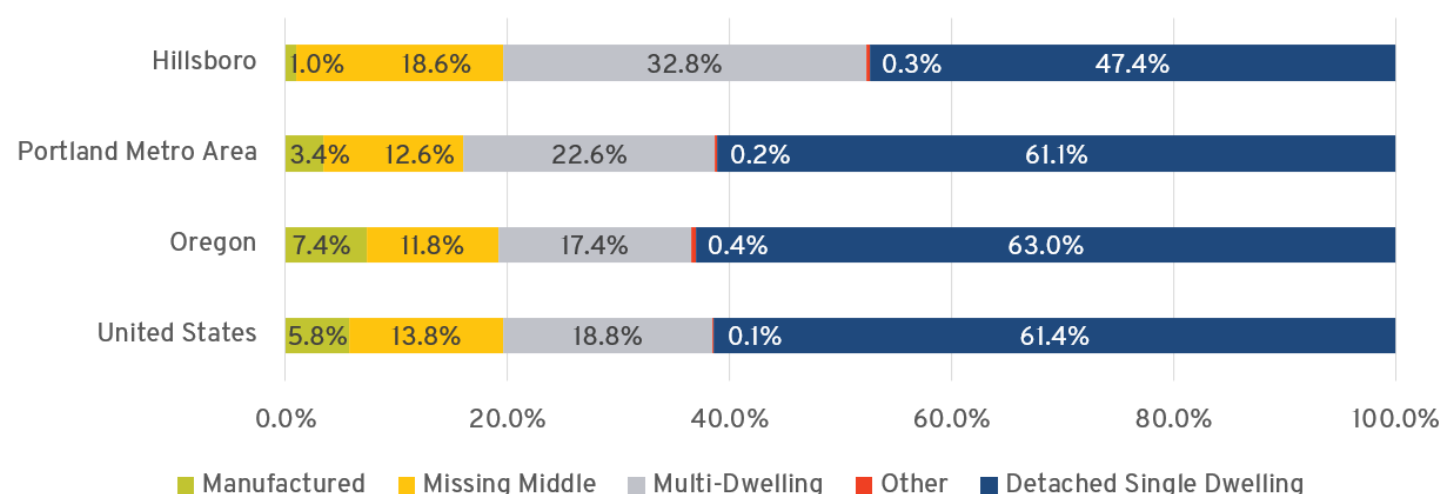
## Existing Housing & Who Lives in Different Kinds of Housing

### Hillsboro’s housing stock is relatively diverse

About 47% of Hillsboro’s housing stock is single detached and 33% is multi-unit. The rest 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.



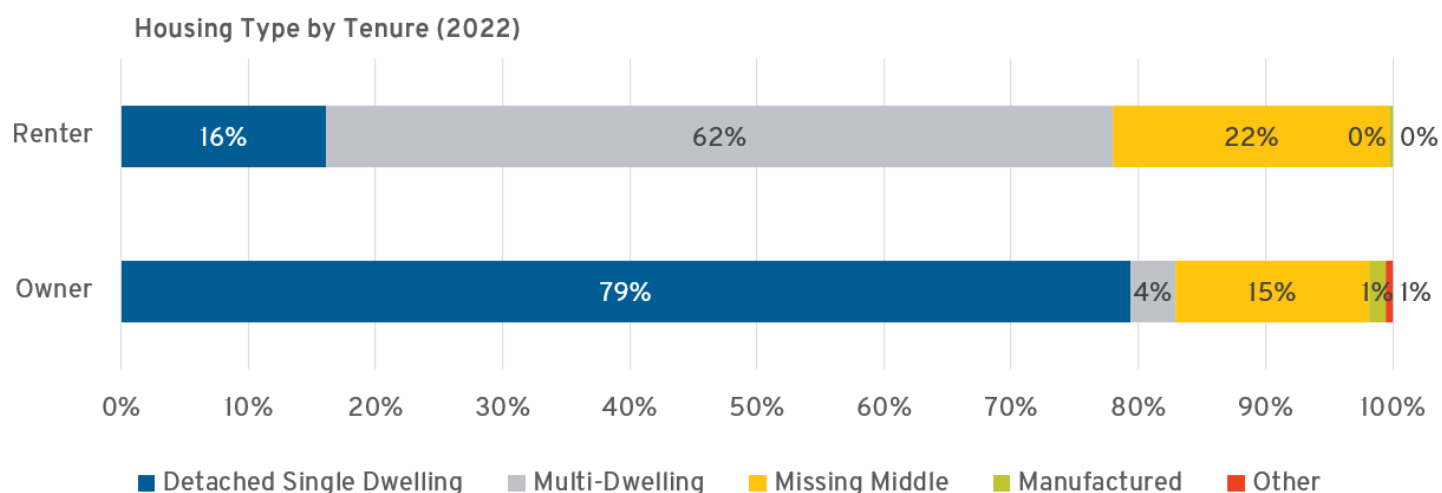
## Existing Housing Stock by Housing Type (2022)



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.

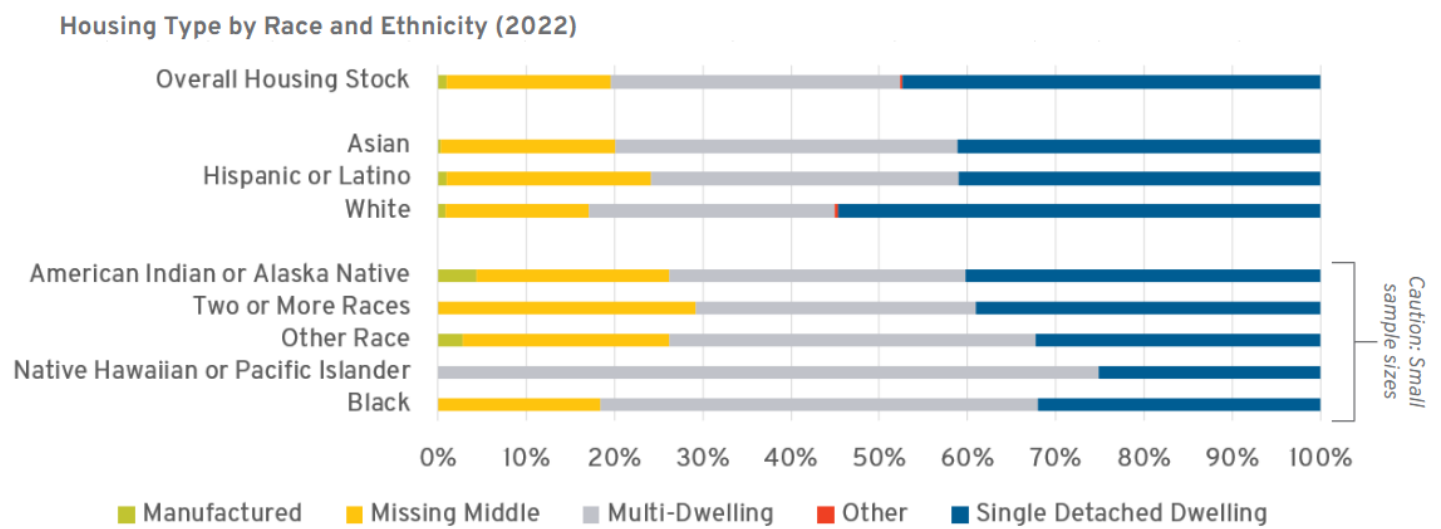


Source: American Community Survey 5-Year Estimates, 2022-Vintage, Table B25032

## 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 disproportionately serve various communities of color.

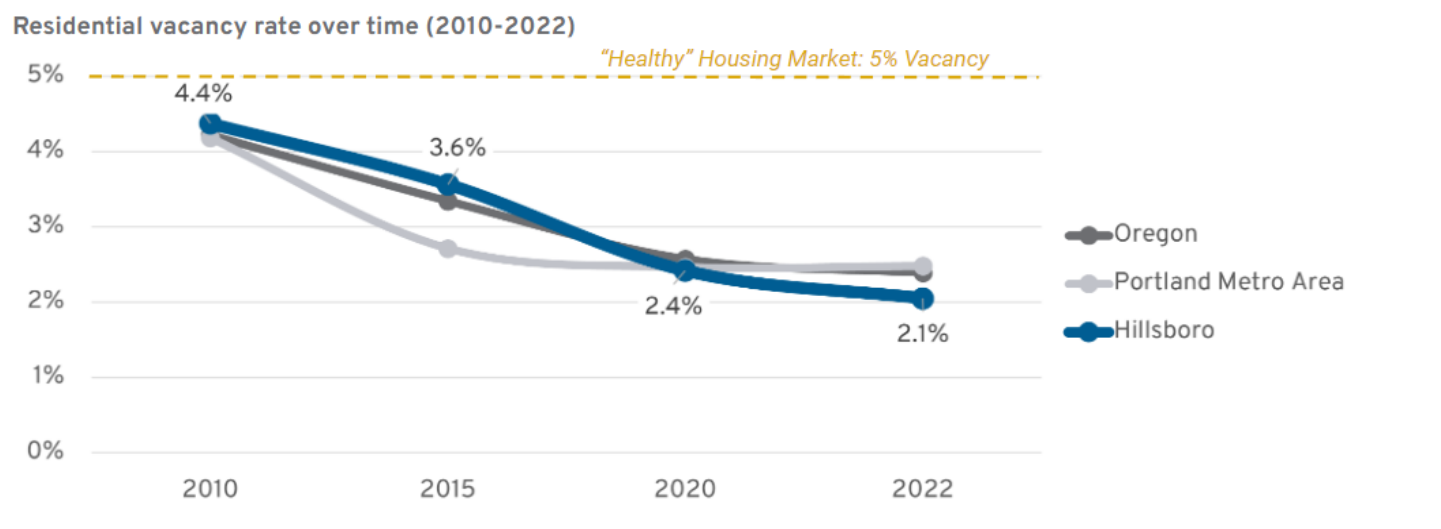


Source: American Community Survey 5-Year Estimates, 2022-Vintage, Table B25032 B-I

## The Housing Market in Hillsboro

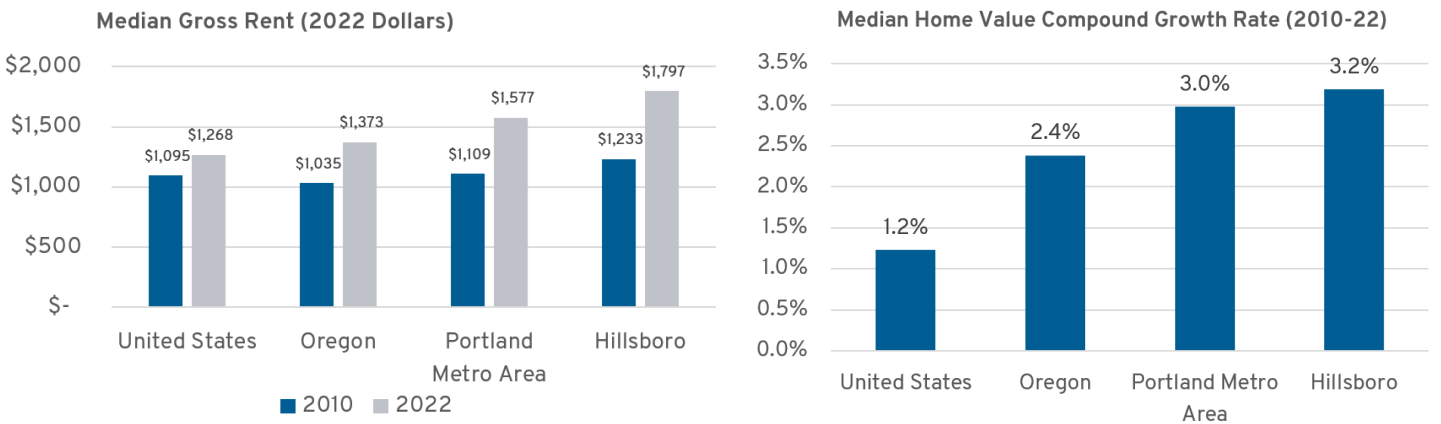
### Hillsboro is experiencing very low housing vacancy, which is putting upward pressure on prices

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/>

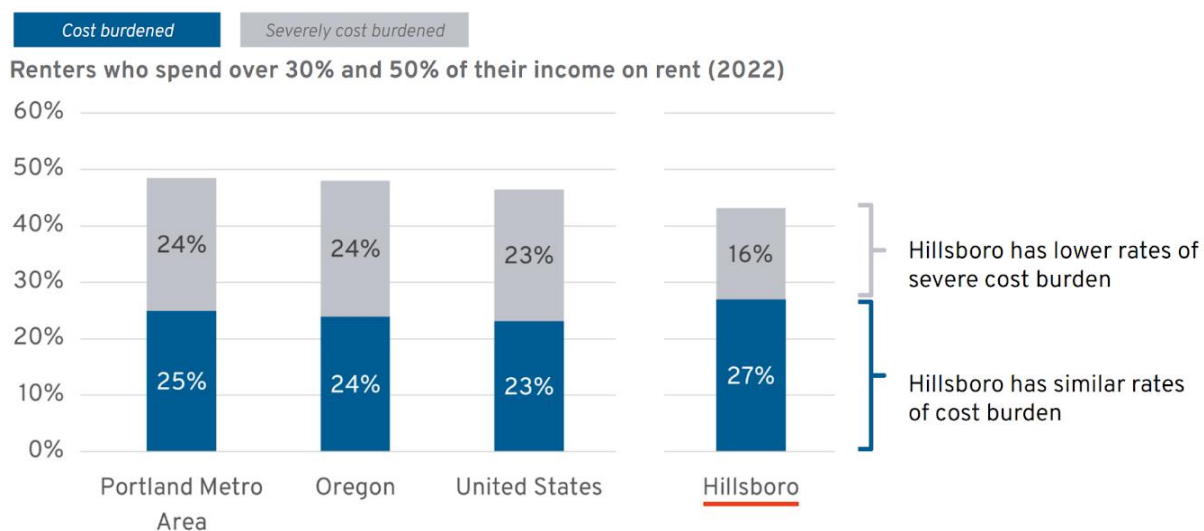
A statewide survey of government staff and developers by the University of Oregon’s Institute for Policy and Research and Engagement reinforces this perspective that construction costs are major barriers to production.<sup>2</sup> Six of the 12 barriers perceived by respondents as “extreme” barriers 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 or severely cost burdened (meaning households spend over 50% of their income on housing costs), less than the national (46%), statewide (48%), and regional (49%) rates. However, it does not appear the City’s cost burden is lower due to having lots of low-priced housing. In fact, Hillsboro’s gross median rent is considerably higher per month than state and national averages (\$1,797 vs. \$1,373 and \$1,268). Rather, Hillsboro’s rates of cost burden appear to be lower due to the 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

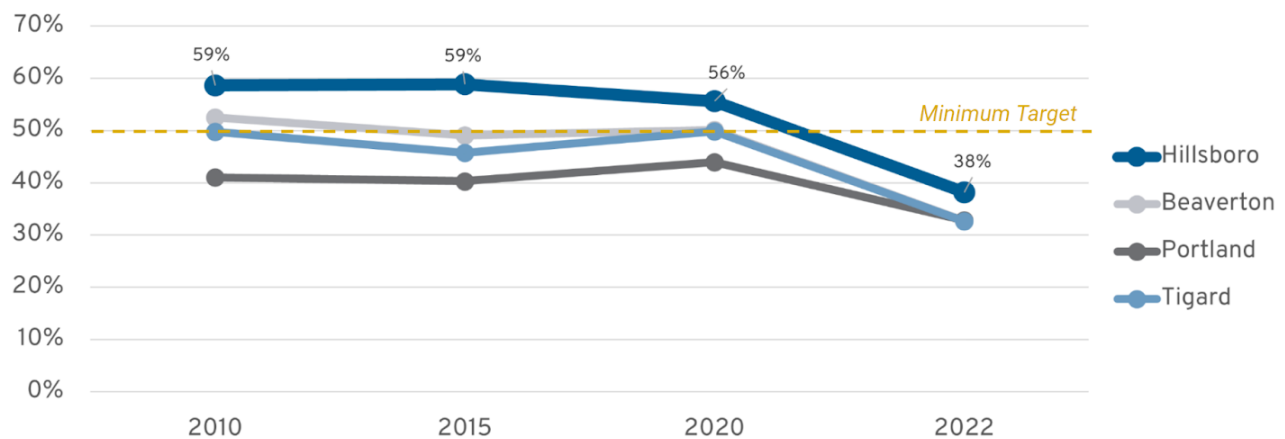
<sup>2</sup> University of Oregon Development Barriers Survey Brief and Summary Report, 2022.  
[https://www.oregon.gov/lcd/UP/Documents/Appx\\_F\\_UO\\_IPRE\\_Barriers\\_Housing\\_Production.pdf](https://www.oregon.gov/lcd/UP/Documents/Appx_F_UO_IPRE_Barriers_Housing_Production.pdf).



## 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 blow to ownership affordability. As of 2022, only 38% of households could afford a newly issued mortgage on the City’s median-priced home.

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



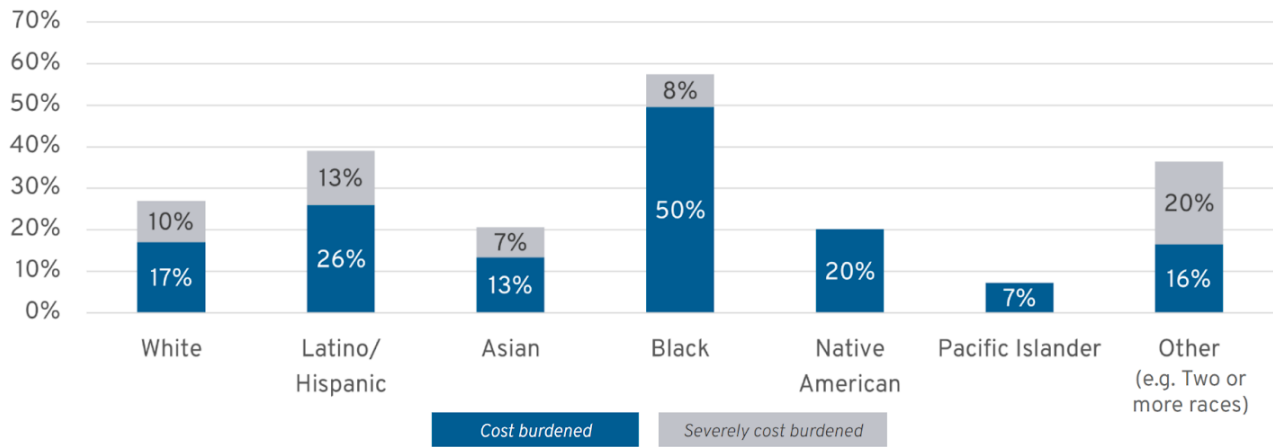
Sources: Zillow Home Value Index, seasonally adjusted for all for sale homes, accessed in 2024; Federal Reserve Bank of St. Louis average 30-year mortgage rates, Table MORTGAGE30US, accessed in 2024; analyst estimate of tax and insurance costs for Oregon using SmartAsset and Nerdwallet

## 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.

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



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

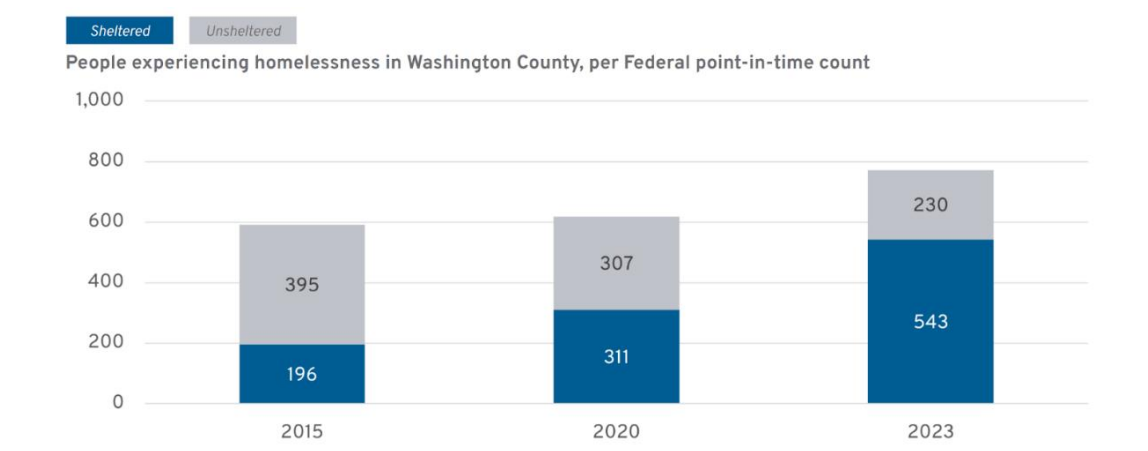
### **More Washington County residents are experiencing homelessness and are disproportionately from communities of color**

According to the Oregon Statewide Homelessness Estimates report, 7,480 people in the Portland Tri-County Region were experiencing homelessness as of January 2023.<sup>3</sup> 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.<sup>4</sup> 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.

<sup>3</sup> Oregon Statewide Homelessness Estimates, 2023, Tables 1, 4, and 10.

[https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=1042&context=hrac\\_pub](https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=1042&context=hrac_pub)

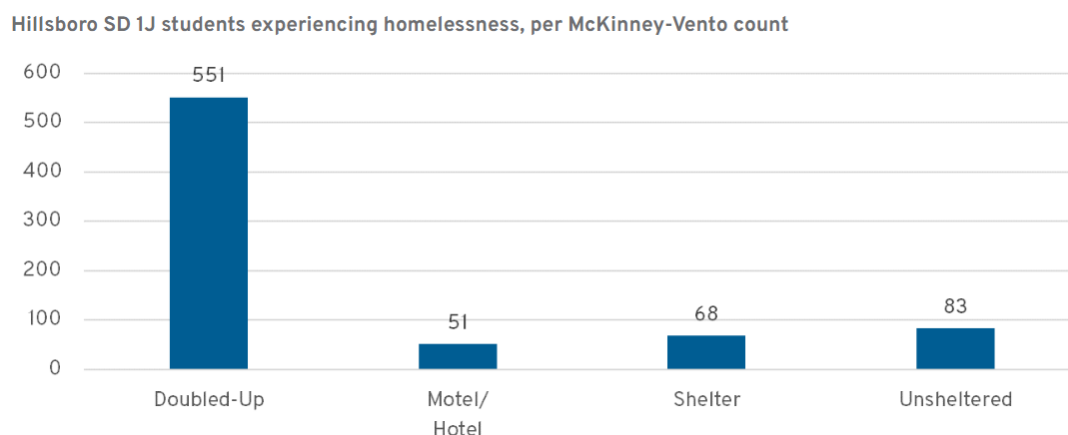
<sup>4</sup> Washington County, Oregon: Homeless Counts and PIT Resources, accessed in 2024, <https://www.washingtoncountyor.gov/housing/efforts-end-homelessness/homeless-counts-and-pit-resources>



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

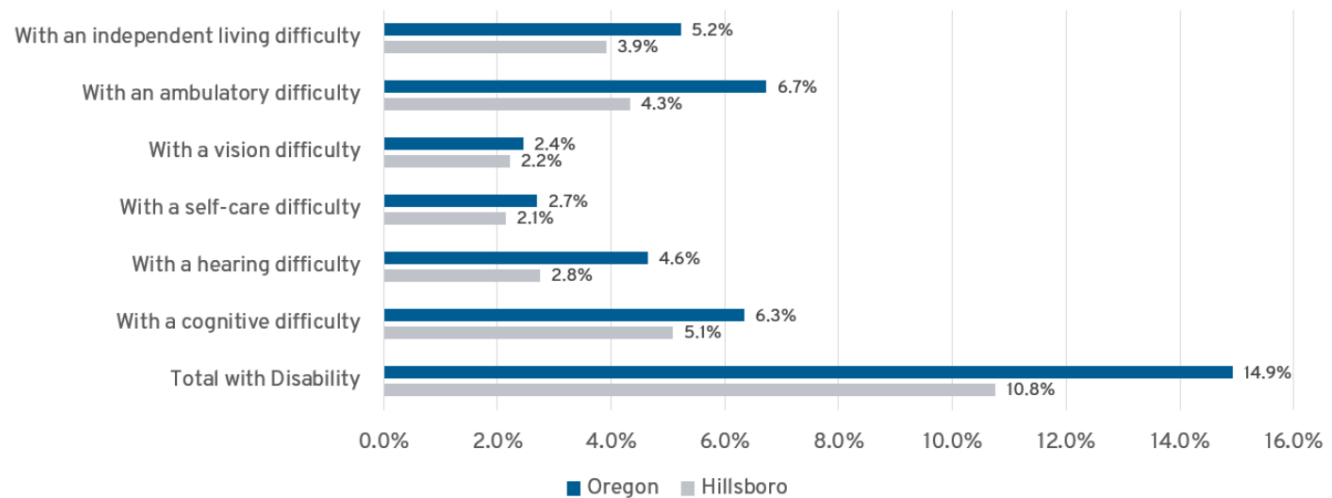
year.<sup>5</sup> Put more simply, more people are being served in shelter, transitional housing, rapid rehousing, and PSH in Washington County in response to the rise in homelessness.

## 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.<sup>6</sup> 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.

#### **Percent of Residents Living with a Disability**



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.<sup>7</sup> This data is not available at the City level, but the statewide trend implies that the City can expect to serve the

<sup>5</sup> Washington County Longitudinal Systems Analysis, 2023, accessed in 2024, <https://www.washingtoncountyor.gov/housing/efforts-end-homelessness/documents/coc-presentation-2022-1sa-final/download?inline>

<sup>6</sup> HUD Comprehensive Housing Affordability Strategy (CHAS) 5-Year estimates, Table 5, 2020-Vintage

<sup>7</sup> American Community Survey 5 Year Estimates, 2022-Vintage, Table B18130



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.

## 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.

### 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 or work in Hillsboro, and for-profit and non-profit housing 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.

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 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, 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 7<sup>th</sup> and the third Spanish focus group occurred on November 14<sup>th</sup>. 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 participants 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 9<sup>th</sup>, 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 waivers and SDC scaling, 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 Calle Diez neighborhood, supporting PSH, and exploring new revenue streams for affordable housing. SDC scaling 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, 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.

### Improving Future Engagement Practices

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	<b>Ensure land zoned for higher density isn’t developed at lower densities.</b> 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	<b>Offer density or height bonuses for Affordable housing.</b> 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	<b>Reduce parking standards for Affordable housing.</b> 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. Upcoming code amendments, resulting from the state’s Climate Friendly and Equitable Communities rulemaking, will remove minimum vehicle parking requirements for all housing.	Affordable	Renter	Multi-Unit	Medium	Complete
E4	<b>Allow for Single Room Occupancy in Residential Zones.</b> 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	<b>Provide incentives for ADUs.</b> 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 has a practice of charging SDCs for primary dwelling unit but not Accessory Dwelling Units.	Affordable, Middle-Income, Market	Renter	Middle Housing	Low	Complete
E6	<b>Regulate short-term rentals.</b> 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	<b>Incentivize accessible design.</b> 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	<b>Pursue a pro housing agenda.</b> 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	<b>Adopt Affirmatively Furthering Fair Housing as a Comprehensive Plan Housing Policy.</b> 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	<b>Evaluate City land for affordable housing.</b> Continue to evaluate the utilization of City-owned remnant land for affordable housing, <a href="#">such as with the Nueva Esperanza and Century Commons affordable housing projects</a> .	Deeply Affordable, Affordable	Both	Middle Housing, Multi-Unit	High	Continuing
E11	<b>Evaluate land acquisition in Downtown Hillsboro.</b> The Hillsboro Economic Development Council will continue to evaluate the acquisition of land in the downtown Urban Renewal Area to spur residential, mixed-use development such as Block 67.	All	Renter	Multi-Unit	Medium	Continuing



E12	<b>Track affordable housing inventory.</b> Continue to 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	<b>Maintain strategic partnerships to advocate for state and federal policy changes and funding.</b> Maintain strategic partnerships for coordinated multi-jurisdictional advocacy for state and federal policy changes and funding.	All	Both	All	High	Continuing
Incentives						
E14	<b>Continue property tax exemption for non-profit affordable housing.</b> Continue to offer tax exemptions to non-profits operating qualified affordable rental housing in the city.	Deeply Affordable, Affordable	Renter	Multi-Unit	High	Continuing
E15	<b>Finance SDCs for select residential development.</b> Continue to 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	<b>Continue providing gap funding investments.</b> Continue providing 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	<b>Continue administering CDBG program.</b> Continue administering 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
	<b>Support nonprofit housing organizations, such as the Community Housing Fund.</b> 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
E18	<b>Continue partnering on HOME implementation.</b> Continue partnering 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 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 an:

- Overview, background, and rationale for the action
- An adoption and implementation timeline
- Steps to implement the action
- Considerations for implementation, including discussion of constraints, opportunities, and externalities
- 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 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 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 public subsidies but may be lower cost 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:** This evaluates the degree to which an action will help to produce single detached, middle housing, and multi-unit housing. 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.
- **Demographic Targets:** This evaluates the degree to which an action will help to produce housing 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 funding (in addition to staff time) to implement.

- ❖ **Medium:** Requires some 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 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**

### ❖ **Community Development Department**

- Planning Division
- Affordable Housing Team
- Building Division
- Administrative Division
- Economic Development Department

### ❖ **City Manager's Office**

### ❖ **Finance Department**

## Summary Table of New Actions

Action Group	Action Title	Lead	Implementation Years			Impact on Housing Production
			1-2	3-4	5-6	
Regulatory Actions	<u>Action 1.1</u> : Undertake Comprehensive Plan and Zoning Map updates	Planning Division				Medium
	<u>Action 1.2</u> : Increase housing in Multi-Dwelling Zones					High
	<u>Action 1.3</u> : Increase housing in Commercial & Mixed-Use Zones					High
	<u>Action 1.4</u> : Refine middle housing development standards					Medium
	<u>Action 1.5</u> : Streamline design standards					Medium
	<u>Action 1.6</u> : User-friendly code					Low
	<u>Action 1.7</u> : Identify and reduce process barriers	Admin Division				Low
	<u>Action 1.8</u> : Adopt pre-approved housing plans	Building Division				Medium
Land Based Actions	<u>Action 2.1</u> : Coordinate with partners to identify underutilized land	Affordable Housing	Ongoing			Medium
	<u>Action 2.2</u> : Coordinate with partners to pursue residential land UGB expansion(s)	Planning Division				High
Partnership Actions	<u>Action 3.1</u> : Develop new strategic partnerships for advocacy	Admin Division	Ongoing			Medium
	<u>Action 3.2</u> : Continue and expand affordable homeownership partnerships	Affordable Housing	Ongoing			Medium
	<u>Action 3.3</u> : Undertake a Calle Diez Equitable Development Strategy	Economic Development				Low
Incentive Actions	<u>Action 4.1</u> : Make fee structure adjustments	Admin Division				Medium
	<u>Action 4.2</u> : Scale select SDCs	Admin Division				High
	<u>Action 4.3</u> : Pursue MUPTE and extension of the VHDZ program	Economic Development				Medium
	<u>Action 4.4</u> : Evaluate additional tax abatements	Affordable Housing				Medium
Investment Actions	<u>Action 5.1</u> : Identify strategic infrastructure investments to unlock housing production	Admin Division	Ongoing			Medium
	<u>Action 5.2</u> : Explore the creation of an ongoing revenue source for affordable and middle-income housing production	Finance Department				Medium
	<u>Action 5.3</u> : Build a year-round homeless shelter	City Manager's Office				Low
	<u>Action 5.4</u> : Support Permanent Supportive Housing production	Affordable Housing	Ongoing			Low



# 1. REGULATORY ACTIONS

## Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates

Regulatory Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> Undertake Comprehensive Plan amendments and 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 that may currently have concentrations of higher income.</p> <p><b>Background:</b> 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 and Actions 1.2, 1.3, 1.4, and 2.2 will help add capacity to meet that need.</p> <p>In addition, a wide range of policy literature has demonstrated that prohibiting denser, multi-unit housing facilitates the creation of high-income, high-opportunity enclaves that lower-income households cannot afford. Through this action, the City can increase zoned capacity in high-opportunity neighborhoods for the type of housing with the greatest chance of achieving deep affordability: multi-unit housing. This will promote fair housing and expand affordable housing options in high opportunity areas, such as those with quality amenities, schools, transit service, and employment and commercial access. This action will also help the City encourage the creation of more compact, mixed-use neighborhoods.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>Identify infrastructure constraints and other barriers to allowing additional housing capacity in the City through Action 5.1.</li> <li>Conduct a staff or consultant-led project to holistically consider and recommend where housing capacity be added, alongside any needed Comprehensive Plan amendments.</li> <li>Adopt a package of changes to amend the Comprehensive Plan and rezone parts of the City to allow more housing.</li> </ul>		
Implementation Considerations	<p><b>Equity</b></p> <ul style="list-style-type: none"> <li>The City should define and identify high opportunity neighborhoods to guide density increases and rezoning. There are many ways to do this (e.g., California Tax Credit Allocation Committee’s Opportunity Map, Opportunity Insight’s Opportunity Atlas, City of Portland’s Opportunity Map). When defining opportunity, consider the formal definition of affirmatively furthering fair housing and relevant aspects of the City’s comprehensive plan language.</li> <li>Allowing more construction in existing residential neighborhoods raises the possibility of displacement, both direct (e.g., eviction, demolition) and indirect (e.g., rising rents, loss of neighborhood identity).<sup>8</sup> While research has generally found that increased housing supply holds down housing costs at the regional and neighborhood level, a handful of studies have complicated these findings, showing conflicting local rent effects depending on the quality of the housing and increased churn among neighborhood residents following new housing construction.<sup>9</sup> For these reasons, the City should take care to holistically consider where it adds housing capacity in order to</li> </ul>		

<sup>8</sup> See “Gentrification, Displacement, and the Role of Public Investment.” <https://www.urbandisplacement.org/wp-content/uploads/2021/08/gentrification.pdf>.

<sup>9</sup> See the Urban Displacement Project’s study “New Development for Whom?” [https://www.urbandisplacement.org/wp-content/uploads/2022/03/IGS\\_1\\_New-Production\\_Brief\\_03.01.22.pdf](https://www.urbandisplacement.org/wp-content/uploads/2022/03/IGS_1_New-Production_Brief_03.01.22.pdf).

minimize displacement while still facilitating greater housing production. A general rule is allowing more multi-unit housing in already expensive, high opportunity areas bears the least risk of displacement and inadvertently putting upward pressure on the nearby rents of existing housing.<sup>10</sup>

Administrative

- Each buildable site is unlikely to be developed in any given year, and all of the City's buildable sites are unlikely to be developed over the 20-year planning horizon.<sup>11</sup> To encourage development activity sufficient to meet the need, the City should plan to create more zoned capacity than the minimum amount physically needed to accommodate the City's housing need.

Estimated  
Magnitude of  
Impact

**Medium impact.** However, the impact could be high if the zoning map changes are significant and provide large upgrades in the total amount of zoned housing capacity in the City. Market and construction cost limitations could affect the degree of density and infill and redevelopment triggered by this action.

Housing Type  
Targets

Adding housing capacity in high opportunity areas through map changes is most likely to have the highest impact on **multi-unit housing** production and a nominal impact on production of single detached and middle housing units.

Affordability  
Targets

This action has the potential to help produce housing for **all income levels**.

Tenure Targets

Because multi-unit 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-unit housing for sale.

Demographic  
Target

Adding multi-unit housing capacity, especially at middle-income and affordable housing levels, may increase access to housing for **low-income households, communities of color, people with disabilities, and seniors** who are disproportionately living in poverty.

Fiscal Impact: Low

Admin Needs: Medium

Lead: Community Development  
Department's Planning Division

<sup>10</sup> See "Key Takeaways" of UCLA Lewis Center's 2021 Research Roundup on "The Effects of Market Rate Development on Neighborhood Rent." <https://www.lewis.ucla.edu/research/market-rate-development-impacts/>

<sup>11</sup> For an example of this dynamic, see "Technical Summary of Econometric Approach to Estimating Housing Element Site Capacity in the City of Los Angeles." [https://planning.lacity.gov/odocument/15117d38-35ca-416b-9980-25eb20201ba2/Appendix\\_4.6\\_-\\_Regression\\_Methodology.pdf](https://planning.lacity.gov/odocument/15117d38-35ca-416b-9980-25eb20201ba2/Appendix_4.6_-_Regression_Methodology.pdf).

## Action 1.2: Increase Housing in Multi-Dwelling Zones

### Regulatory Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> Increase the maximum density, Floor Area Ratio, and height in Multi-Dwelling Zones and offer density bonuses to further increase affordable, middle-income, and accessible units along with mixed-income projects. Increase minimum density requirements.</p> <p><b>Background:</b> The maximum density standards, Floor Area Ratio, and height standards of many of the City's multi-dwelling zones pose barriers to housing production and affordability by limiting density below levels that are achievable while meeting other form-based standards. For example, it is common for a low rise (2-3 story) apartment development with surface parking of around one space per unit to achieve densities of 30-40 units per acre even while meeting lot coverage, open space, and setback requirements. Additionally, the MR-1, MR-2, MR-3, SCR-DNC, SCR-MD, and SCR-HD zones allow multi-unit structures but limit densities below 30 units per acre. Increasing the maximum density in these zones will bring standards better into alignment with what is physically achievable and reduce the cost of development. Where allowed, the market is producing housing at these and higher densities in much of the Metro region.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>• As part of the Housing Code Audit, determine an increased minimum and maximum density to apply to each multi-dwelling zone. Consider changing form-based standards, such as increased height and floor-area ratios, to ensure desired densities are achievable.</li> <li>• Offer density bonuses to further increase affordable, middle-income, and accessible units in multi-dwelling zones.</li> <li>• Incentives for affordable or middle-income housing would define the level of affordability required as a percentage of Department of Housing and Urban Development's (HUD) annual AMI limits and overall percentage of units in a development that are affordable. <ul style="list-style-type: none"> <li>○ Incentives for accessible housing units could require the unit to meet certain standards, such as Universal Design or Lifelong Housing Certification.</li> </ul> </li> <li>• Adopt a package of changes through a public hearing process.</li> </ul>		
Implementation Considerations	<p><b>Equity</b></p> <ul style="list-style-type: none"> <li>• Market and construction cost limitations could affect the degree of density and infill and redevelopment triggered by this action. Rising construction costs make it impossible to build and offer new residential units below certain price thresholds without subsidy. Increasing capacity in multi-dwelling zones could help counteract rising costs by decreasing land cost per unit. Further, the City can help minimize construction costs by pairing increased densities with other code changes that simplify standards (e.g., Action 1.4: Streamline Design Standards) and encourage the affordable construction typologies: 3-4 story, wood framed multi-unit dwellings.<sup>12</sup> This in turn will benefit middle- and lower-income households via improved affordability within the multi-unit dwelling submarket.</li> </ul>		

<sup>12</sup> See "Returns to scale in residential construction: The marginal impact of building height." <https://onlinelibrary.wiley.com/doi/abs/10.1111/1540-6229.12357>

- Offering density bonuses may help the City secure more housing to meet the needs of priority populations (e.g., low-income households). However, if density bonuses reduce base entitlements and add further process, negotiation, delay, and uncertainty to the development process, the negative effects could outweigh the benefits.<sup>13</sup>

#### Administrative

- The City should consider adopting that changes to multi-dwelling zones alongside other actions from the regulatory section to maximize overall benefit and allow for holistic consideration of the City's development pattern, goals, and ability to mitigate for any negative externalities of development.

Magnitude of Impact	<b>High impact.</b> This action offers a fast and direct way to facilitate the development of more housing units on the City’s existing multi-dwelling development sites.		
Housing Type Targets	Adding housing in multi-dwelling zones is most likely to have the highest impact on <b>multi-unit housing</b> production and a nominal impact on production of single detached and middle housing units.		
Affordability Targets	This action is anticipated to help produce housing at <b>all affordability levels</b> .		
Tenure Targets	Because multi-unit housing is more likely to be for rent than for sale, this action is anticipated to have the highest impact on housing <b>for rent</b> and a moderate impact on multi-unit housing for sale.		
Demographic Target	Adding multi-unit housing capacity, especially at middle-income and affordable housing levels, may increase access to housing for <b>low-income households, communities of color, people with disabilities</b> , and <b>seniors</b> who are disproportionately living in poverty.		
Fiscal Impact: LowAdmin Needs: MediumLead: Community Development Department’s Planning Division			

<sup>13</sup> For more on this debate, see: "The Pretext Problem: The Pitfalls of Planning While Bargaining." <https://www.planetizen.com/features/113615-pretext-problem-pitfalls-planning-while-bargaining>.

## Action 1.3: Increase Housing in Commercial and Mixed-Use Zones

Regulatory Actions

Timeline

1-2 Years

3-4 Years

5-6 Years

Description

Overview: 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. Increase minimum density requirements and offer density bonuses to further increase affordable, middle-income, and accessible units along with mixed-income projects.

Background: 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 kinds of requirements pose several challenges to prospective developments. Residential developers are often less comfortable with commercial construction and products, and therefore prefer not to build them. Commercial tenants interested in such spaces can sometimes be hard to find, necessitating higher residential rents to offset anticipated lost commercial rent. And affordable housing developers often try to avoid including ground floor commercial space in their projects as it triggers state-level prevailing wages for construction labor.

In response to these issues, the City will evaluate options for providing more flexibility for housing in mixed-use and commercial zones (e.g., Commercial - Neighborhood (C-N), Commercial - General (C-G), Mixed-Use-Neighborhood (MU-N) zones). Strategies to provide more flexibility may include allowing for horizontal mixed-use development (residential behind commercial), only requiring a portion of the ground floor to be commercial uses, allowing for single-use residential buildings with no commercial space, and increasing maximum densities for residential uses in commercial zones.

Implementation Steps

- Holistically evaluate regulations on housing in commercial and mixed-use zones/plan districts to identify the most appropriate strategy for reducing barriers to housing in each zone/plan district as part of the Housing Code Audit.
- Offer density bonuses in commercial and mixed-use zones to further increase affordable, middle-income, and accessible units there.
- Incentives for affordable or middle-income housing would define the level of affordability required as a percentage of AMI and overall percentage of units in a development that are affordable.
  - Incentives for accessible housing units could require the unit to meet certain standards, such as Universal Design or Lifelong Housing Certification.
- Adopt a package of changes through a public hearing process.

Implementation Considerations

Equity

- Redevelopment of commercial properties for housing could make commercial space scarcer, putting upward pressure on commercial rents and raising the possibility of economic displacement of businesses. The City can combat this by ensuring adequate land zoned for commercial uses and through anti-displacement actions, such as the Calle Diez Equitable Development Strategy (Action 3.3).



- Many commercial areas are along high-traffic, car-oriented roads. Housing added in these areas could come with the drawbacks of limited walkability for residents and close proximity to particulate pollution from traffic. The City should consider investments to improve walkability and reduce car dependency in and around commercial zones to maximize the livability of new housing built there.
- Offering density bonuses may help the City secure more housing to meet the needs of priority populations (e.g., low-income households). However, if density bonuses 1) reduce base entitlements and therefore development feasibility and 2) add layers of process and negotiation that increase delay and uncertainty in the development process, the negative effects could outweigh the benefits.<sup>14</sup>

#### Administrative

- The City is required by state law to ensure there is adequate employment land to serve expected job growth. Introducing residential uses to more commercial lands could, over the long term, affect the supply of land for employment.
- The City should consider adopting that changes to Commercial and Mixed-Use zones alongside other actions from the regulatory section to maximize overall benefit and allow for holistic consideration of the City's development pattern, goals, and ability to mitigate for any negative externalities of development.

Magnitude of Impact	<b>High impact.</b> This action offers a fast and direct way to facilitate the development of more housing units on the City’s existing mixed-use development sites and open more commercial land to multi-unit housing development.				
Housing Type Targets	Adding housing capacity in commercial and mixed-use areas is most likely to have the highest impact on <b>multi-unit housing</b> production and a nominal impact on production of single detached and middle housing units.				
Affordability Targets	This action is anticipated to help produce housing at <b>all affordability levels</b> .				
Tenure Targets	Because multi-unit housing is more likely to be for rent than for sale, this action is anticipated to have the highest impact on housing <b>for rent</b> and a moderate impact on multi-unit housing for sale.				
Demographic Target	Adding multi-unit housing capacity, especially at middle-income and affordable housing levels, may increase access to housing for <b>low-income households, communities of color, people with disabilities, and seniors</b> who are disproportionately living in poverty.				
Fiscal Impact:	Low	Admin Needs:	Medium	Lead:	Community Development Department’s Planning Division

<sup>14</sup> For more on this debate, see: "The Pretext Problem: The Pitfalls of Planning While Bargaining." <https://www.planetizen.com/features/113615-pretext-problem-pitfalls-planning-while-bargaining>.

## Action 1.4: Refine middle housing development standards

### Regulatory Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><u>Overview:</u> Refine 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.</p> <p><u>Background:</u> The CDC complies with state requirements to allow middle housing types in all zones that allow single detached units. However, there remain some barriers within the CDC to developing middle housing. Examples include:</p> <ul style="list-style-type: none"> <li>• Minimum lot sizes that could prevent infill development on existing lots</li> <li>• Restrictions on detached duplexes, attached units in cottage cluster developments, and multiple ADUs on the same lot</li> <li>• Lack of clarity and certainty in the middle housing land division process</li> </ul>		
Implementation Steps	<ul style="list-style-type: none"> <li>• Identify middle-housing related development standards to consider for refinement as part of the Housing Code Audit.</li> <li>• Evaluate the benefits and tradeoffs of modifying those standards.</li> <li>• Calibrate and draft code amendments to produce desired outcomes.</li> <li>• Determine if these changes should be packaged with other code and zoning changes.</li> <li>• Bring amendments through a public hearing process and adopt a package of changes that increase feasibility of middle housing development.</li> </ul>		
Implementation Considerations	<p><u>Equity</u></p> <ul style="list-style-type: none"> <li>• Reducing barriers to middle housing development may add to the supply of housing that is affordable to middle-income households. For instance, some code refinements (such as reduced minimum lot sizes) encourage development of smaller units, which tend to be more affordable and serve priority populations.</li> <li>• Allowing detached middle-housing units and clarifying the middle housing land division process may encourage developers to build more modestly sized housing units for ownership. Section 2 of the HPS suggests that communities of color may disproportionately rely on middle housing to access homeownership (p. 10).</li> </ul> <p><u>Administrative</u></p> <ul style="list-style-type: none"> <li>• The City should consider adopting refined middle housing standards alongside other actions from the regulatory section to maximize overall benefits and allow for holistic consideration of the City's development pattern, goals, and ability to mitigate for any negative externalities of development.</li> </ul>		
Magnitude of Impact	<p><b>Medium impact.</b> The American Community Survey (Table 25024, 5-year data) estimates that Hillsboro added on net 670 attached single detached units, duplex units, triplex units, and fourplex 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.</p>		

Housing Type Targets	This action targets <b>middle housing</b> production.		
Affordability Targets	Refining middle housing development standards will impact middle housing production, which is most likely to benefit <b>middle-income and market rate</b> affordability targets. This action may also have a moderate impact on <b>affordable</b> housing in projects that include middle housing units.		
Tenure Targets	Because middle housing is more likely to be for sale than for rent, this action is anticipated to have the highest impact on housing <b>for sale</b> and a moderate impact on housing <b>for rent</b> .		
Demographic Target	Middle housing may provide more affordable rental and homeownership opportunities to <b>low-income households, communities of color, people with disabilities, and seniors</b> who are disproportionately living in poverty.		
Fiscal Impact: Low		Admin Needs: Medium	Lead: Community Development Department's Planning Division

## Action 1.5: Streamline design standards

### Regulatory Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> Clarify and streamline design standards across existing and new neighborhoods to promote and expedite housing production.</p> <p><b>Background:</b> Some CDC 12.50.710 Design Standards for All Residential Development and similar standards affecting certain zones and plan districts may impose unnecessary costs and risks on housing development. This may occur, for instance, when standards require using expensive materials, such as with minimum window glazing standards. It may also occur when standards limit development teams' design options or require more expensive construction techniques, causing developers to conclude the standards are unachievable and forcing them to seek discretionary approval for an alternative solution. SB 1537 includes provisions allowing developers greater ability to request variances, and this may provide an avenue for adjustments to challenging design standards. However, that process is not yet well established, nor does it constitute a clear and objective approval path. The City should streamline design standards across existing and new neighborhoods to promote and expedite housing production and affordability. Under this action, the City would evaluate the cost impacts of various design standards, achievability of design standards, identify alternative approaches to meeting the intent of those standards, and adopt code amendments for the purpose of streamlining design standards.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>• Evaluate the cost impacts of various design standards as part of Housing Code Audit.</li> <li>• Identify alternative approaches to meeting design standards' intent. Evaluate tradeoffs.</li> <li>• Calibrate and draft related code amendments to produce desired outcomes. Determine if these changes should be packaged with other code and zoning changes.</li> <li>• Adopt streamlined development standards via a public hearing process.</li> </ul>		
Implementation Considerations	<ul style="list-style-type: none"> <li>• Streamlining design standards and reducing development costs and timelines, specifically for multi-unit developments, may add to the supply of housing that is affordable to low and middle-income households.</li> <li>• The City should consider adopting streamlined design standards alongside other actions from the regulatory section to maximize overall benefits and allow for holistic consideration of the City's development pattern, goals, and ability to mitigate for any negative externalities of development.</li> </ul>		
Magnitude of Impact	<p><b>Medium impact.</b> This action could meaningfully improve the ease of developing by making design standards less costly and more achievable, reducing discretionary reviews.</p>		
Housing Type Targets	<p>Streamlining design standards is most likely to have the highest impact on <b>multi-unit housing</b> production and a moderate impact on production of <b>middle housing</b>.</p>		
Affordability Targets	<p>This action will target production of multi-unit housing the most and middle housing moderately, which corresponds with housing at <b>all affordability levels</b>.</p>		
Tenure Targets	<p>Because multi-unit housing is more likely to be for rent than for sale, this action is anticipated to have the highest impact on housing <b>for rent</b> and a moderate impact on multi-unit and middle housing that is for sale.</p>		

Demographic Target	Easing design standards with the intent of increasing housing production benefits populations across the income spectrum including <b>low-income households, communities of color, people with disabilities</b> , and <b>seniors</b> who are disproportionately living in poverty.		
Fiscal Impact:	Low	Admin Needs: High	Lead: Community Development Department's Planning Division

## Action 1.6: User-friendly code

### Regulatory Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> Reorganize and streamline the CDC to make it a more user-friendly document, identifying and resolving any redundancies, conflicts, or inconsistencies that may cause confusion or uncertainty.</p> <p><b>Background:</b> The CDC is a complex set of regulations that may require substantial time for applicants to navigate to identify applicable regulations. The City has an opportunity to improve the user experience of the code by streamlining the number of zones, plan districts, and/or overlays and taking other steps to reduce the complexity of the CDC. This project could also allow the City to identify and resolve any redundancies, conflicts, or inconsistencies that may cause confusion or uncertainty for users and for staff. This process would also include creating a user guide for the CDC to support less-experienced developers and community members navigate the code.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>• Reorganize and streamline the code to make it user friendly, as well as associated benefits and tradeoffs as part of Housing Code Audit.</li> <li>• If moving forward with reorganization and streamlining, draft and calibrate code amendments to produce desired outcomes.</li> <li>• Determine if amendments should be adopted as a whole, in phases, and packaged with other code and zoning changes.</li> <li>• Adopt user-friendly code through a public hearing process.</li> </ul>		
Implementation Considerations	<p><b>Equity</b></p> <ul style="list-style-type: none"> <li>• Creating a more streamlined, user-friendly code may reduce development timelines and add to the supply of housing affordable at various income levels.</li> <li>• A user-friendly code could expand the development ecosystem by reducing barriers to entry, helping development better reflect and serve a greater diversity of people.</li> </ul> <p><b>Administrative</b></p> <ul style="list-style-type: none"> <li>• The City should consider adopting a more user-friendly code alongside other actions from the regulatory section, allowing staff to efficiently amend the code as the City proceeds with code-related actions taken during the implementation period.</li> </ul>		
Magnitude of Impact	<p><b>Low impact.</b> A user-friendly code could help grow the development ecosystem. 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.</p>		
Housing Type Targets	<p>A more user-friendly code may have a moderate impact on production of <b>all housing types</b>.</p>		
Affordability Targets	<p>This action could positively influence production of all housing types and have a corresponding modest impact on housing across <b>all affordability levels</b>.</p>		
Tenure Targets	<p>This action may have a moderate influence on production of all housing types, including both <b>for rent and for sale</b>.</p>		

Demographic Target	A more user-friendly code results in the production of all housing types across the income spectrum including <b>low-income households, communities of color, people with disabilities,</b> and <b>seniors</b> who are disproportionately living in poverty.		
Fiscal Impact:	Low	Admin Needs:	High
		Lead:	Community Development Department's Planning Division



## Action 1.7: Identify and reduce process barriers

### Regulatory Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> Identify and mitigate process barriers, such as creating greater clarity in the review process while streamlining land use, development review, and permitting processes.</p> <p><b>Background:</b> 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.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>Identify process barriers not addressed by other actions.</li> <li>Evaluate options for reducing barriers, in coordination with assessment and implementation of actions 1.4-1.6.</li> <li>Evaluate the benefits and tradeoffs of options for introducing process changes.</li> <li>Determine if these changes should be packaged with other regulatory changes.</li> <li>Implement process changes.</li> </ul>		
Implementation Considerations	<p><b>Equity</b></p> <ul style="list-style-type: none"> <li>Reducing barriers in the development process may reduce development costs and timelines and help grow Hillsboro's reputation as a place developers want to build. Over time, this should enhance the City's supply of housing, supporting greater affordability across income levels.</li> <li>Reducing barriers may create more opportunities for infill and small-scale developers.</li> </ul> <p><b>Administrative</b></p> <ul style="list-style-type: none"> <li>The City should consider reducing process barriers alongside other actions from the regulatory section to maximize overall benefits and avoid duplicate efforts.</li> </ul>		
Magnitude of Impact	<p><b>Low impact.</b> However, if significant process barriers remain following Actions 1.4–1.6, then the magnitude of this action's impact could be larger.</p>		
Housing Type Targets	<p>Identifying and reducing process barriers is most likely to have the highest impact on <b>multi-unit and middle housing</b> production and a moderate impact on production of single detached unit housing.</p>		
Affordability Targets	<p>Because this action has the potential to positively influence production of all types of housing, it has the potential to assist in the production of housing available at <b>all affordability levels</b>.</p>		
Tenure Targets	<p>This action may influence production of all housing types, correlating with an impact on housing <b>for rent and for sale</b>.</p>		

Demographic Target	Identifying and reducing process barriers may result in the production of all housing types across the income spectrum including <b>low-income households, communities of color, people with disabilities</b> , and <b>seniors</b> who are disproportionately living in poverty.		
Fiscal Impact:	Low	Admin Needs: High	Lead: Community Development Department's Admin Division

## Action 1.8: Adopt pre-approved housing plans

### Regulatory Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><u>Overview:</u> Adopt pre-approved housing plans, especially for ADUs and middle housing typologies, allowing for expedited review time.</p> <p><u>Background:</u> 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. The plans could be designed for constrained lots and cost minimization. They could also focus on accessibility and energy efficiency to support other City goals and housing needs. 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.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>• Continue participating at the State level in code efforts to create residential building codes changes, estimated to roll out in 2029.</li> <li>• Determine if plan sets developed by DLCD can be adapted for the City.</li> <li>• Consider consulting developers and general contractors that have built middle housing and ADU projects in the City to understand how to best create pre-approved plans that will garner uptake and that general contractors will pitch to customers.</li> <li>• Fund or secure funding to develop pre-approved plans with architects and builders.</li> <li>• Advertise the pre-approved plans to property owners, contractors, and builders.</li> </ul>		
Implementation Considerations	<p><u>Equity</u></p> <ul style="list-style-type: none"> <li>• Consider focusing on accessible and visitable designs to meet the needs of people with disabilities and seniors.</li> </ul> <p><u>Administrative</u></p> <ul style="list-style-type: none"> <li>• Site plan review would still be required, minimizing time saving component of pre-made, pre-approved plans.</li> </ul>		
Magnitude of Impact	<p><b>Medium impact.</b> Pre-approved plans could meaningfully help grow the development ecosystem by reducing barriers to entry for small-scale developers of ADUs and middle housing. 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.</p>		
Housing Type Targets	<p>This action focuses on pre-approved housing designs for middle housing and ADUs and so is most likely to impact <b>middle housing</b> and ADU production.</p>		
Affordability Targets	<p>This action has the potential to influence production of ADUs and middle housing. These housing types correspond most with <b>market rate</b> housing and more moderately with the development of middle-income and affordable housing.</p>		
Tenure Targets	<p>This action is targeted at production of middle housing and ADUs, which can be both <b>for sale and for rent</b>.</p>		

Demographic  
Target

Pre-approved housing plans reducing production costs may increase access to housing for **low-income households, communities of color, people with disabilities, and seniors** who are disproportionately living in poverty as well as **people experiencing homelessness** in need of modular or transitional housing and PSH.

Fiscal Impact: Medium

Admin Needs: Medium

Lead: Community Development  
Department's Building Division

## **2. LAND-BASED ACTIONS**

## Action 2.1: Coordinate with partners to identify underutilized land

### Land-Based Actions

Timeline	Ongoing across implementation period
Description	<p><b>Overview:</b> Coordinate with civic, cultural and religious organizations, and real estate development partners, to identify the limited underutilized land potentially available for affordable and middle-income housing.</p> <p><b>Background:</b> Some mission-driven organizations, institutional landowners, and real estate development partners may 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 are therefore be interested in partnerships with affordable housing developers to support housing development. 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.</p>
Implementation Steps	<ul style="list-style-type: none"> <li>Engage with civic, cultural, religious organizations, and real estate development partners to understand long-term plans for their sites and to encourage partnerships to meet housing needs.</li> <li>Offer technical support to help landowners understand housing-related zoning and infrastructure issues and pursue relevant grants.</li> <li>Facilitate connections with local developers that may be interested in partnering to build on underutilized sites.</li> </ul>
Implementation Considerations	<ul style="list-style-type: none"> <li>Housing developed through partnerships would likely directly benefit low-income households and members of marginalized communities.</li> <li>Income-restricted housing developed through forming partnerships with landowners typically reduces land basis development costs that help translate into lower sales and rental costs. These lower cost housing options would benefit marginalized populations.</li> <li>This action could also include engaging with local employers regarding land available for middle-income housing development targeted at local workers.</li> </ul>
Magnitude of Impact	<b>Medium impact.</b> This action may seem limited but could lead to one or more new affordable housing and middle-income developments that would not have otherwise been built, at relatively low cost to the City. This action can significantly benefit housing production for homeless and low-income households.
Housing Type Targets	This action focuses on land available for affordable and middle-income housing and so is most likely to have the highest impact on <b>multi-unit</b> housing production. It could have a moderate impact on <b>middle housing</b> production, depending on the development program and whether ownership housing is included in that.
Affordability Targets	This action targets production of <b>deeply affordable, affordable, and middle-income</b> housing.
Tenure Targets	This action is targeted at production of multi-unit and middle housing, corresponding most strongly with housing <b>for rent</b> and potentially with ownership housing depending on the partnership.

Demographic Target	Identifying underutilized land for housing production, especially at middle-income and affordable housing levels, may increase access to housing for <b>low-income households, communities of color, people with disabilities</b> , and <b>seniors</b> who are disproportionately living in poverty as well as <b>people experiencing homelessness</b> in need of modular or transitional housing and PSH.		
Fiscal Impact:	Low	Admin Needs: Medium	Lead: Community Development Dept's Affordable Housing Team



## Action 2.2: Coordinate with partners to pursue residential land UGB expansion(s)

Land-Based Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> In addition to pursuing HPS regulatory actions to increase land efficiency measures, particularly in centers and along corridors, the City will coordinate with partners, including Metro, to pursue residential land Urban Growth Boundary (UGB) expansion(s) in designated Urban Reserves to address homeownership and rental needs of the market that are not fully addressed by regulatory actions alone.</p> <p><b>Background:</b> The HNA forecasted a need for roughly 14,050 housing units over the next 20 years based on Metro’s forecasted growth rate and an estimated total capacity of 12,509 units. The HNA projected demand for lower-density housing exceeds existing capacity by an estimated 163 acres. In total, the HNA identified the projected demand for housing through 2043 exceeds capacity by an estimated 1,527 total housing units or 174 acres. The HNA recommended that a range of potential housing policies and strategies be considered within the HPS to offset these deficits, including considering the ability of future planning areas to meet the need for different types of housing during the 20-year planning period. UGB expansion(s) can help address the deficit of land for low-density and high-density housing identified in the HNA.</p> <p>The City’s Attorney, after reviewing DLCD’s HPS comments received in November 2024 and the related statutes and rules that govern the development and content of the City’s HPS, concluded that these laws do not prohibit the City from including advocating for a UGB amendment among the actions the City will undertake to provide needed housing and further fair housing.</p> <p>ORS 197A.100 requires the city to adopt a housing production strategy (HPS). The HPS must include a list of “specific actions” designed to “promote” certain policy goals, including:</p> <ul style="list-style-type: none"> <li>(2)(a) The development of needed housing;</li> <li>(b) The development and maintenance of housing that is of diverse housing types, high-quality, affordable and accessible;</li> <li>(c) Housing with access to economic opportunities, services and amenities; and</li> <li>(d) Affirmatively furthering fair housing.</li> </ul> <p>The specific actions “may” include such things as reducing financial and regulatory impediments to developing needed housing (subsection (3)(a)), creating financial and regulatory incentives to stimulate the development of needed housing (subsection (3)(b)), identifying and accessing local, regional, state and national resources to increase housing availability and affordability (subsection (3)(c), and actions that affirmatively further fair housing ((3)(e)).</p> <p>Finally, subsection (5) describes the things the city must consider when developing the specific actions to achieve these policy goals. Those considerations include, among other things, the market conditions that affect the provision of needed housing (subsection (5)(b)), and existing and expected barriers to developing needed housing (subsection (5)(d)).</p> <p>The statute is implemented in OAR 660-008-0050. Like ORS 197A.100, the rule directs the HPS to include a discussion of market conditions that affect the production of needed housing, and existing and expected barriers to the development of needed housing. OAR 660-008-0050(1)(a)(C) and (D). The HPS then must provide a set of strategies designed to achieve the city’s housing production goals. OAR 660-008-0050(3). Specifically:</p>		

(3) \* \* \* A Housing Production Strategy Report must identify a list of specific actions, measures, and policies needed to address housing needs identified in the most recent Housing Capacity Analysis. The strategies proposed by a city must collectively address the next 20-year housing need identified within the most recent Housing Capacity Analysis and contextualized within the Report as provided in section (1). A Housing Production Strategy Report may identify strategies including, but not limited to, those listed in the Housing Production Strategy Guidance for Cities published by the Commission under Exhibit B. For each identified Housing Production Strategy, the Housing Production Strategy Report must include:

- (a) A description of the Housing Production Strategy chosen;
- (b) A timeline for adoption of the Housing Production Strategy;
- (c) A timeline for implementation of the Housing Production Strategy; and
- (d) An estimated magnitude of impact of the Housing Production Strategy[.]

With respect to urban growth boundaries generally, they are clearly a “regulation” that allows urban levels of development inside a UGB but prohibits such development outside of the UGB. While UGBs were created and are maintained to achieve important policies goals regarding farmland protection, they also serve to limit the development of housing. As such, they can reasonably be considered a “regulatory impediment” to the development of housing that may be addressed under ORS 197A.100(3)(a). For the same reason, the HPS may address the regulatory limits imposed by the UGB as a market condition or existing barrier to the development of needed housing under ORS 197A.100(5).

Accordingly, under both ORS 197A.100 and OAR 660-008-0050, the strategies or “specific actions” included in the HPS should address the various considerations that limit the production of needed housing, including identified market and regulatory barriers. Thus, to the extent a UGB presents a market condition that adversely affects the development of needed housing, or a “regulatory impediment” to the development of such housing, it is entirely appropriate to include actions that address the UGB in the list of actions in the city’s HPS.

Implementation Steps	<ul style="list-style-type: none"> <li>• Complete concept planning for residential land UGB expansion area request.</li> <li>• Pursue UGB expansion(s) in accordance with the requirements of OAR 660-024-0000 and Metro’s process for mid-cycle expansion request in 2027.</li> </ul>
Implementation Considerations	<ul style="list-style-type: none"> <li>• New housing created as a result of a UGB expansion(s) is most likely to be primarily market rate housing, often single detached and multi-unit housing. Density minimums, housing mix requirements, affordability requirements, and direct investments in non-market rate housing projects in expansion areas could help expansion areas meet a greater diversity of housing needs.</li> </ul>
Magnitude of Impact	<b>High impact.</b> The HNA identified the need for additional land to support over 1,500 units of needed housing. This action supports the development of housing for that identified housing need.
Housing Type Targets	Because the HNA indicates the highest deficit of land for low-density, residential UGB expansion(s) would likely target production of <b>single detached unit housing</b> and <b>multi-unit housing</b> .
Affordability Targets	This action targets most the production of <b>market rate</b> housing, though it can assist with production at other affordability levels depending on the approach of the City and

	developers. Middle-income and affordable housing in particular could be targeted, depending on how density minimums, housing mix requirements, affordability requirements, and direct investments in non-market rate housing projects are applied in expansion areas.				
Tenure Targets	This action is targeted at production of single detached unit and multi-unit housing, corresponding with both <b>for sale</b> and for <b>rent</b> housing.				
Demographic Target	Pursuing residential land UGB expansion(s) may result in the production of all housing types across the income spectrum including <b>low-income households, communities of color, people with disabilities</b> , and <b>seniors</b> who are disproportionately living in poverty.				
Fiscal Impact:	Medium	Admin Needs:	High	Lead:	Community Development Department's Planning Division

### **3. PARTNERSHIP ACTIONS**

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

### Partnership Actions

Timeline	Ongoing across implementation period		
Description	<p><b>Overview:</b> 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.</p> <p><b>Background:</b> Continued state and federal funding and regulatory reform are needed to help cities meet their housing production targets. Recent state legislation has provided important regulatory changes and additional funding to support housing development. However, additional funding would be highly beneficial in supporting homeownership, preserving and expanding affordable housing, and supporting production of new housing for households at all income levels. Likewise, state regulatory reforms—such as to Oregon’s construction defect liability laws, which deter developers from building condominiums—could help raise overall housing production of ownership housing. Through this action, the City would seek to form new partnerships to advocate for funding and regulatory reforms. The City may support many more state and federal policy changes than just the examples given above.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>• Work with City Council on an annual basis to identify key issues to target for legislative lobbying efforts and policy direction.</li> <li>• Develop new local, regional and issue-based strategic partnerships for the purpose of lobbying the state Legislature.</li> <li>• Collaborate with state representatives to advocate for proposed changes.</li> </ul>		
Implementation Considerations	<ul style="list-style-type: none"> <li>• Additional, targeted funding from the state or federal government would provide critical gap funds for the creation and preservation of affordable housing.</li> <li>• Additional funding for housing-supportive infrastructure could overcome a major cost barrier to unlock additional housing production at all income levels.</li> <li>• State level regulatory reform (e.g., construction defect liability law, 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.</li> </ul>		
Magnitude of Impact	<b>Medium impact.</b> The magnitude of impact depends on which issues the City advocates for and the extent of new funding or regulatory changes from the state.		
Housing Type Targets	The targets of this action are dependent upon the targets that are prioritized for coordinated advocacy efforts and the outcomes of those efforts.		
Affordability Targets			
Tenure Targets			
Demographic Target			
Fiscal Impact:	Low	Admin Needs: Medium	Lead: Community Development Dept’s Admin Division

## Action 3.2: Continue and expand affordable homeownership partnerships

Partnership Actions

Timeline	Ongoing across implementation period
Description	<p><b>Overview:</b> Continue partnering with Proud Ground and Habitat for Humanity, and seek additional partnerships with the development community, to support affordable and middle-income homeownership opportunities.</p> <p><b>Background:</b> Promoting affordable homeownership is a priority for the HPS actions. The need for affordable homeownership has risen as a top priority due to the needs identified in the Contextualized Housing Needs 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). Pursuing additional partnerships with similar organizations could increase and diversify the total unit count of this housing product.</p>
Implementation Steps	<ul style="list-style-type: none"> <li>• Continue to collaborate with and support community land trusts and other affordable homeownership providers, including ongoing funding support.</li> <li>• Engage developers and service providers who work—or might be interested in working—in the affordable homeownership space to understand and support their needs.</li> <li>• Identify whether incentive actions related to fees and taxes could broaden the pool of developers building housing for affordable and middle-income homeownership.</li> <li>• Pursue additional partnership opportunities, including with educational and outreach programming related to affordable homeownership.</li> </ul>
Implementation Considerations	<ul style="list-style-type: none"> <li>• The City should consider coordinating this action with Actions 4.1 and 4.3, which reference the City's interest in financial support for middle-income housing, including ownership housing. A tax abatement could prove an effective tool for expanding or creating new affordable homeownership partnerships.</li> <li>• This action intends to benefit marginalized communities, including communities of color and people with disabilities, as they are the groups more likely to have incomes qualifying for this action.</li> </ul>
Magnitude of Impact	<b>Medium impact.</b> Paired with other actions (e.g., Actions 2.1, 4.1, and 4.3), expanded partnerships could yield modest unit counts of a deeply needed and desired housing type: affordable ownership housing.
Housing Type Targets	This action focuses on affordable homeownership partnerships. It is most likely to have the highest impact on production of <b>single detached unit housing and middle housing</b> given the product types typically found in affordable homeownership projects.
Affordability Targets	This action targets production of <b>affordable and middle-income</b> housing.
Tenure Targets	This action targets production of housing <b>for sale</b> .

Demographic Target	Continuing and expanding affordable homeownership partnerships may provide greater wealth generation opportunities for <b>low-income households, communities of color, people with disabilities</b> , and <b>seniors</b> who are disproportionately less likely to be homeowners.		
Fiscal Impact:	High	Admin Needs: Medium	Community Development Lead: Department's Affordable Housing Team



## Action 3.3: Undertake a Calle Diez Equitable Development Strategy

Partnership Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> Produce a Calle Diez Equitable Development Strategy, which includes residential and commercial anti-displacement components, in partnership with the community and non-profits.</p> <p><b>Background:</b> 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 Calle Diez area, a neighborhood centered on 10th Avenue. The City intends to continue making infrastructure investments and business grants and has identified development opportunities in the Calle Diez area. The Equitable Development Strategy is needed to guide these and other initiatives to ensure that Calle 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 is to include additional opportunities for rental and homeownership housing in this area. Specific anti-displacement actions to be taken will be identified further in the Calle Diez Equitable Development Strategy project just underway and as part of the implementation and evaluation plan to follow.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>Complete a Calle Diez Equitable Development Strategy</li> <li>Create Implementation and Evaluation Plan</li> </ul>		
Implementation Considerations	<ul style="list-style-type: none"> <li>This action is aimed at benefiting marginalized communities in Calle Diez, including communities of color and people with disabilities, as they are the groups more likely to experience involuntary displacement.</li> </ul>		
Magnitude of Impact	<p><b>Low impact.</b> While this action does not directly relate to housing production, anti-displacement actions are an important component of fair and equitable housing considerations included in the HPS.</p>		
Housing Type Targets	<p>The targets of this action do not relate directly to housing production. However, the action contains important considerations related to preventing and mitigating involuntary displacement of marginalized communities, and therefore may help meet the housing needs of <b>low-income households, communities of color, people with disabilities, and seniors</b> for <b>rent and ownership</b> housing.</p>		
Affordability Targets			
Tenure Targets			
Demographic Target			
Fiscal Impact:	Medium	Admin Needs: Medium	Lead: Economic Development Department

## 4. INCENTIVE ACTIONS

## Action 4.1: Make fee structure adjustments

### Incentive-Based Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> Reduce or waive fees through adjusting fee structures (i.e., plan review fees, permitting fees) to incentivize new affordable housing and middle-income housing with affordability covenants.</p> <p><b>Background:</b> The City of Hillsboro levies plan review and permitting fees on new construction to help cover City administrative and program costs. With this action, the City will evaluate whether to forego that fee revenue for housing projects that deliver income-restricted housing. While fee amounts are small relative to overall development costs, fee waivers can help income-restricted projects on the edge of financial feasibility fill their final gap and break ground, getting more such housing produced and faster.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>• Determine policy objectives for fee abatements.</li> <li>• Conduct a fee study that identifies the kinds of projects that would be offered fee waivers, the extent of those waivers, the significance of those waivers from a financial feasibility standpoint, and the resulting fiscal impacts to the City.</li> <li>• Based on the study, determine a recommended fee waiver program design and a recommendation on whether the City should adopt.</li> <li>• Send the program to Council for adoption</li> <li>• Inform developers and owners of the opportunity, clarifying which fees are affected and how, and disambiguating this opportunity from SDC scaling.</li> </ul>		
Implementation Considerations	<ul style="list-style-type: none"> <li>• Consider speaking with developers of affordable and middle-income housing to qualitatively assess the impact of this foregone revenue on their projects' feasibility. Assess their openness to adding affordability covenants, assuming they do not already apply them to their projects.</li> <li>• If fiscal capacity remains a key constraint, analyze a program design that offers fee waivers less often and only in cases in which they would "tip" a project from financially infeasible to feasible. Still advertise the option to pursue fee waivers to partners building needed housing in Hillsboro.</li> </ul>		
Magnitude of Impact	<p><b>Medium impact.</b> Fee amounts are modest relative to overall development costs, so fee waivers will likely have a small to medium impact on overall production. However, they will assist income-restricted projects with financial gaps and achieving feasibility faster.</p>		
Housing Type Targets	<p>This action focuses on fee waivers and reductions to incentivize affordable and middle-income housing and so is most likely to have the highest impact on <b>multi-unit</b> housing production. It could have a moderate impact on <b>middle housing</b> production, if fee adjustments are extended to that housing type.</p>		
Affordability Targets	<p>This action targets production of <b>deeply affordable, affordable, and middle-income</b> housing.</p>		
Tenure Targets	<p>This action is targeted at production of multi-unit and middle housing, corresponding most strongly with housing for <b>rent</b> and potentially with ownership housing depending the extent of the action's focus on middle housing.</p>		

Demographic Target	Reducing or waiving fees with the intent of increasing affordable and middle-income housing production benefits populations including <b>low-income households, communities of color, people with disabilities,</b> and <b>seniors</b> who are disproportionately living in poverty.		
Fiscal Impact:	High	Admin Needs: Medium	Lead: Community Development Department's Administrative Division

## Action 4.2: Scale select SDCs

## Incentive-Based Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><u>Overview:</u> Scale select System Development Charges (SDCs) based on unit size to align the fee amount with the impact of construction and ongoing system impact. The scaling of select SDCs will require multi-jurisdictional coordination.</p> <p><u>Background:</u> SDCs are a substantial upfront cost of housing development. The City of Hillsboro 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 fees on development within the City's boundaries.</p> <p>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. Scaling SDCs by the size of the unit (e.g., per square foot) could more fairly distribute the cost of SDCs across housing developments. Scaled SDCs 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.</p>		
Implementation Steps	<p>Hillsboro initiates a comprehensive study of its fees and SDC rates. Such an analysis will include the following aspects:</p> <ul style="list-style-type: none"> <li>• Identify methodologies for scaling select SDCs (e.g., by square footage, by bedroom, by fixture)</li> <li>• Evaluate the relative incentives and disincentives to housing production that would be created by each alternative</li> <li>• Evaluate the fiscal impacts of each alternative to the City.</li> <li>• Coordinate with overlapping jurisdictions, such as Washington County and Tualatin Valley Water District, to analyze the scaling of their SDCs.</li> <li>• Explore ways to achieve fiscal balance within each alternative (e.g., raising some rates while lowering others)</li> <li>• Audit the City's engineering standards to lower the financial obligations they place on the City, thereby increasing its ability to lower the select SDCs it levies on development</li> <li>• Adopt any recommended changes of the study that are fiscally feasible.</li> </ul>		
Implementation Considerations	<p><u>Equity</u></p> <ul style="list-style-type: none"> <li>• Scaling is a more accurate and appropriate method of charging development fees, because it seeks to align impact with costs.</li> <li>• Scaling reduces costs for smaller units, which are usually more affordable than larger ones. Thus, its incentives building more, lower -cost, small units. This benefits households with lower incomes, which have disproportionately high shares of people of color and people with disabilities in Hillsboro.</li> </ul> <p><u>Fiscal</u></p> <ul style="list-style-type: none"> <li>• May result in lower overall fee revenue, which could hinder key community investments. However, revenue shortfalls can be mitigated by planning for revenue</li> </ul>		

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 may need adjustments to collect information related to SDC tiers.

Magnitude of Impact

**High impact.** 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. Scaling SDCs also incentivizes building lower-cost, small housing units, which may benefit lower-income households and key demographic groups that tend to have lower incomes (e.g., communities of color, people with disabilities, seniors).

Housing Type Targets

This action focuses on scaling costs to incentivize smaller units so is most likely to have the highest impact on **multi-unit** housing production. It could also have a moderate impact on **middle housing** and on small-size **single detached unit** production.

Affordability Targets

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

Tenure Targets

This action is targeted at production of smaller units, corresponding most strongly with housing **for rent** and moderately with housing **for sale**.

Demographic Target

Scaling select SDCs with the intent of increasing housing production benefits populations across the income spectrum including **low-income households, communities of color, people with disabilities**, and **seniors** who are disproportionately living in poverty.

Fiscal Impact:

Variable

Admin Needs:

Medium

Lead:

Community Development

Department's Administrative Division

## Action 4.3: Pursue MUPTE to incentivize needed housing and extension of the Vertical Housing Development Zone program

Incentive-Based Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> Pursue a Multi-Unit Property Tax Exemption (MUPTE) and extension of the Vertical Housing Development Zone (VHDZ) program to encourage the production of more multi-dwelling housing units.</p> <p><b>Background:</b> 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-unit structure's improvement value for up to ten (10) 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.</p> <p>In the past, the City of Hillsboro has used a VHDZ program to offer partial property tax exemptions for mixed-use residential development projects with ground floor commercial space. A legislative extension of the VHDZ program, which is set to sunset in 2026, is anticipated and will be necessary if new VHDZ tax abatements are going to be granted. Unlike MUPTE, VHTZ-qualified projects must include ground-floor commercial space. Despite this limitation, the City may wish to continue using this tool since it is already familiar with its mechanics.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>• Determine policy objectives for tax abatements, such as overall unit production, affordability, and other public benefits of development.</li> <li>• Compare program requirements and potential program designs for a VHDZ program and MUPTE. Review other jurisdictions' programs for design inspiration.</li> <li>• Evaluate tradeoffs and fiscal impacts to the City, then determine whether to use neither, one, or both programs.</li> <li>• If the City elects to pursue MUPTE: <ul style="list-style-type: none"> <li>○ Determine eligibility criteria for the program, such as target locations, tenure status, minimum unit number, potential minimum percentage of dedicated affordable or middle-income housing units, and other public benefits to require (such as accessible units).</li> <li>○ 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.</li> </ul> </li> </ul>		
Implementation Considerations	<p><b>Equity</b></p> <ul style="list-style-type: none"> <li>• MUPTE and VHDZ programs can promote the development of income-restricted units within market-rate developments. This would help reduce housing disparities for marginalized populations and open a new pathway for meeting low- and middle-income housing need separate from common, often oversubscribed tools like low-income housing tax credits (LIHTC). MUPTE and VHDZ also have the advantage that they can act as funded, opt-in inclusionary zoning, where the revenue downside of having income-restricted units is offset by a property tax abatement, which encourages developers to participate in producing these types of needed housing.</li> </ul> <p><b>Fiscal</b></p> <ul style="list-style-type: none"> <li>• MUPTE is 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</li> </ul>		



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.
- 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.

Magnitude of Impact	<b>Medium impact.</b> This action could promote more multi-unit production overall. If the City includes affordability requirements to earn the tax abatements, the action could also yield income. The American Community Survey (Table 25024, 5-year data) estimates that Hillsboro added roughly 3,100 units in large apartment buildings with five or more units between 2015 and 2022—an eight-year period akin to the HPS implementation timeline. If production over the next eight years holds steady, half of new apartment developments opt into a MUPTE or VHTZ program, and 10% of units produced are income-restricted affordable housing, this action would produce roughly 150 affordable housing units, similar in magnitude to one large LIHTC project.
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Housing Type Targets	This action is designed to encourage the production of <b>multi-unit housing</b> .
Affordability Targets	This action has the potential to positively influence housing production at <b>all affordability levels except deeply affordable</b> housing need. However, depending on program design and policy objectives, it could target middle-income and affordable housing production.
Tenure Targets	Because multi-unit housing is more likely to be for rent than for sale, this action is anticipated to have the highest impact on housing <b>for rent</b> and a moderate impact on multi-unit housing for sale.
Demographic Target	Pursuing MUPTE and the extension of the VHDZ program with the intent of increasing housing production benefits populations across the income spectrum including <b>low-income households, communities of color, people with disabilities</b> , and <b>seniors</b> who are disproportionately living in poverty.

Fiscal Impact:	High	Admin Needs:	Medium	Lead:	Economic Development Department
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## Action 4.4: Evaluate additional tax abatements

### Incentive-Based Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> Evaluate additional tax abatements (beyond those existing for non-profit affordable housing development) for housing types such as new middle-income housing, conversion of naturally occurring affordable housing to regulated affordable housing, and manufactured home parks, all with affordability covenants.</p> <p><b>Background:</b> The City of Hillsboro will evaluate property tax abatements for multi-unit dwellings as part of Action 4.3. However, additional needed housing types could be incentivized via tax abatements. The City will analyze potential mechanisms for incenting private market actors to build or preserve income-restricted housing via tax abatements.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>• Determine policy objectives for tax abatements.</li> <li>• Compare program requirements and potential designs across tax abatement mechanisms that may serve the housing needs listed in the Overview, such as: <ul style="list-style-type: none"> <li>• New construction of middle-income housing, including ownership housing: MUPTE, Homebuyer Opportunity Limited Tax Exemption (HOLTE)</li> <li>○ Preservation or rehabilitation of NOAH, manufactured home parks: MUPTE, HB2377/ORS 307.867</li> </ul> </li> <li>• Design the program(s) per state statutes and calibrate tax incentives such that developers and owners will be attracted to participate in the program(s). Evaluate the impact in income-restricted units per dollar spent.</li> <li>• Adopt the program and gather any needed support from other taxing jurisdictions</li> <li>• Inform developers and owners of the opportunity.</li> </ul>		
Implementation Considerations	<ul style="list-style-type: none"> <li>• The action could help preserve forms of affordable housing at risk of significant price increases because no affordability covenant is in place.</li> <li>• Depending on the situation, preservation and rehabilitation may cause displacement during renovation or if current tenants exceed new income restrictions.</li> <li>• Some tax abatement programs can be designed to only grant abatements in cases in which they would “tip” a project from financially infeasible to feasible. This can help programs have a net positive impact on the City’s tax base over time by minimizing foregone revenue dedicated to projects that would be built regardless of tax relief.</li> <li>• Implementing this action may require that the City performs new monitoring and compliance functions related to enforcing affordability agreements, especially if county, state or federal governments are not involved. Administrative costs, impacts and capacity would need to be considered.</li> </ul>		
Magnitude of Impact	<p><b>Medium impact.</b> The impact of this action depends on the tax abatements adopted and uptake of the abatements.</p>		
Housing Type Targets	<p>This action focuses on evaluating additional tax abatements for affordable and middle-income housing and therefore is most likely to have the highest impact on <b>multi-unit</b> housing preservation. It could have moderate impacts on <b>middle housing</b> and <b>single detached unit housing</b> production, depending on the program design and policy objectives related to ownership housing.</p>		
Affordability Targets	<p>This action targets production and preservation of <b>affordable and middle-income</b> housing.</p>		

Tenure Targets	This action is targeted at preservation of multi-unit and middle housing, corresponding most strongly with housing <b>for rent</b> . If middle-income ownership housing is selected as a focus, this action could also have a strong effect on production of housing <b>for sale</b> .		
Demographic Target	Evaluating additional tax abatements with the intent of increasing affordable and middle-income housing production benefits populations including <b>low-income households, communities of color, people with disabilities</b> , and <b>seniors</b> who are disproportionately living in poverty.		
Fiscal Impact:	High	Admin Needs: Medium	Community Development Lead: Department's Affordable Housing Team

## **5. INVESTMENT ACTIONS**

## Action 5.1 Identify strategic infrastructure investments to unlock housing production

### Investment Actions

Timeline	Ongoing across implementation period
Description	<p><b>Overview:</b> Analyze different tiers of development ready lands to identify strategic infrastructure investments for key sites that would significantly improve housing development potential.</p> <p><b>Background:</b> 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 of Hillsboro'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 identify the opportunities available to maximize housing production via strategic infrastructure investments—identifying strategic investments and potential paths for funding them.</p>
Implementation Steps	<ul style="list-style-type: none"> <li>Analyze different tiers of development ready lands to help identify key sites with infrastructure deficiencies that would significantly improve housing development potential if these deficiencies are resolved. 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. Discuss opportunities to reprioritize planned infrastructure projects to focus on unlocking housing production.</li> <li>Conduct outreach to landowners. Estimate the total housing developable on key sites. Determine whether covering the infrastructure costs for those sites without government assistance is feasible.</li> <li>Determine which investments unlock the most housing units per infrastructure dollar</li> <li>Identify potential funding paths, and work to secure or dedicate funding toward the most strategic investments.</li> </ul>
Implementation Considerations	<ul style="list-style-type: none"> <li>While total housing potential unlocked is a useful filter for infrastructure investments, many other considerations should bear on investment decisions: overall infrastructure or system goals, fair housing goals of facilitating access to high opportunity areas and investing equitably across the City's neighborhoods.</li> <li>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.</li> </ul>
Magnitude of Impact	<b>Medium Impact.</b> Spending limited infrastructure funds more effectively could effectively accelerate or increase the scale of developments across a number of parcels.
Housing Type Targets	This action could support production of all housing types, but particularly <b>multi-unit</b> housing which would likely maximizes unit production per dollar spent on infrastructure. .
Affordability Targets	This action can help produce housing at <b>all affordability levels</b> .
Tenure Targets	This action is most likely to target multi-unit housing <b>for rent</b> but could potentially target housing <b>for sale</b> depending on the investments.

Demographic Target	Identifying strategic infrastructure investments with the intent of unlocking housing production to benefit populations across the income spectrum including <b>low-income households, communities of color, people with disabilities</b> , and <b>seniors</b> who are disproportionately living in poverty.		
Fiscal Impact:	High	Admin Needs: Medium	Lead: Community Development Dept Admin Division

## Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

Investment Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><u>Overview:</u> Explore the creation of an ongoing City, County, or Regional revenue source for affordable and middle-income housing production.</p> <p><u>Background:</u> 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. The vehicle to create these funds will be determined in concert with overall HPS implementation efforts.</p>		
Implementation Steps	<ul style="list-style-type: none"> <li>• If in 2025 Metro asks voters and they approve of using regional Supportive Housing Services (SHS) funds on affordable housing with supportive services, focus in the near term on accessing and deploying such funds in Hillsboro.</li> <li>• If SHS funds are not opened to use for affordable housing, identify additional specific revenue source options.</li> <li>• Decide which, if any, revenue source to pursue tapping and create a plan for receiving necessary approvals and using raised revenue.</li> <li>• Internally establish guiding principles for a new revenue source, such as flexibility in how funds are spent, not creating counterproductive disincentives (e.g., to development, to business investment) and being politically feasible.</li> <li>• Implement that plan, begin collecting revenue, and administer the funds.</li> </ul>		
Implementation Considerations	<p><u>Fiscal</u></p> <ul style="list-style-type: none"> <li>• The City of Hillsboro reported a \$20M General Fund shortfall in 2023. This limits the extent to which the City can expect to draw on existing City revenue streams to financially support housing investments. There is more exploration needed for a new City, County, or Regional ongoing revenue source.</li> </ul> <p><u>Equity &amp; Economy</u></p> <ul style="list-style-type: none"> <li>• This action would raise revenue to help fill financial gaps for affordable or deeply affordable housing developments. This would help counter disparities in Hillsboro's housing market experienced acutely by low-income households, communities of color, people with disabilities, seniors, and people experiencing homelessness.</li> <li>• Hillsboro and Washington County are home to the state's largest, traded-sector employers. These organizations are key to the state's economy and are major engines of future job growth. Part of the state's economic development strategy (exemplified by the Oregon CHIPS program) is to offer regulatory flexibility and financial support for these organizations as they pursue expansion in Oregon. With this action, the City must navigate a significant potential tradeoff: raising money to address middle- and low-income housing needs versus offering a favorable tax environment to promote business investment in Hillsboro and Oregon. Ideally, the City would identify and pursue a funding source that balances the two sides of this tradeoff or sidesteps it by finding a politically feasible revenue source to tap other than key business sectors. <u>Administrative</u></li> <li>• Newly adopted revenue sources may influence the incentive structure of building or operating housing in the City. As such, the City should consider analyzing multiple</li> </ul>		

	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.		
Magnitude of Impact	<b>Medium impact.</b> The impact of this strategy will vary significantly depending on the extent of funds raised and the source used to raise them.		
Housing Type Targets	This action focuses on creating an ongoing revenue source for affordable and middle-income housing and so is most likely to have the highest impact on <b>multi-unit</b> housing production. It could have a moderate impact on <b>middle housing</b> production, depending on the policy objectives.		
Affordability Targets	This action targets production of <b>deeply affordable, affordable, and middle-income</b> housing.		
Tenure Targets	This action is targeted at production of multi-unit and middle housing, corresponding most strongly with housing <b>for rent</b> but potentially with ownership housing depending on the program design.		
Demographic Target	Exploring the creation on an ongoing revenue source with the intent of increasing affordable and middle-income housing production benefits populations including <b>low-income households, communities of color, people with disabilities, seniors</b> who are disproportionately living in poverty as well as <b>people experiencing homelessness</b> in need of modular or transitional housing and PSH.		
Fiscal Impact: Low      Admin Needs: High      Lead: Finance Department			



## Action 5.3 Build a year-Round Homeless Shelter

### Investment Actions

Timeline	1-2 Years	3-4 Years	5-6 Years
Description	<p><b>Overview:</b> Build the City's first year-round homeless shelter.</p> <p><b>Background:</b> 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 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.</p> <p>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.</p> <p>Amenities planned for the site include additions such as 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.</p>		
Implementation Steps	<ul style="list-style-type: none"><li>• Acquire site, conduct engagement, select design-build contractor (Completed)</li><li>• Shepard project through design and permitting</li><li>• Assist with operator selection and collaborate on Good Neighbor Agreement prior to shelter opening for first guests</li></ul>		
Implementation 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.		
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.		
Housing Type Targets	The targets of this action do not relate directly to housing production. However, the action helps provide residents an option at an important step along the housing continuum: low-barrier shelter with services for unsheltered populations.		
Affordability Targets			
Tenure Targets			
Demographic Target			
Fiscal Impact:	Medium	Admin Needs: Low	Lead: City Manager's Office

## Action 5.4 Support Permanent Supportive Housing production

### Investment Actions

Timeline	Ongoing across implementation period
Description	<p><b>Overview:</b> Support the production of deeply affordable housing units with rental assistance and wrap-around services to serve individuals and families exiting homelessness, also known as Permanent Supportive Housing (PSH).</p> <p><b>Background:</b> PSH is a model that combines housing assistance with supportive services. PSH 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 recognizes the need for more PSH and is interested in supporting its development in Hillsboro. In this action, the City will expand PSH, such as through direct investment or the strategic use of funds the City accesses as an implementing jurisdiction.</p>
Implementation Steps	<p>Convene City staff and County partners, then affordable housing developers to identify potential resources for supporting the development of PSH in Hillsboro. Consider:</p> <ul style="list-style-type: none"> <li>• Discretionary General Funds the City anticipates having</li> <li>• Remnant land the City could deploy for housing</li> <li>• State, regional, county, and federal funds and vouchers the City could access, including SHS funds following a potential 2025 vote</li> <li>• Corporate and business-sector support the City could garner</li> </ul>
Implementation Considerations	<ul style="list-style-type: none"> <li>• 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</li> <li>• Leverage Hillsboro's uniquely strong business and corporate sector and their interest in reducing unsheltered homelessness</li> <li>• Consider how a focus on PSH could bolster the City's case when evaluating a new City, County, or Regional ongoing revenue source for affordable and middle-income housing production (Action 5.2)</li> </ul>
Magnitude of Impact	<b>Low impact</b> until a significant mechanism or resource is identified and dedicated to bolster the production of PSH.
Housing Type Targets	This action focuses on creating PSH, which is typically <b>multi-unit</b> housing.
Affordability Targets	This action targets production of <b>deeply affordable</b> housing.
Tenure Targets	This action is targeted at production of deeply affordable multi-unit housing, which corresponds with housing <b>for rent</b> .
Demographic Target	Supporting PSH production at the deeply affordable income level will provide housing and services for <b>people experiencing homelessness, people with disabilities, very low-income households, communities of color, and seniors</b> who are disproportionately living in poverty.
<p>Fiscal Impact: High      Admin Needs: Low      Community Development Lead: Department's Affordable Housing Team</p>	

## 6. Achieving Fair and Equitable Housing Outcomes

### Evaluation of Actions Across Fair and Equitable Housing Factors

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. The subsections below define each such factor and how the outcomes of the actions fulfill the intent of that factor.

#### 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. The HPS also supports compactness through its action to scale select SDCs by unit size, which incentivizes smaller housing units and greater density within each development. The HPS also includes several actions to facilitate more compact neighborhoods through the production of middle housing throughout the City, from code revisions to exploring the potential for pre-approved building plans. Finally, the HPS provides for evaluating zoning map changes to allow dense, multi-unit housing in more places, particularly in high opportunity, high amenity, and transit-oriented places. 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—on 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: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 1.8: Adopt pre-approved housing plans
- Action 4.2: Scale select SDCs

## 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's actions collectively affirmatively further fair housing. The "Housing Choice" and "Affordable Homeownerships and Affordable Rental Housing" subsections provide detailed descriptions of how the HPS actions work to reduce disparities in access to opportunity and concentrated poverty. The HPS includes two "steps" of actions that assist in affirmatively furthering fair housing. The first step involves actions to reduce barriers to the most affordable forms of housing and allow them to be built in more areas, including in high opportunity areas. The second step involves evaluating a slate of direct investments and incentives that can help produce more income-restricted units, which typically take the forms promoted by the first step. These actions work in tandem to help low-income households access more affordable housing, particularly in high opportunity areas. Because many protected classes disproportionately fall into the lower end of the income spectrum, actions to support lower-income households tend to benefit protected classes, such as communities of color and people with disabilities. 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: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 2.1: Coordinate with partners to identify underutilized land
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 4.1: Make fee structure adjustments
- Action 4.3: Pursue MUPTE to incentivize need housing and extension of the VHDZ program
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

## 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 in high opportunity, high amenity areas. Those actions include code changes to support multi-unit and middle housing and an exploration of zoning map changes to allow denser forms of housing in more places. Second, the City will take action to evaluate a slate of investments and incentives to support the financial feasibility of building housing, especially with affordability covenants. That slate includes exploring new revenue sources for income-restricted housing, plan and permit fee reductions for income-restricted housing, and tax abatements for new multi-unit housing, new middle- and low-income ownership housing, and preservation of existing naturally occurring affordable housing. As alluded to above, these opt-in incentives could require affordability covenants as a condition of approval, guaranteeing some or all units in a property are affordable to middle- or lower-income households. Likewise, for new units, incentives could be designed to require a percentage of units meet accessibility standards beyond those required under the Americans with Disabilities Act. These incentives and investments will benefit communities of color, people with disabilities, and other protected classes that tend to have lower incomes. And because they are paired with an evaluation of zoning map changes, the incentives and investments can flow toward opening doors into high opportunity areas.

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: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 4.1: Make fee structure adjustments
- Action 4.2: Scale select SDCs
- Action 4.3: Pursue MUPTE to incentivize need housing and extension of the VHDZ program
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

## 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.<sup>[11](#)</sup>

More specifically, the HPS plans actions to both reduce displacement—which can prevent someone’s homelessness—and provide affordable housing options—which can end someone’s homelessness. The HPS anti-displacement actions are described in the “Gentrification, Displacement, and Housing Stability” section, and include actions like exploring incentives to preserve naturally occurring forms of affordable housing. 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 exploring options for raising money and identifying underutilized land held by partner organizations for affordable housing. 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. The HPS also includes a general action around PSH signals the importance of using limited land and financial resources for deeply affordable forms of housing with services that many residents experiencing homelessness need.

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 partners to identify underutilized land
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production
- Action 5.3: Build a year-round homeless shelter
- Action 5.4: Support PSH production

## 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. 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 planning the exploration of various incentives and investments to both encourage the production of middle-income ownership housing and affordable rental housing. These incentives and investments can support developments that are fully income-restricted—for example, by providing fee reductions or gap funding—as well as mixed-income developments—for example, by creating an opt-in program that offers a tax abatement in exchange for the creation of income-restricted units.
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. Such partners include local landowning organizations, affordable ownership housing providers, and the state government.



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: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 2.1: Coordinate with partners to identify underutilized land
- Action 3.1: Develop new strategic partnerships for state/federal advocacy
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 4.1: Make fee structure adjustments
- Action 4.3: Pursue MUPTE to incentivize need housing and extension of the VHDZ program
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

## 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 a consultant to map and better understand the vulnerability to gentrification and displacement experienced in the City's different neighborhoods. That work, presented in Appendix D, will inform City implementation.

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

The HPS plans a set of actions to reduce housing scarcity and provide opportunities for homeownership, two outcomes that are useful to increasing housing stability. Such actions described at length in subsections above, but generally operate by reducing regulatory barriers and pursuing new incentives and partnerships.

The HPS creates a set of actions that more directly aim to reduce displacement and increase housing stability. For example, the City identified the Calle Diez area south of downtown Hillsboro as vulnerable to residential and commercial displacement and launched an effort to create the Calle Diez Equitable Development Strategy in response. The HPS includes the implementation of that equitable development strategy as an anti-displacement and partnership action. Further, the HPS plans several actions aimed at supporting the production and preservation of affordable housing, which mitigate displacement by providing more affordable housing options. Those actions include the exploration of new tax and fee incentives as well as the exploration of a new ongoing City, County, or Regional revenue source for affordable and middle-income housing production.

The HPS's includes a set of actions that engage the balancing act implied by the dual goals of producing more housing—including through redevelopment—while also mitigating displacement. The HPS plans an evaluation of zoning map changes but does so with the guidance that changes be oriented toward high opportunity areas. In this way, the City can avoid concentrating housing production in lower-income areas with the cheapest land. Likewise, for housing that is built in areas where displacement is a risk and

redevelopment is necessary, the HPS provides for exploring incentives that exchange tax or fee abatements for income-restricted units. This provides the opportunity for new housing that could include affordable housing alongside market rate 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: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.4: Refine middle housing development standards
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 3.3: Undertake a Calle Diez Equitable Development Strategy
- Action 4.3: Evaluate tax abatements for preservation and ownership
- Action 4.4: Pursue MUPTE to incentivize need housing and extension of the VHDZ program
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

### Assessment of Benefits and Burdens

As part of the HPS, the City must analyze the anticipated benefits and burdens of each HPS action across “income and demographic populations,” including (1) low-income communities; (2) communities of color; (3) people with disabilities, and (4) other state and federal protected classes. These populations, many of which have been negatively impacted by historic and current housing policies and actions, are collectively termed “marginalized populations” in the table below. Actions vary in how well they lend themselves to evaluation of benefits or burdens for each of these specific populations. Since communities of color, people with disabilities, and members of protected classes comprise a disproportionate share of low-income communities, this evaluation assumes that actions benefitting low-income communities are likely to also benefit communities of color, people with disabilities, and members of other state and federally protected classes who are disproportionately impacted by income disparities. The evaluation assumes that actions burdening low-income communities are likely to also disproportionately burden communities of color, people with disabilities, and members of other state and federally protected classes.



Action	Benefit	Burden
Regulatory Actions		
1.1	Undertake Comprehensive Plan amendments and Zoning Map updates	<p>This action will benefit populations across the income spectrum by increasing housing allowances for affordable and market-rate multi-unit projects alike.</p> <p>The amount of benefit to low-income and marginalized populations may depend on the zoning map changes the City ultimately elects to adopt. If the City adds significant development capacity for multi-unit housing in high opportunity, high amenity, transit-rich areas, this action may particularly benefit low- and middle-income populations who will have a raised likelihood of being able to access housing there. That in turn, will benefit communities of color, people with disabilities, people experiencing homelessness, and state and protected classes that are disproportionately low-income. Not only that, if the City adds significant development capacity for multi-unit housing in high opportunity areas, it may boost the maximum benefit of a host of <u>other</u> HPS actions that seek to produce more affordable forms of housing throughout the City, such as the City's investment and incentive actions. Those benefits will likewise tend to flow toward low-income communities and marginalized populations that tend to be lower income.</p> <p>This action could increase rent or displacement-pressure burdens on low-income and marginalized populations <u>if</u> 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.</p> <p>The City can mitigate for this possibility by further evaluating displacement risk and level of opportunity, comparing those maps with proposed zoning map changes, and electing to add housing capacity primarily in high opportunity areas. The City can also mitigate for displacement risk by prioritizing actions to mitigate and prevent displacement (see the "Gentrification, Displacement, and Housing Stability" subsection above)</p>
1.2	Increase housing in multi-dwelling zones	<p>This action will benefit populations across the income spectrum by easing standards for affordable and market-rate multi-unit projects alike. It may provide additional benefit to low-income households and marginalized populations that tend to have lower incomes if code changes include a density or other development standard bonus in exchange for affordable housing. It may provide additional benefits to protected classes such as seniors and people with physical disabilities if code changes include a density or other development standard bonus in exchange for accessible housing.</p> <p>This action could increase rent or displacement-pressure burdens on low-income and marginalized populations <u>if</u> current multi-dwelling 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 City can mitigate for this possibility by evaluating displacement risk relative to its zoning map and by prioritizing actions to mitigate and prevent displacement (see the "Gentrification, Displacement, and Housing Stability" subsection above)</p>

1.3	Increase housing in Commercial & Mixed-Use Zones	This action will benefit populations across the income spectrum by easing standards for affordable and market-rate multi-unit projects alike. It may provide additional benefit to low-income households and marginalized populations that tend to have lower incomes if code changes include a density or other development standard bonus in exchange for affordable housing. It may provide additional benefits to protected classes such as seniors and people with physical disabilities if code changes include a density or other development standard bonus in exchange for accessible housing.	This action could increase rent or displacement-pressure burdens on low-income and marginalized populations if current mixed-use and commercial 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 City can mitigate for this possibility by evaluating displacement risk relative to its zoning map and by prioritizing actions to mitigate and prevent displacement (see the “Gentrification, Displacement, and Housing Stability” subsection above)
1.4	Refine middle housing development standards	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 may provide particular benefit to that priority population.	This action is unlikely to increase burdens experienced by marginalized populations.
1.5	Streamline design standards	This action will benefit populations across the income spectrum by easing standards for affordable and market-rate multi-unit projects alike.	This action is unlikely to increase burdens experienced by marginalized populations.
1.6	User-friendly code	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.	This action is unlikely to increase burdens experienced by marginalized populations.
1.7	Identify and reduce process barriers	This action will benefit populations across the income spectrum (e.g., by easing standards for affordable and market-rate multi-unit projects alike).	This action is unlikely to increase burdens experienced by marginalized populations.
1.8	Adopt pre-approved housing plans	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. If pre-approved plans focus on accessible designs, this action could provide particular benefit to seniors and people with physical disabilities.	This action is unlikely to increase burdens experienced by marginalized populations.

Land Actions			
2.1	Coordinate with partners to identify underutilized land	<p>This action seeks to identify underutilized land and use it in ways that will benefit low- and middle-income populations, such as for income restricted housing or shelter.</p> <p>Beyond providing an avenue for serving lower-income households, housing built through this action could also potentially 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 housing with services PSH could provide added benefits to people with disabilities or people experiencing homelessness.</p>	This action is unlikely to increase burdens experienced by marginalized populations.
2.2	Coordinate with partners to pursue residential land UGB expansion(s)	This action will benefit populations across the income spectrum, though likely primarily middle- and high-income households that can afford market-rate housing.	<p>This action is unlikely to directly increase burdens experienced by marginalized populations.</p> <p>UGB expansion is necessary to facilitate growth and meet important housing production goals. The City should strive to create income-diverse communities with its UGB expansion areas.</p>
Partnership Actions			
3.1	Develop new strategic partnerships for state/federal advocacy	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. For example, the City has expressed interest in construction defect liability reform and more funding for affordable housing. The former would most directly benefit middle- and high-income households. Though, condo construction may provide special benefit to communities of color seeking to access homeownership, as has appeared to be the case for middle housing (see Chapter 2). The latter would most directly benefit low-income households by securing more funding for affordable, income-restricted housing.	This action is unlikely to increase burdens experienced by marginalized populations.
3.2	Continue and expand affordable homeownership partnerships	This action will primarily benefit low- and middle-income households, as well as marginalized populations that disproportionately fall into lower income brackets. The amount of benefit from this action hinges, in part, on whether it is paired with incentives for middle-income homeownership in Action 4.4.	This action is unlikely to increase burdens experienced by marginalized populations.

3.3	Undertake a Calle Diez Equitable Development Strategy	This action will primarily benefit low- and middle-income households and communities of color, which are disproportionately represented in the Calle Diez area. Benefits will stem from the City, its partners, and Calle Diez community members successfully implementing an equitable development strategy that mitigates business and household displacement and improves the well-being—financial and otherwise—of marginalized populations in the district.	This action is unlikely to increase burdens experienced by marginalized populations.
Incentive Actions			
4.1	Make fee structure adjustments	This action will primarily benefit low- and middle-income households, as well as marginalized populations that disproportionately fall into lower income brackets. This action will provide this benefit by reducing the fee burden faced by income-restricted developments that directly serve lower income households.	This action is unlikely to increase burdens experienced by marginalized populations. However, the action will not have the maximum positive effect for marginalized populations if the City elects not to adopt the fee adjustments or does not calibrate the adjustments to meaningfully incentivize owners and developers to opt into production of income-restricted units.
4.2	Scale select SDCs	This action will benefit populations across the income spectrum. It may provide extra benefit to low- and middle-income households by reducing the per-unit SDC cost borne by projects that build modestly sized units, which tend to be most affordable. Any benefits to low-income households would likely correspond with boosted benefits to marginalized populations.	This action is unlikely to increase burdens experienced by marginalized populations. However, the action will not have the maximum positive effect for marginalized populations if the City is not able to convince other jurisdictions that levy SDCs to scale theirs as well.
4.3	Pursue MUPTE to incentivize need housing and extension of the VHDZ program	This action may primarily benefit low- and middle-income households, as well as marginalized populations that disproportionately fall into lower income brackets by, if it is designed to secure income-restrictions in exchange for tax abatements. Per the Implementation Considerations, the City will consider calibrating these tax abatements to compensate developers for providing income-restricted units as a percentage of units built. The action could also provide particular benefit to seniors and people with disabilities if it provides tax abatements in exchange for accessible units or features. The benefits to these various groups depends on the design chosen.	<p>This action will not have the maximum positive effect for marginalized populations if the City elects not to adopt the tax abatements, does not calibrate the abatements to meaningfully incentivize owners and developers to opt into the production of new units, or does not include incentives for income-restricted or accessible units.</p> <p>In very specific cases, this action could burden marginalized populations <u>if</u> its ultimate design offered tax abatements to market-rate new construction in displacement-vulnerable areas without securing income restricted units in exchange.</p>

4.4	Evaluate additional tax abatements	This action will primarily benefit low- and middle-income households, as well as marginalized populations that disproportionately fall into lower income brackets by incentivizing the production and preservation of income-restricted housing.	This action is unlikely to increase burdens experienced by marginalized populations. However, the action will not have the maximum positive effect for marginalized populations if the City elects not to adopt the tax abatements or does not calibrate the abatements to meaningfully incentivize owners and developers to opt into preservation or production of income-restricted units.
Investment Actions			
5.1	Identify strategic infrastructure investments to unlock housing production	This action will benefit populations across the income spectrum.	This action is unlikely to increase burdens experienced by marginalized populations. However, in specific cases, this action could raise the risk of displacement, particularly to marginalized populations, if strategic infrastructure investments appear primed to cause rapid rent appreciation or redevelopment within existing naturally occurring affordable housing. In this case, the City could prioritize Action 4.3 and offering a tax abatement in exchange for preserving that housing as formally income restricted.
5.2	Explore the creation of an ongoing revenue source for affordable and middle-income housing production	<p>This action will primarily benefit very low, low-, and middle-income households, as well as marginalized populations that disproportionately fall into lower income brackets. It will provide these benefits through funding new income-restricted housing production.</p> <p>Housing built through this action could also potentially offer additional benefits to specific marginalized groups, such as communities of color, people with disabilities, seniors, and people experiencing homelessness, depending on the development program (e.g., culturally specific housing, accessible housing with services, PSH). The City may wish to create goals or requirements to ensure such benefits.</p>	<p>In general, this action is unlikely to increase burdens experienced by marginalized populations.</p> <p>However, the creation of an ongoing revenue source may impose direct or indirect costs on marginalized populations (e.g., a residential CET could be passed on to tenants, a GO Bond could raise the property tax obligation of low-income homeowners, a business receipts tax could reduce job opportunities). However, in such cases, costs stemming from the new revenue source would likely be borne <u>across</u> the income spectrum, while the benefits would be <u>concentrated</u> in the middle- and lower-income range.</p>

5.3	Build a year-round homeless shelter	<p>This action will primarily benefit very low and low-income households, people experiencing homelessness, and marginalized populations that disproportionately fall into lower income brackets.</p> <p>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.</p>	<p>This action is unlikely to increase burdens experienced by marginalized populations.</p> <p>The action won't have maximum positive effect for marginalized populations unless the City conducts outreach to such populations and works with partner organizations that specialize in working with those communities.</p>
5.4	Support Permanent Supportive Housing production	<p>This action will primarily benefit very low and low-income households, as well as marginalized populations that disproportionately fall into lower income brackets.</p>	<p>This action is unlikely to increase burdens experienced by marginalized populations.</p>

<sup>111</sup> See Gregg Colburn's "Homelessness is a Housing Problem" (2022), with summary highlights in the slides linked here. <https://caeh.ca/wp-content/uploads/Feb-13-Webinar-Slides.pdf>.

# 7. Measuring Progress

Per OAR 660-008-0060, Hillsboro will track progress on implementing the actions detailed in the HPS. By December 31<sup>st</sup>, three years after adopting the 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 following methods and performance metrics for monitoring progress on HPS actions are recommended. 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 should 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	<p>Progress on implementation of regulatory-based actions can be indicated by the following:</p> <ul style="list-style-type: none"><li>Defining and identifying high opportunity neighborhoods</li><li>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</li><li>Adopting streamlined design standards</li><li>Evaluating options for reorganizing and streamlining the code and making the code more user friendly.</li><li>Evaluating pre-approved plans</li><li>Collecting periodic feedback from local developers to gain additional information about the efficacy of various regulatory changes and how well they are facilitating increased housing production</li></ul>	<p>Many of these metrics will benefit from the comparison with data from the years prior to the HPS and peer jurisdictions</p> <ul style="list-style-type: none"><li># of housing units permitted and produced</li><li># of middle housing units permitted and produced</li><li># of units produced in multi-dwelling zones</li><li># of units produced in commercial and mixed-use zones</li><li>% of City land zoned for multi-unit housing</li><li>% of high opportunity areas zoned for multi-unit housing</li><li># of pre-approved plans available through the city and # of units produced using pre-approved plans</li><li>% of units permitted that are accessible</li><li># (average) days from application submittal to approval, by housing type</li><li>% of housing units approved that required at least one discretionary approval</li></ul>

Land Based Actions	<p>Progress on implementation of land-based actions can be indicated by the following:</p> <ul style="list-style-type: none"> <li>• Engaging with key 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.</li> <li>• Pursuing UGB expansion in accordance with the requirements of OAR 660-024-0000</li> <li>• Continue to track City owned land and look for opportunities to use remnant City land for affordable housing production</li> </ul>	<ul style="list-style-type: none"> <li>• # of ownership units produced by landowners contacted for partnership</li> <li>• # of affordable units (0-80% AMI) and shelter beds produced by landowners contacted for partnership</li> <li>• # of middle-income units (80-120% AMI) produced by landowners contacted for partnership</li> <li>• # of housing units permitted and produced in residential expansion areas, by type</li> <li>• # of affordable or middle-income units produced on underutilized land the City may possess or track</li> </ul>
Partnership Actions	<p>Progress on implementation of partnership actions can be indicated by the following:</p> <ul style="list-style-type: none"> <li>• Staff reporting of City activities related to state and federal lobbying on housing production</li> <li>• Staff reporting on existing and new partnerships established with developers and service providers working in the affordable homeownership space</li> <li>• Completion of the Calle Diez Equitable Development Strategy and status updates on outcomes achieved</li> </ul>	<ul style="list-style-type: none"> <li>• # of pro-housing legislative proposals developed in collaboration with partners and state representatives</li> <li>• # of pro-housing legislative proposals formally supported alongside partners and state representatives</li> <li>• # of affordable ownership units (0-80% AMI) produced by affordable homeownership partners</li> <li>• # of middle-income ownership units (80-120% AMI) produced by affordable homeownership partners</li> </ul>
Incentive Actions	<p>Progress on implementation of incentive actions can be indicated by the following:</p> <ul style="list-style-type: none"> <li>• Conducting a fee and SDC rate study</li> <li>• Any adjustments to fee structures that are made as the result of a fee and rate study</li> <li>• Evaluation and availability of tax abatements for middle-income housing, including ownership housing</li> <li>• Evaluation and availability of tax abatements for preservation of naturally occurring affordable apartments and manufactured home parks</li> <li>• Evaluation and availability of a Multi-Unit Property Tax Exemption (MUPTE) and extension of the Vertical Housing Development Zone (VHDZ) program</li> </ul>	<p>Many of these metrics will benefit from the comparison with data from the years prior to the HPS and peer jurisdictions</p> <ul style="list-style-type: none"> <li>• # of housing units permitted and produced, by housing type, tenure and unit size (compared to historical and baseline trends to track size changes after SDC scaling)</li> <li>• # of eligible projects and units produced using one or more incentive programs, broken out by program, housing type, tenure and affordability level</li> <li>• # of eligible properties and # of units preserved using tax abatement programs such as MUPTE, by housing type, tenure and affordability level</li> <li>• Average \$ abatement per unit, by incentive program, housing type, tenure and affordability level</li> </ul>



Investment Actions	<p>Progress on implementation of investment actions can be indicated by the following:</p> <ul style="list-style-type: none"> <li>• Identification of specific infrastructure investments with high housing development potential</li> <li>• Evaluation of the creation of an ongoing City, County, or Regional revenue source for affordable and middle-income housing production</li> <li>• Reporting on work in progress to build a year-round homeless shelter</li> <li>• Convening staff and partners and identifying resources to support the development of PSH</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of funds secured or dedicated toward strategic infrastructure investments and anticipated amount of housing unit potential unlocked</li> <li>• \$ raised through new revenue source for affordable and middle-income housing</li> <li>• outside \$ attracted to projects supported by new revenue source</li> <li>• # of affordable units (0-80% AMI) produced or otherwise supported via the new revenue source</li> <li>• # of middle-income units (80-120% AMI) produced or otherwise supported via the new revenue source</li> <li>• # year-round shelter beds added</li> <li>• # of permanent shelter guests served</li> <li>• # of permanent shelter guests moved into permanent housing</li> <li>• # units of PSH created</li> <li>• \$ (local or from governmental partners) allocated to PSH</li> </ul>
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## **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
<b>Category A: Zoning and Code Changes</b>					
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				

<b>A22</b>	Mixed Housing Types in Planned Unit Developments				
<b>A23</b>	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.
<b>A24</b>	Legalize Alternative Housing Types on Wheels and in Parks				
<b>A25</b>	Legalize and Encourage Tiny Homes and Villages				

Category B: Reduce Regulatory Impediments					
<b>B01</b>	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.
<b>B02</b>	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.
<b>B03</b>	Expedite Permitting for Needed Housing Types				
<b>B04</b>	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.
<b>B05</b>	Reduce Regulatory Barriers to Lot Division				
<b>B06</b>	Streamline Permitting Process	Y	N	N	Hillsboro's permit review timelines are very short comparatively 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.
<b>B07</b>	Flexible Regulatory Concessions for Affordable Housing				
<b>B08</b>	Waive Off-Site Infrastructure Requirements for Needed or Affordable Housing				
<b>B09</b>	Capital Improvements Programming (CIP)				
<b>B10</b>	Public Facility Planning				
<b>B11</b>	Pro-Housing Agenda	Y	Y	Y	Demonstrated in the Hillsboro 2035 Community Plan, 2020–2024 Washington County Consolidated Plan and the Hillsboro Comprehensive Plan.
<b>B12</b>	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.
<b>B13</b>	Align Bike Parking Requirements with Actual Use	N	N	N	Multi-dwelling residential requires 0.25 spaces per unit.
<b>B14</b>	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.
<b>B15</b>	Reduce the Power of NIMBYism to stop, slow, change, or reduce affordable housing				
<b>B16</b>	Holistic Planning to Distribute New Density More Equitably				
<b>B17</b>	Reduce on-site Common/Active Open Space Requirements				

<b>B18</b>	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.
<b>B19</b>	Survey Applicants on Development Program Decision-Making				

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

Category D: Financial Resources					
<b>D01</b>	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.
<b>D02</b>	Low Income Housing Tax Credit (LIHTC)	Y	Y	Y	A number of affordable housing projects in Hillsboro have leveraged LIHTC equity funding
<b>D03</b>	Housing Trust Funds				
<b>D04</b>	Operating Subsidies for Affordable Housing Developments				
<b>D05</b>	Employer - Assisted Housing Programs				
<b>D06</b>	HOME Program	Y	Y	Y	Partnership with Washington County.
<b>D07</b>	Dedicated Revenue Sources for Affordable Housing	Y	Y	Y	Includes General Fund resources and Metro Housing Bond funding
<b>D08</b>	Demolition Taxes				
<b>D09</b>	Construction Excise Tax (CET)				
<b>D10</b>	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 with CDBG-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				

<b>Category E: Tax Exemption and Abatement</b> <b>These are a list of tax exemption and abatement programs that are intended to encourage developers to produce housing.</b>					
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)				

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

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

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

Category Z: Custom Options					
<b>Z01</b>	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 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	<b>Project Kick-Off with Consultants</b>
	<b>Public Engagement Committee Meeting</b> Input on the draft Public Engagement Plan
	<b>Technical Advisory Committee Recruitment</b>
March 2024	<b>TAC Meeting #1</b> Introduction to HPS/Project Overview and Next Steps
	<b>Council Work Session #1</b> Introduction to HPS/Project Overview
	<b>Planning Commission Work Session #1</b> Introduction to HPS/Project Overview
April 2024	<b>TAC Meeting #2</b> Initial discussion to develop project goals and policies
	<b>Focus Groups (English and Spanish) #1</b> Introduction to HNA/Project Overview
May 2024	<b>Council Work Session #2</b> Update on TAC and focus groups input, receive input on HPS options

June 2024	<b>TAC Meeting #3</b> Discussion refining draft strategies and policies
July 2024	<b>Focus Groups (English and Spanish) #2</b> Discussion on draft, goals, policies, and strategic actions  <b>Council Work Session #3</b> Update on TAC and focus groups input, receive input on HPS options
September 2024	<b>TAC Meeting #3</b> Report back from focus groups and Council, discussion of draft policy recommendations  <b>City Council Work Session #4</b> Receive input on HPS options
October 2024	<b>Planning Commission Work Session #2</b> Report back from focus groups, TAC, and Council, discussion of policy recommendations  <b>Council Work Session #5</b> Present final draft HPS and policy recommendations
December 2024	<b>City Council Meeting</b> HPS Resolution – 1st Reading  <b>City Council Meeting</b> 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	<ul style="list-style-type: none"> <li>• Frequency of people visiting webpage (number of “touches”)</li> <li>• Share of repeat webpage participants</li> </ul>
Project Engagement	<ul style="list-style-type: none"> <li>• Attendance at TAC meetings</li> <li>• Attendance at focus groups</li> </ul>
Input Characteristics	<ul style="list-style-type: none"> <li>• Number and means of comments (written, online, email, meetings, etc.)</li> <li>• Overall topic mix of comments</li> </ul>
Improvement Opportunities	<ul style="list-style-type: none"> <li>• Number and frequency of requests for assistance in locating project resources</li> </ul>

### 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](mailto:brad@windsorproperties.com)
  2. Homebuilder Representative: Marc Farrar  
[marc@metlandgroup.com](mailto:marc@metlandgroup.com)
  3. Multi-Dwelling: Zach Pyle  
[zacharyp@pahlisch.com](mailto:zacharyp@pahlisch.com)  
  
Adam Blum (alternate)  
[adamb@pahlisch.com](mailto:adamb@pahlisch.com)
  4. Small Home Developer: Matt Newman, NW Engineers  
[mattn@nw-eng.com](mailto:mattn@nw-eng.com)
- 2 Affordable Housing Developer Representatives
  1. Lydia Slocum, NW Housing  
[slocum@nwhousing.org](mailto:slocum@nwhousing.org)
  2. Pooja Dalal  
[poojagdalal@gmail.com](mailto:poojagdalal@gmail.com)
- Civic Leadership Academy Representative
  1. Cadell Chand  
[cadellchand@outlook.com](mailto:cadellchand@outlook.com)

- Residential Real Estate Representative
  1. Dirk Knudsen  
[calldirkgmail.com](mailto:calldirkgmail.com)
  
- Permanent Supportive Housing Representative
  1. Marcia Hille, Sequoia Mental Health Services  
[mhille@sequoiamhs.org](mailto:mhille@sequoiamhs.org)
  
- Hillsboro School District Representative
  1. Brooke Nova, Assistant Superintendent for Academic Services  
[novab@hsd.k12.or.us](mailto:novab@hsd.k12.or.us)
  
- Large Employer Representative
  1. Jenn Klotz, Genentech  
[jenniflk@gene.com](mailto:jenniflk@gene.com)
  
- 2 Planning Commission members
  1. President Anne Thrall Nash  
[annethrallnash@yahoo.com](mailto:annethrallnash@yahoo.com)
  
  2. Mujidat Saaka  
[abim09@yahoo.com](mailto:abim09@yahoo.com)



# City of Hillsboro Housing Production Strategy

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Technical Advisory Committee Meeting #1

05.16.2024



## OUR TEAM: 17 PARTNERS & STAFF, PRIOR HPS EXPERIENCE

### PARTNERS

ALEX JOYCE



IRENE KIM



JAMIN KIMMELL



ALEX  
STEINBERGER



SACHI  
ARAKAWA



### ASSOCIATES

SYLVIA LEON  
GUERRERO



VICTOR TRAN



PAULINE RUEGG



PAUL RUNGE



AYANO HEALY



SARA GOLDSTEIN



RACHEL COTTON



RHEY HAGGERTY



ANGELICA MARTINEZ  
SULVARAN



LYDIA NESS



TARA SORRELS



LANIER HAGERTY



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# 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

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# Project Background

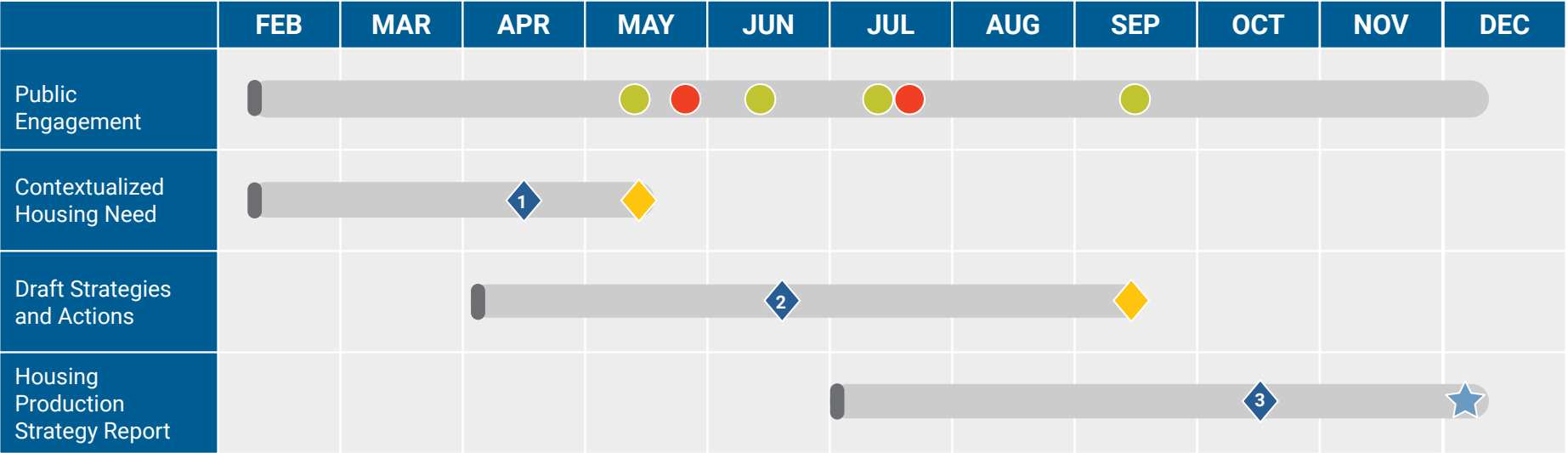


## The HPS will provide a work program to be implemented over the next 8 years.

- 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

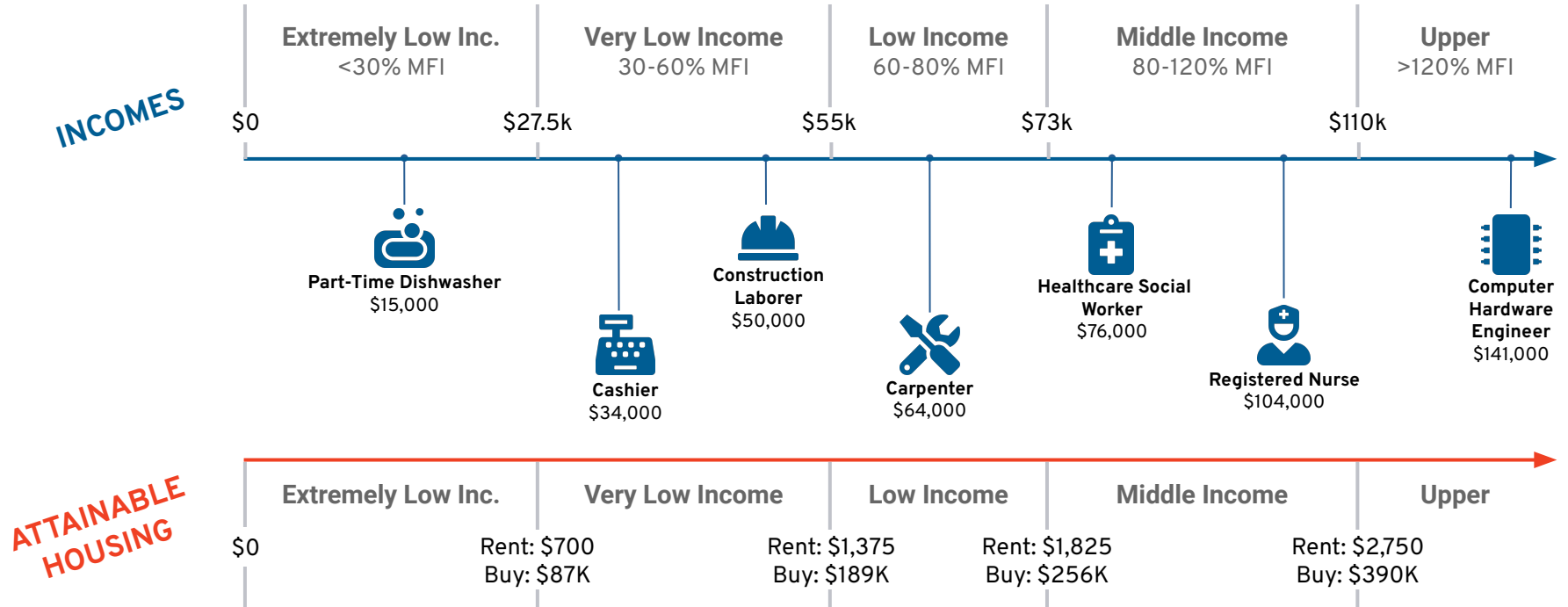
## **Technical Advisory Committee (TAC): Role**

- 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

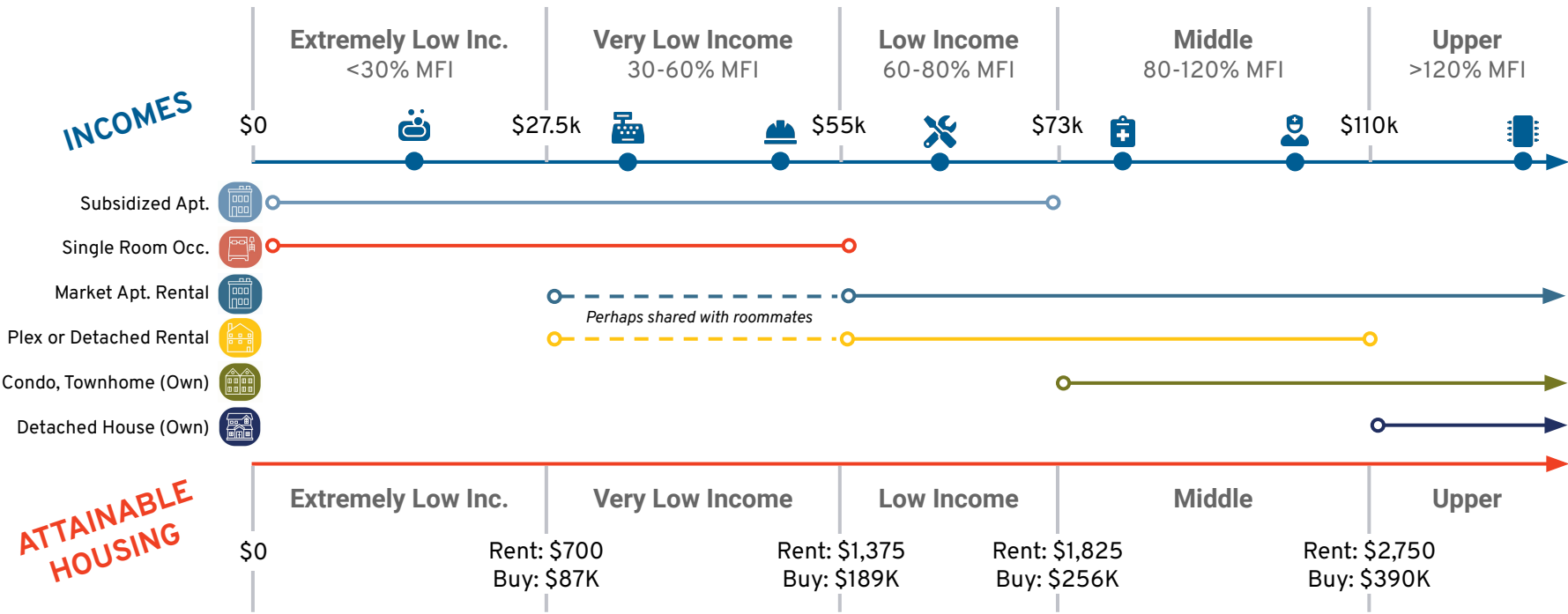
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# **Adding Context to Hillsboro's Housing Need**

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

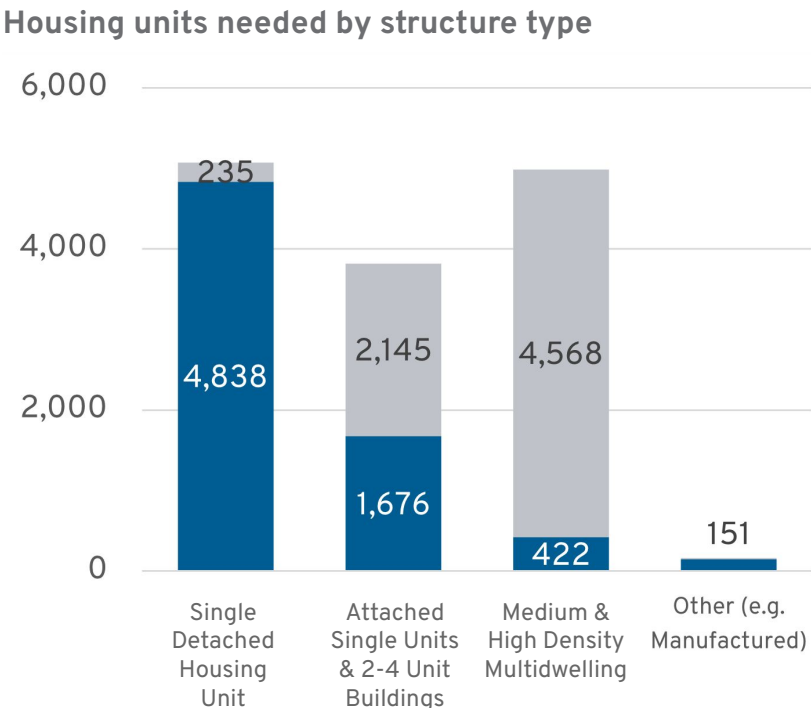
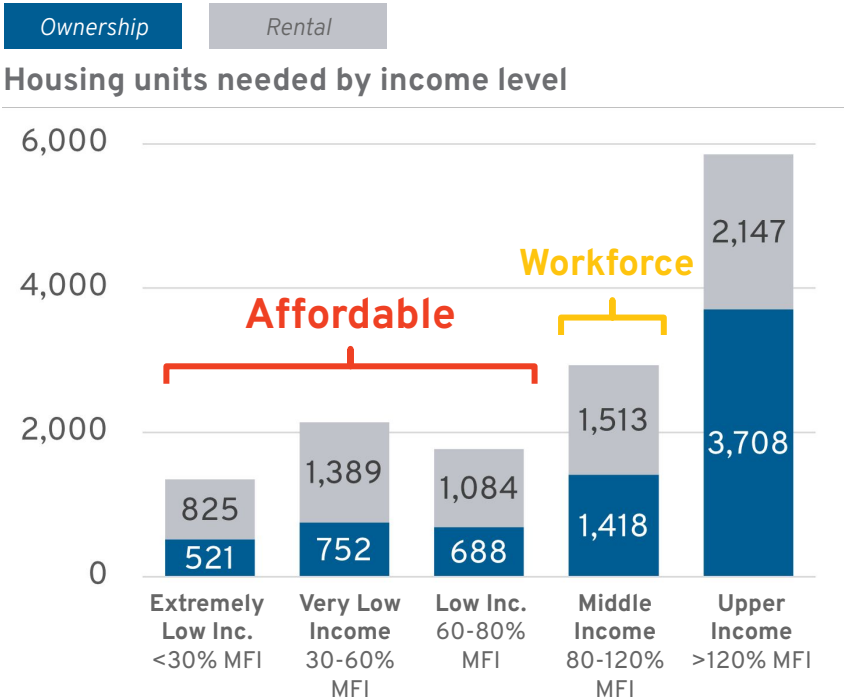


# A variety of housing types are needed to serve different incomes.



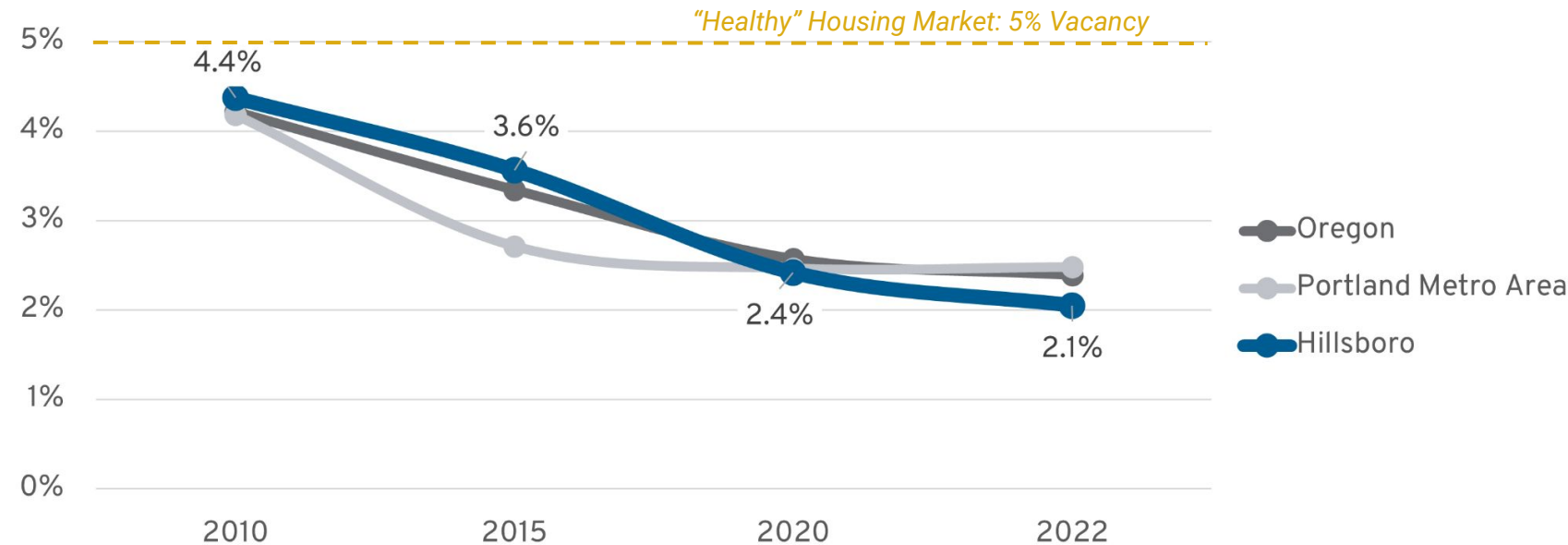
Bureau of Labor Statistics modeled wage estimates for Oregon (2022), assuming 40 hours per week is full time. Income levels are from the City of Hillsboro's Housing Needs Analysis (Adopted 2024) and are based on OHCS guidelines for avg. Hillsboro household size of 2.64 persons.

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



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

Residential vacancy rate over time (2010-2022)

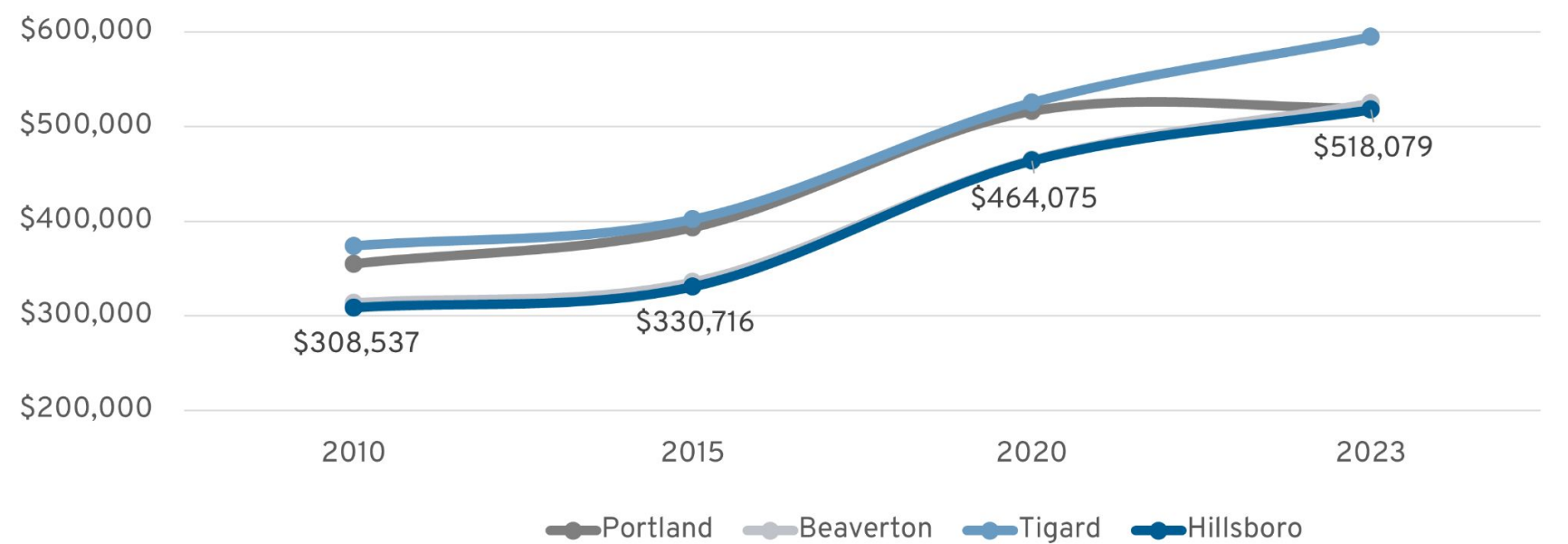


American Community Survey 5-Year Estimates, Table B25004. Includes typical market vacancy (e.g. for sale, for rent), excludes recreational and seasonal housing and "other" vacancy (e.g. abandonment, foreclosure)



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

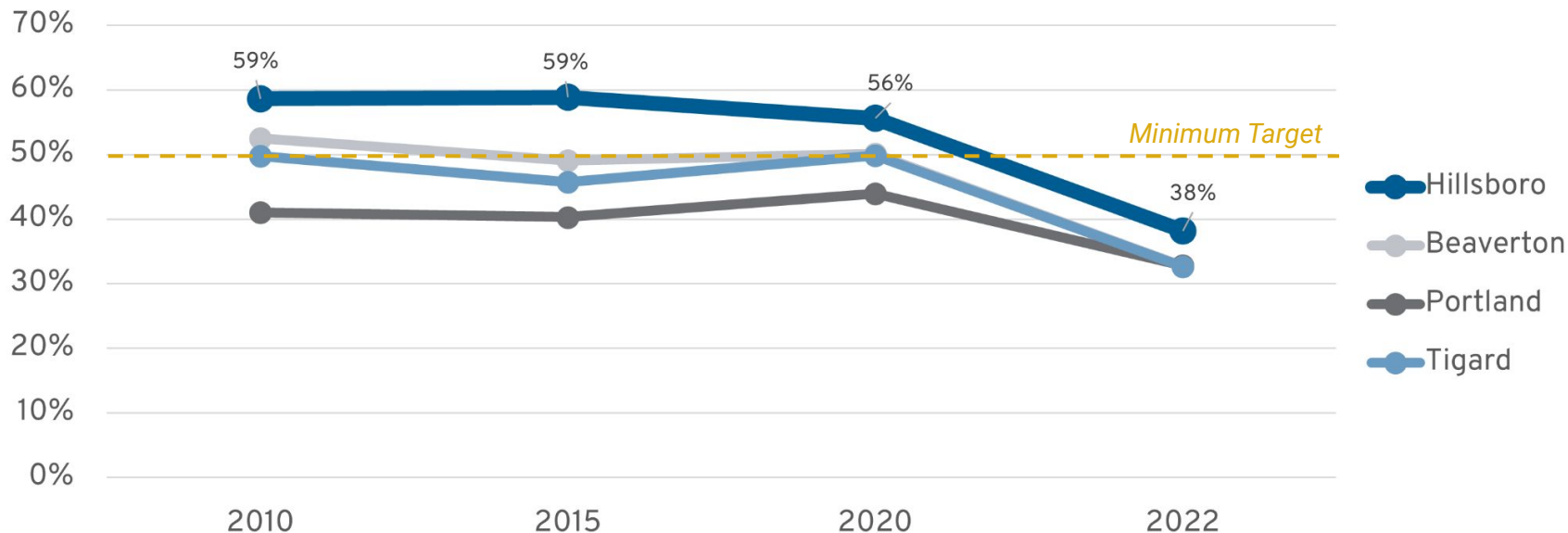
Zillow Home Value Index, sale price for typical home (inflation adjusted \$2023 dollars)



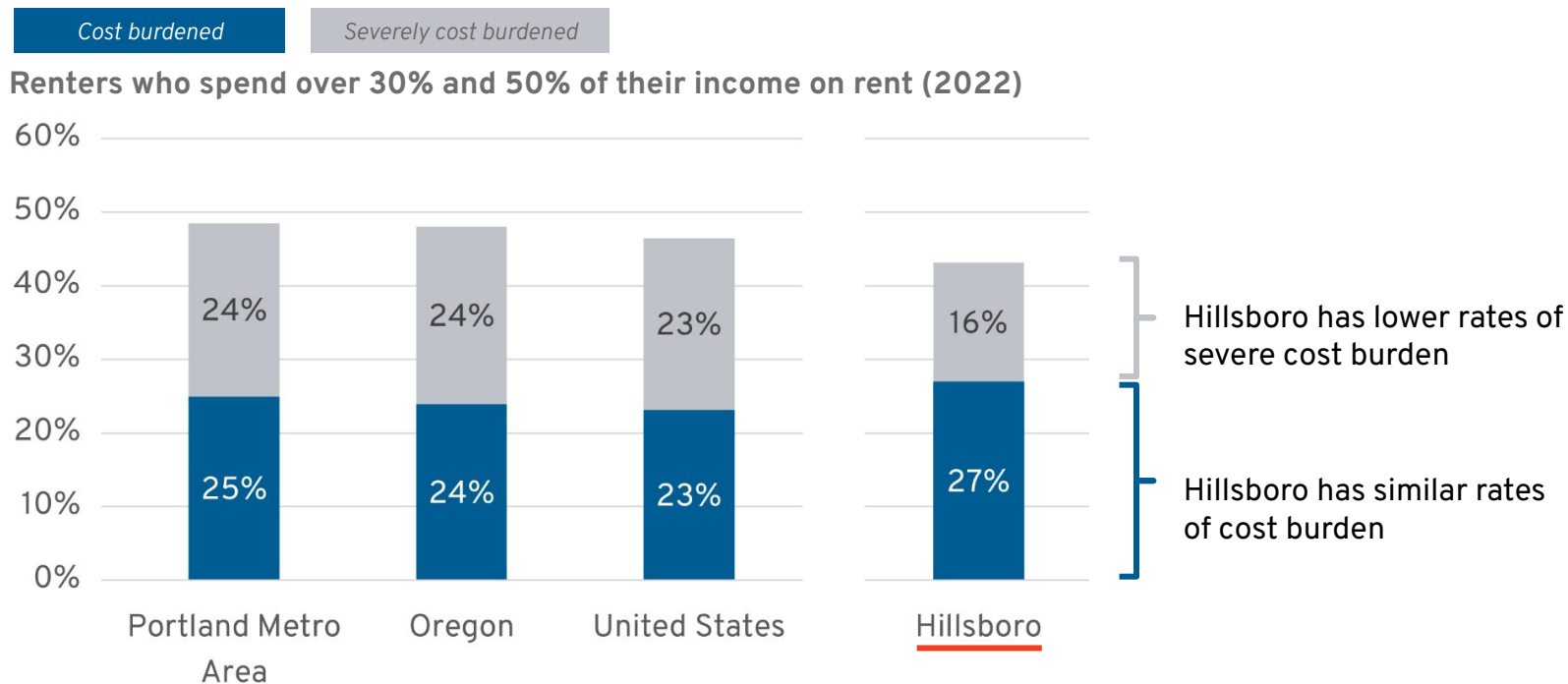
*Zillow Home Value Index (seasonally adjusted, all for sale homes)*

## 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)

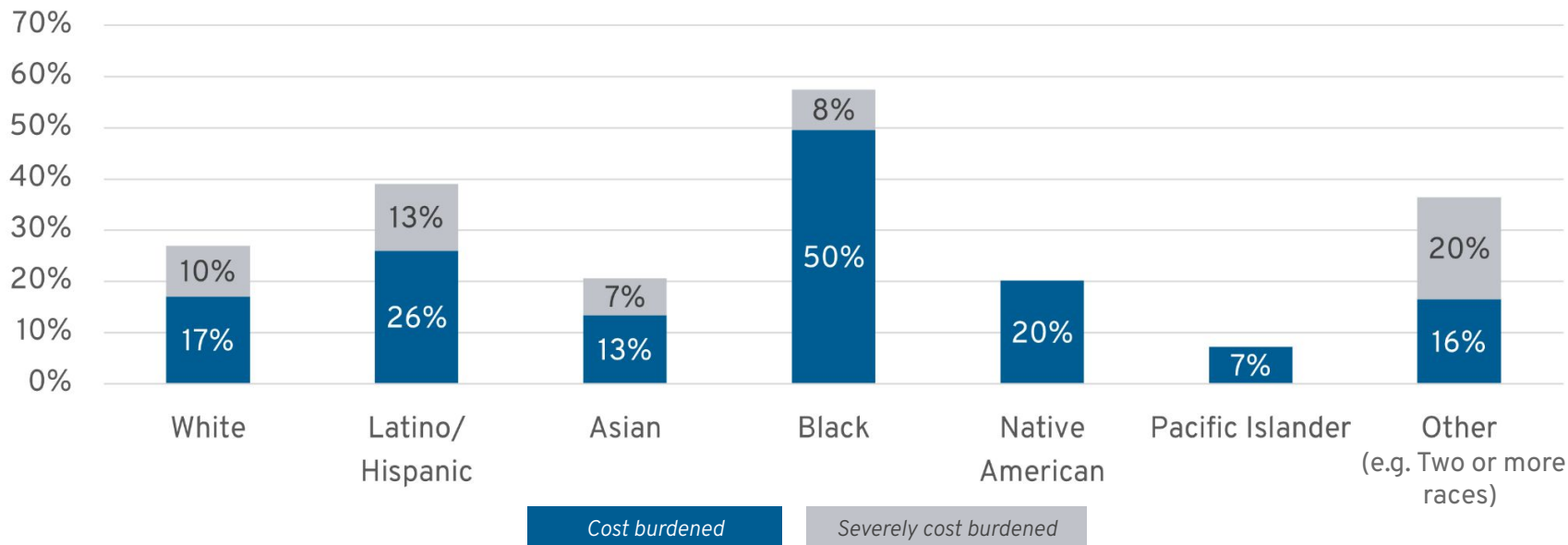


## Renting is costly too – over 40% of Hillsboro’s 50K renters are cost burdened

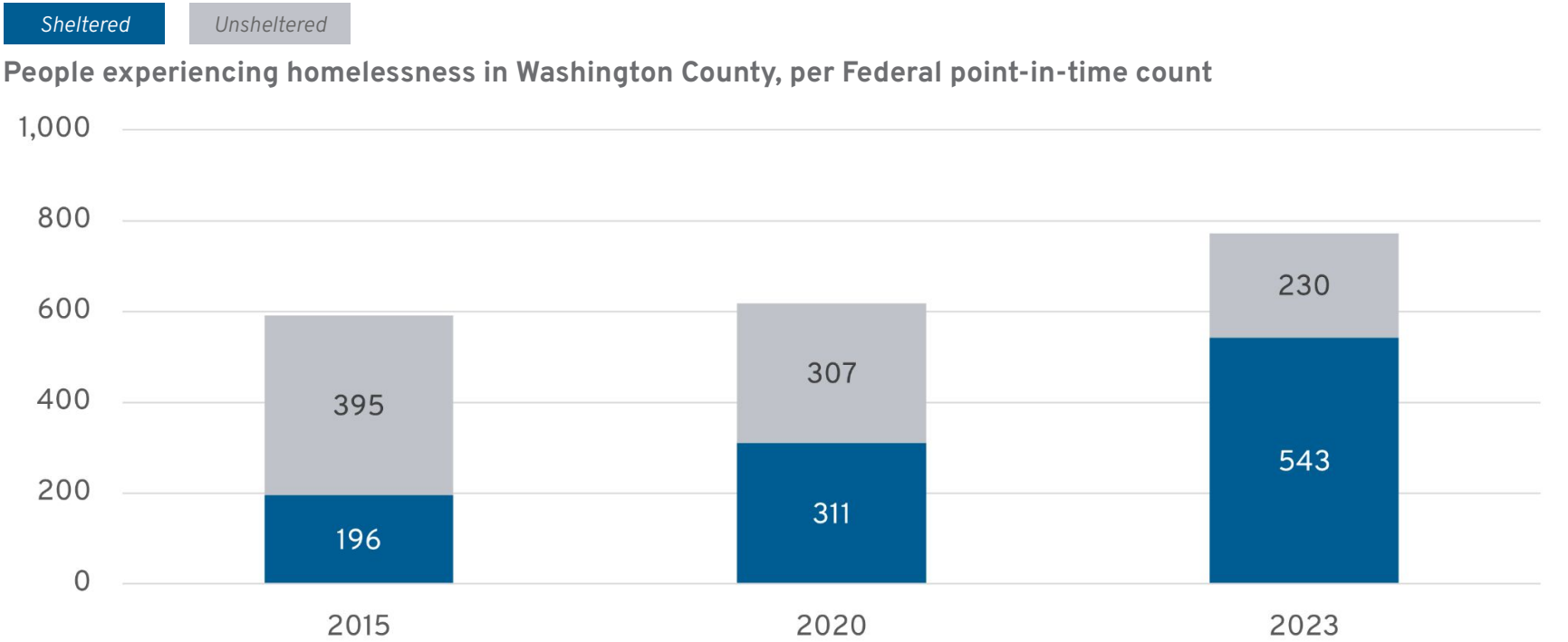


## Black & Latino households – whether owners or renters – are cost burdened most often

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



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



# Data Takeaways

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- Overall: Housing shortage, low vacancy
- Own: Most can't afford new mortgage payments
- Rent: 2/5 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

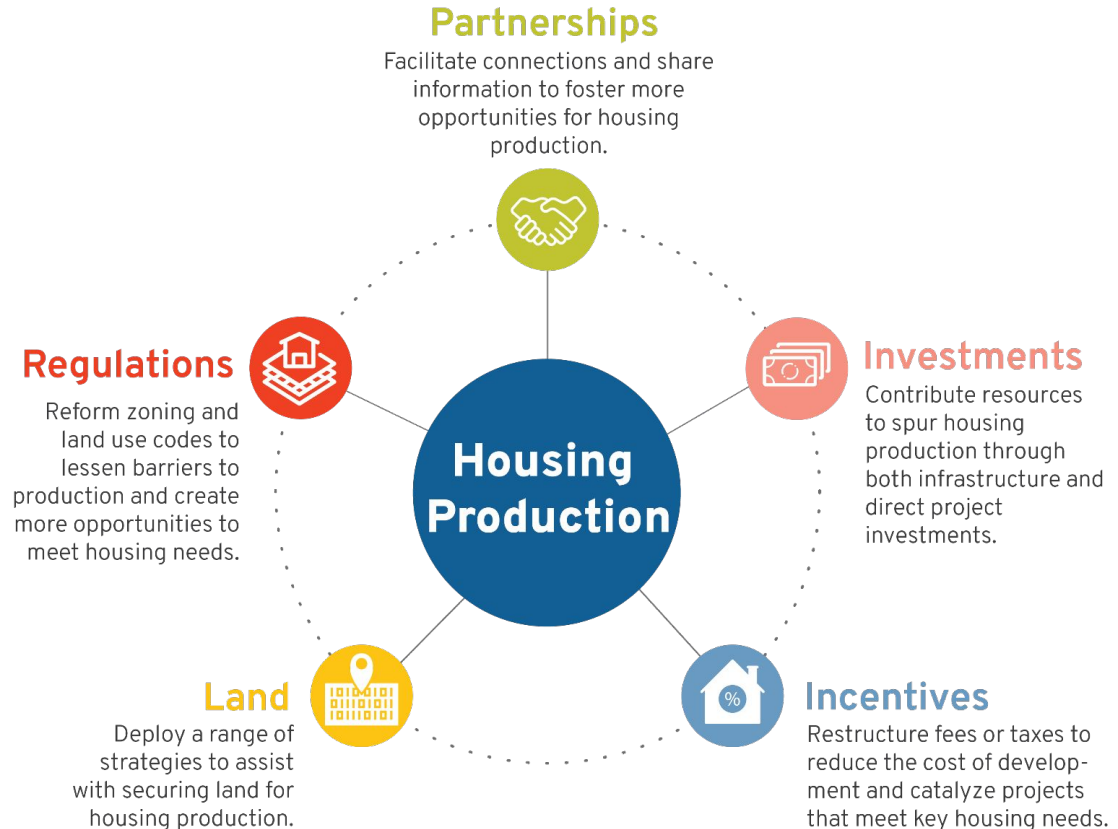
**No strategy hits every target**, but together strategies aim to fulfill all housing needs.

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

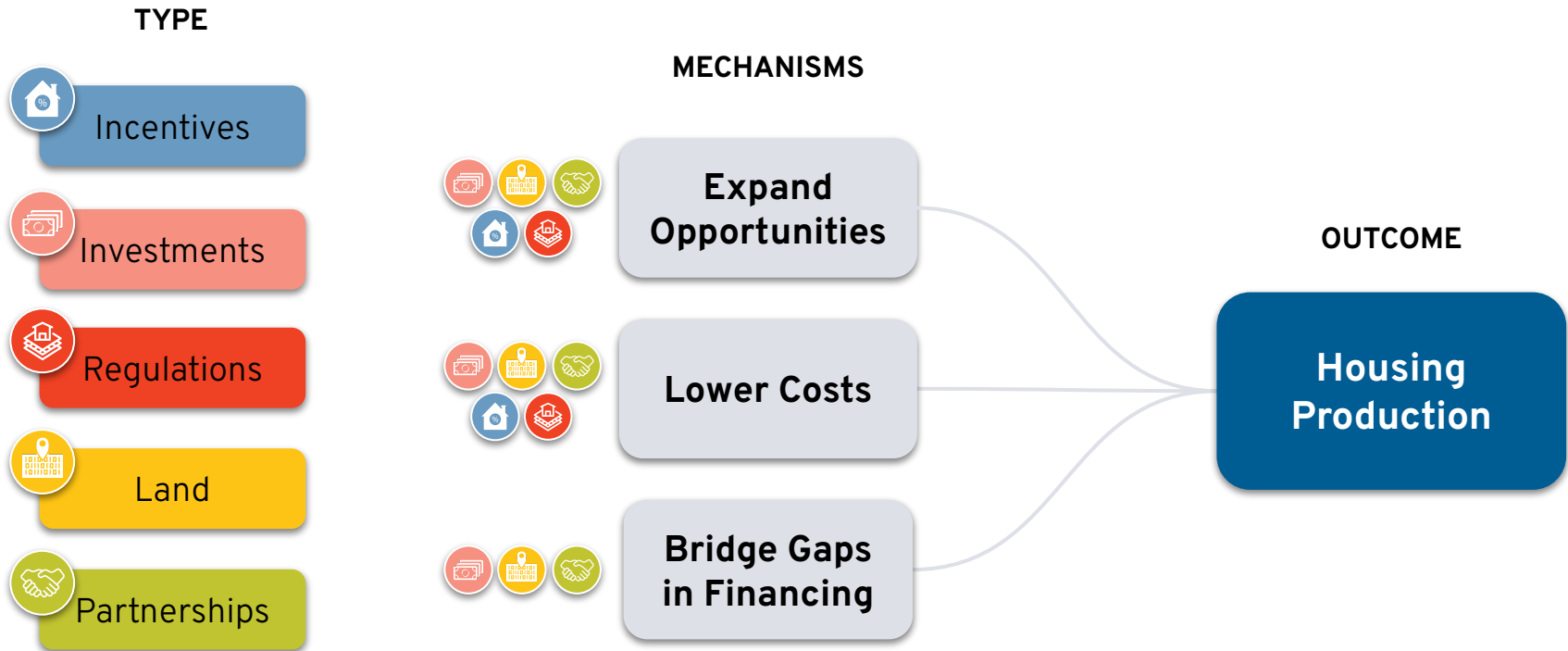
Overview of Strategies and Actions		AFFORDABILITY TARGETS				HOUSING TYPE TARGETS			TENURE TARGETS		PRIORITIZATION		
		Publicly Subsidized (> 30% AMI)	Affordable (30-80% AMI)	Workforce (80-120% AMI)	Market Rate (> 120% AMI)	Single-Family	Middle Housing	Multi-Family	For Rent	For Sale	1-3 Years	3-5 Years	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)

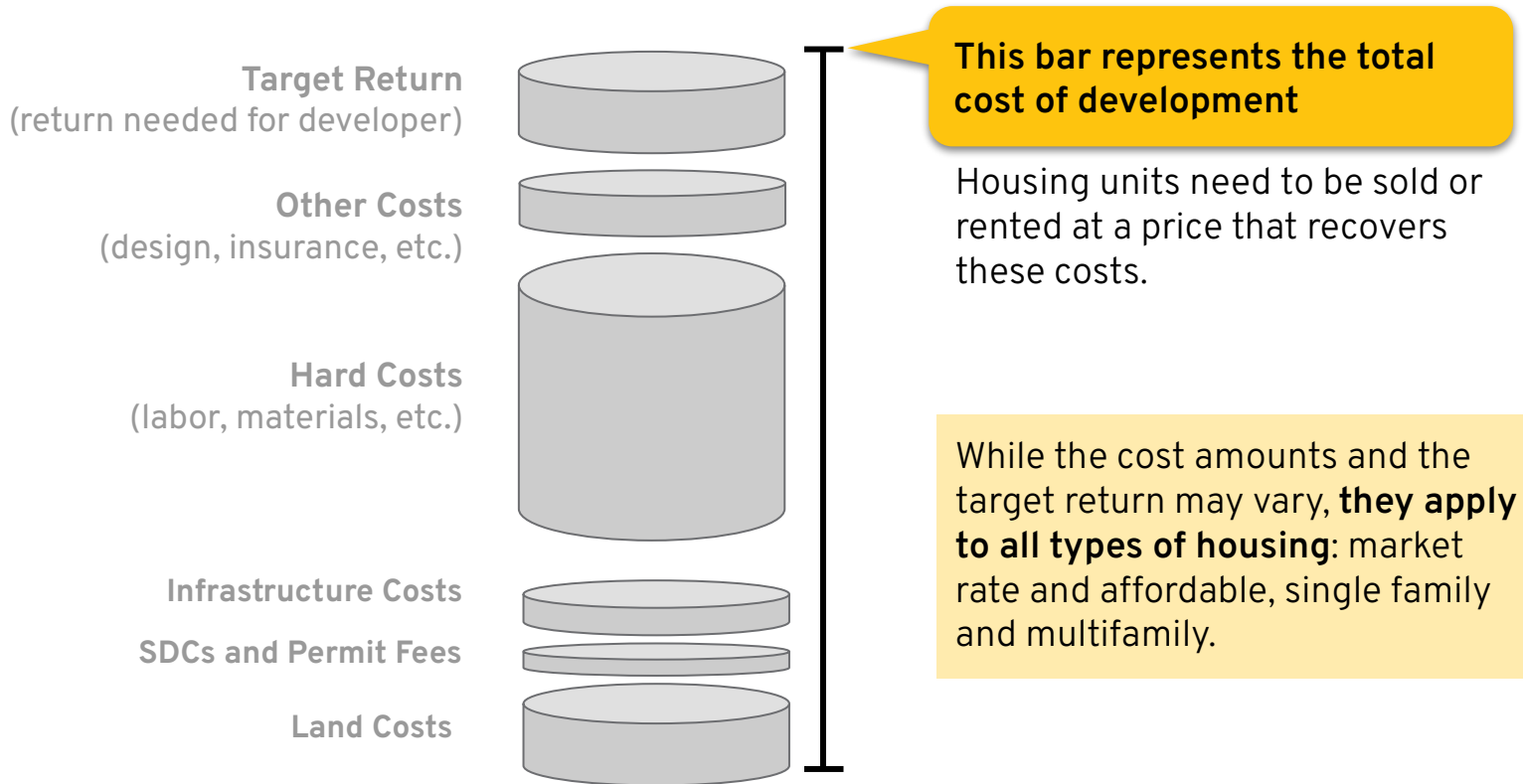
## Types of housing production strategies: Your toolbox and the tools inside



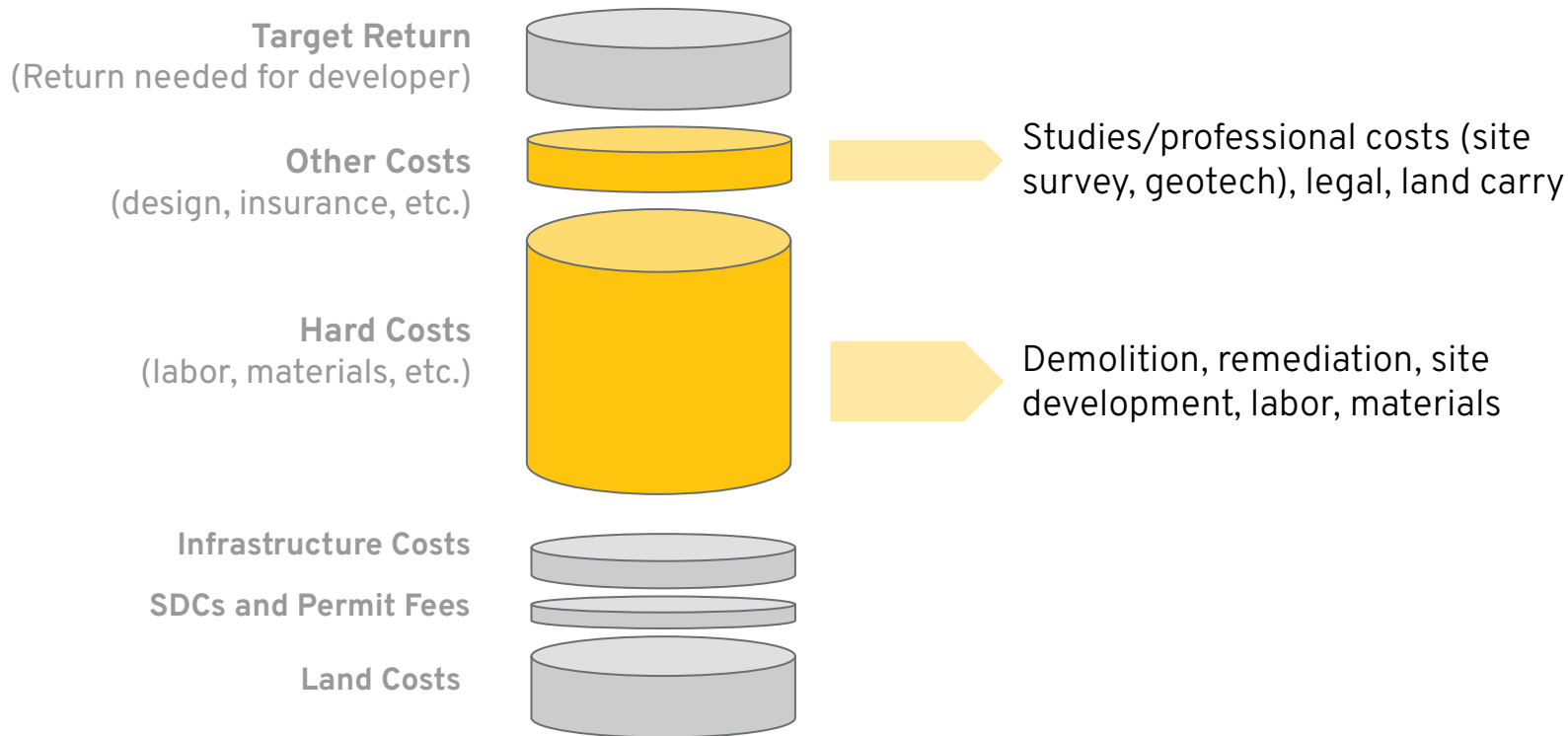
# These strategies impact housing production through 3 key mechanisms



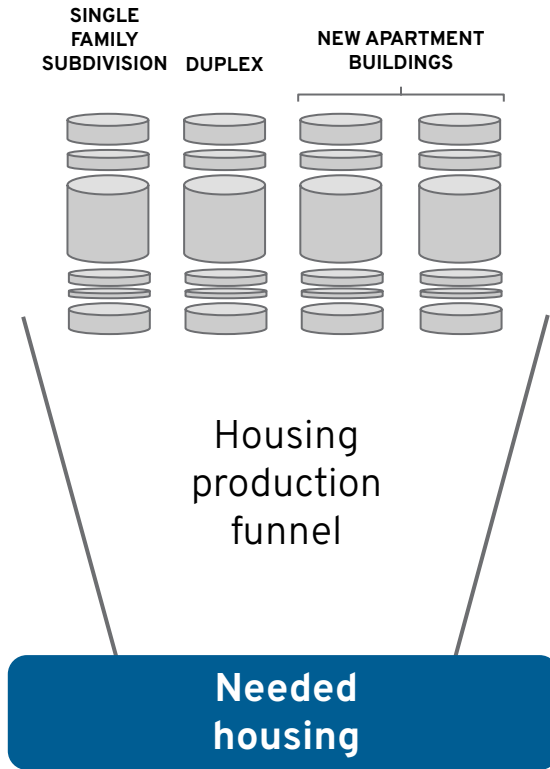
# Economics of Housing Development - All Housing Types



# Economics of Housing Development - Examples of costs



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

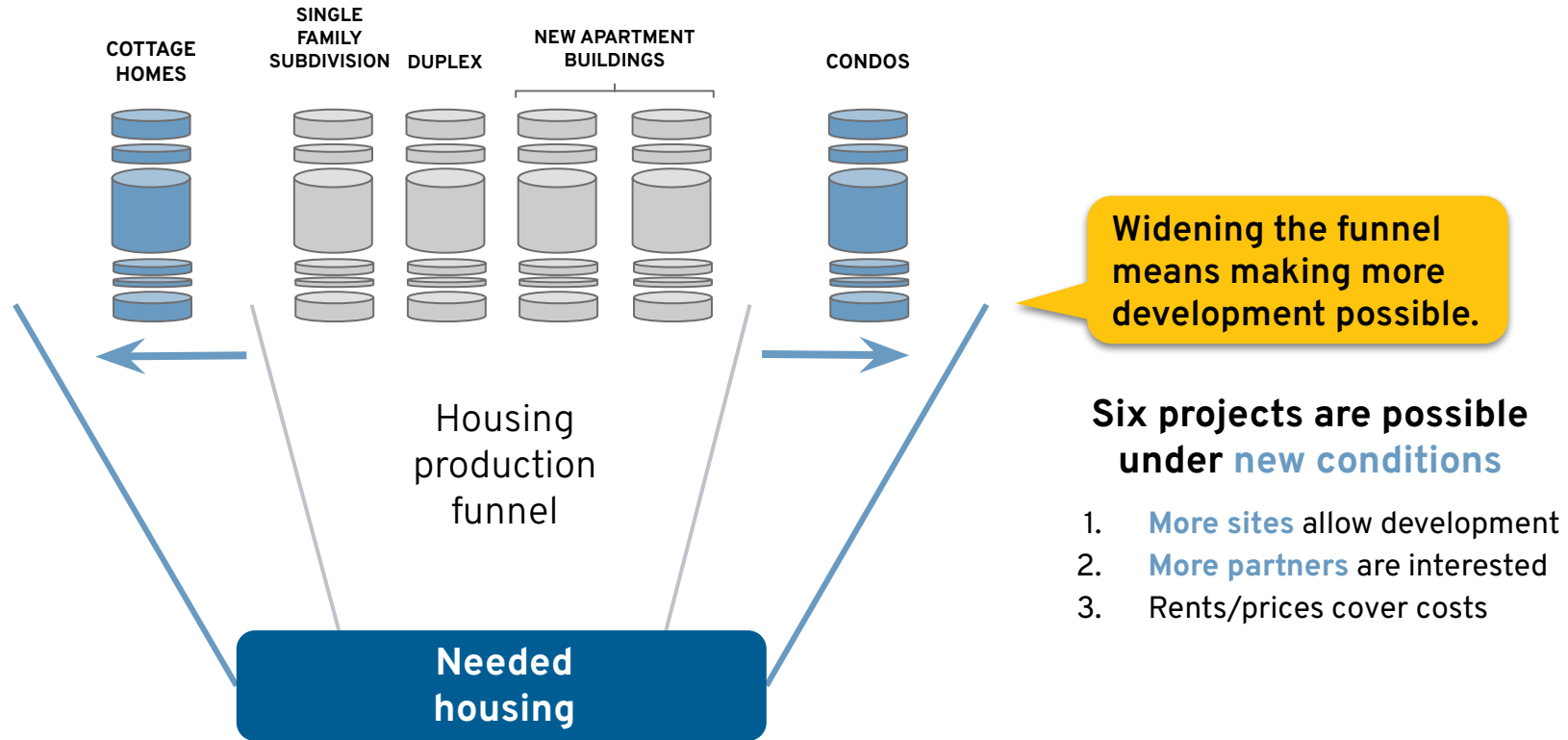


This funnel represents the current extent of possible development.

## 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

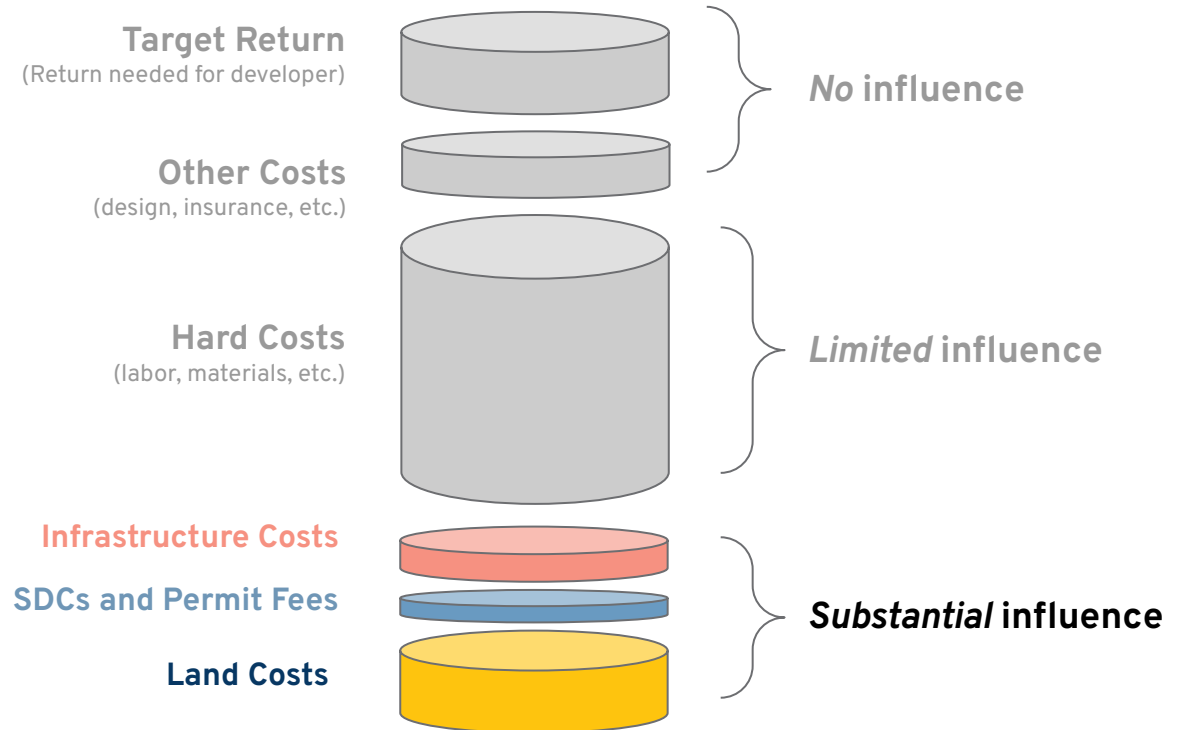


## Mechanism #2 – Lowering the costs factors the city can influence

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

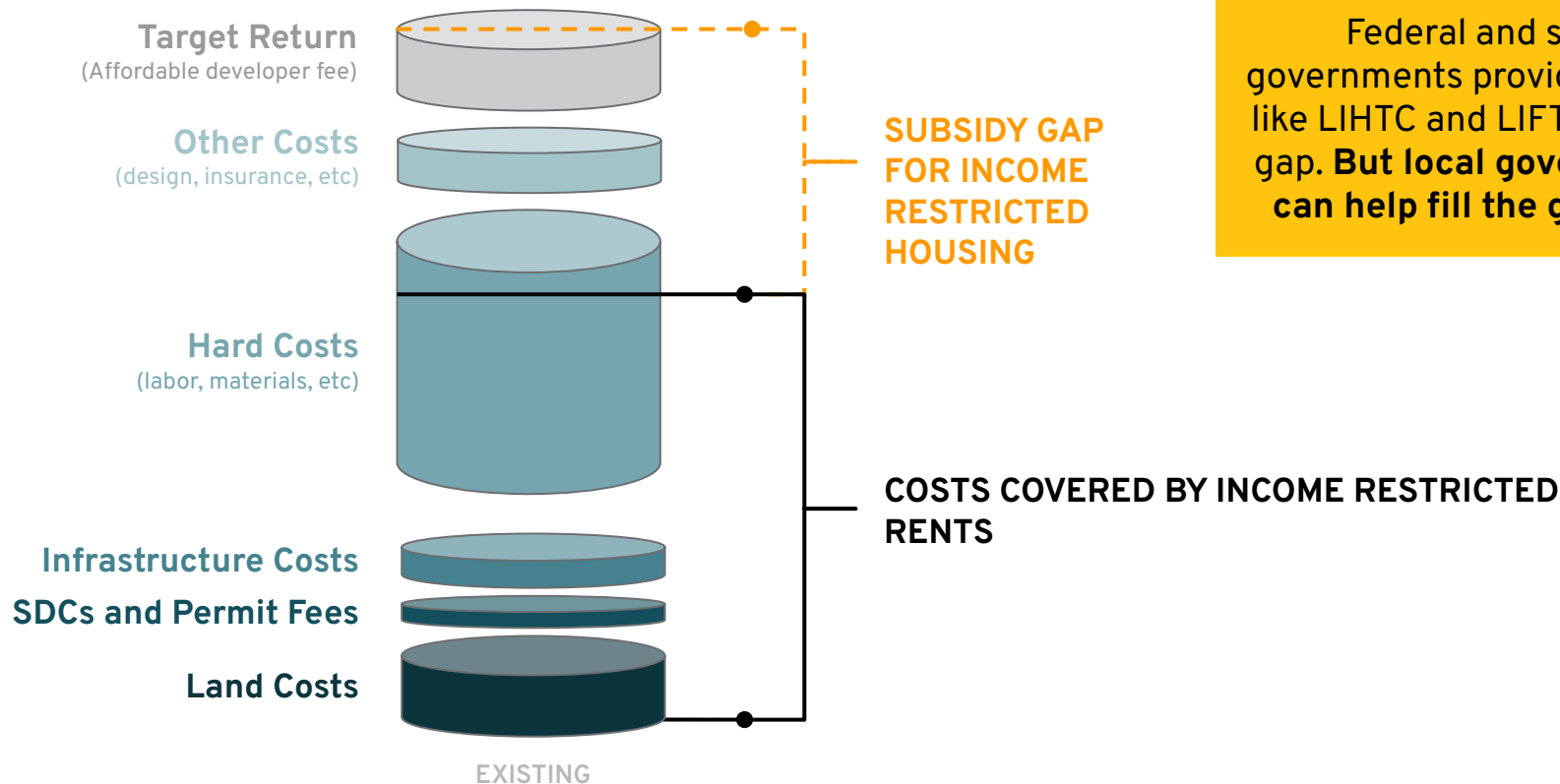
### For Example:

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)





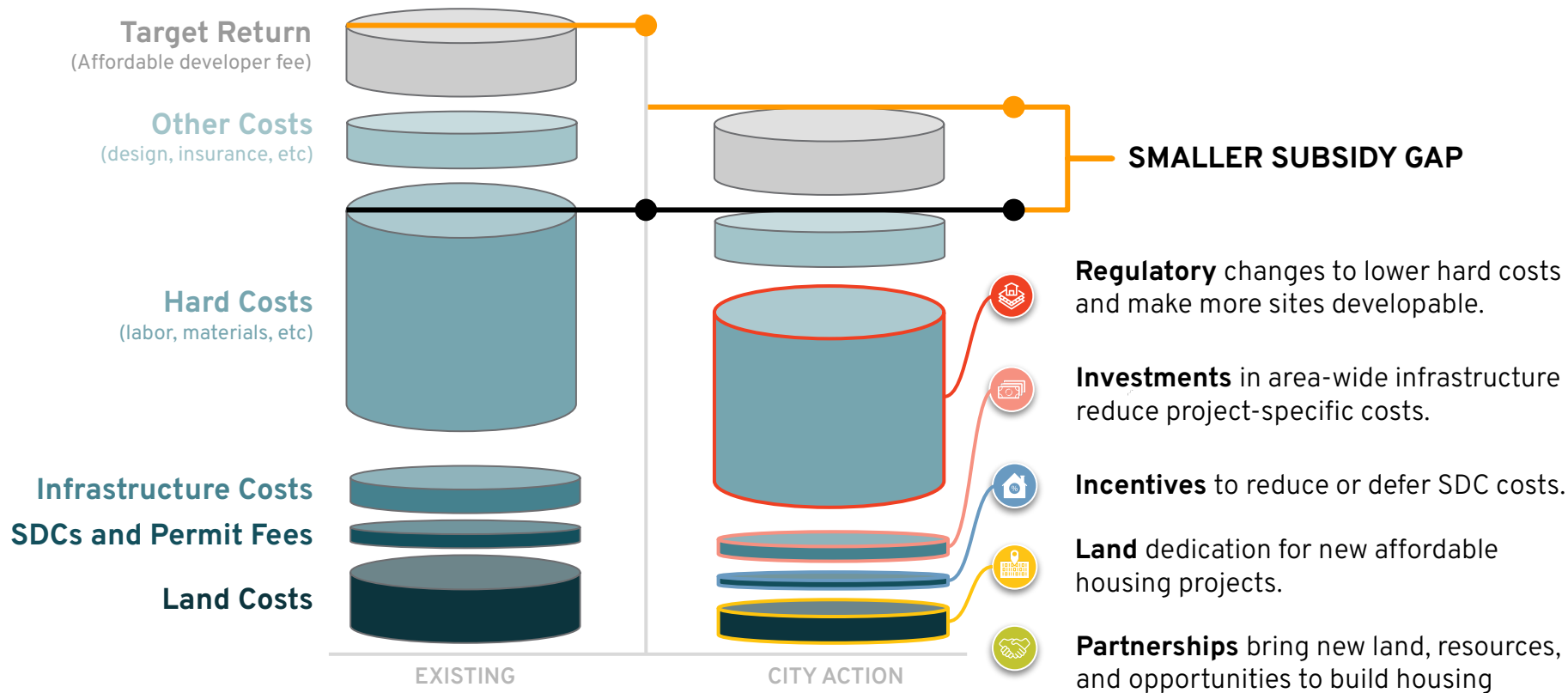
## Mechanism #3 – Bridging Financing Gaps for Income Restricted Housing



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*

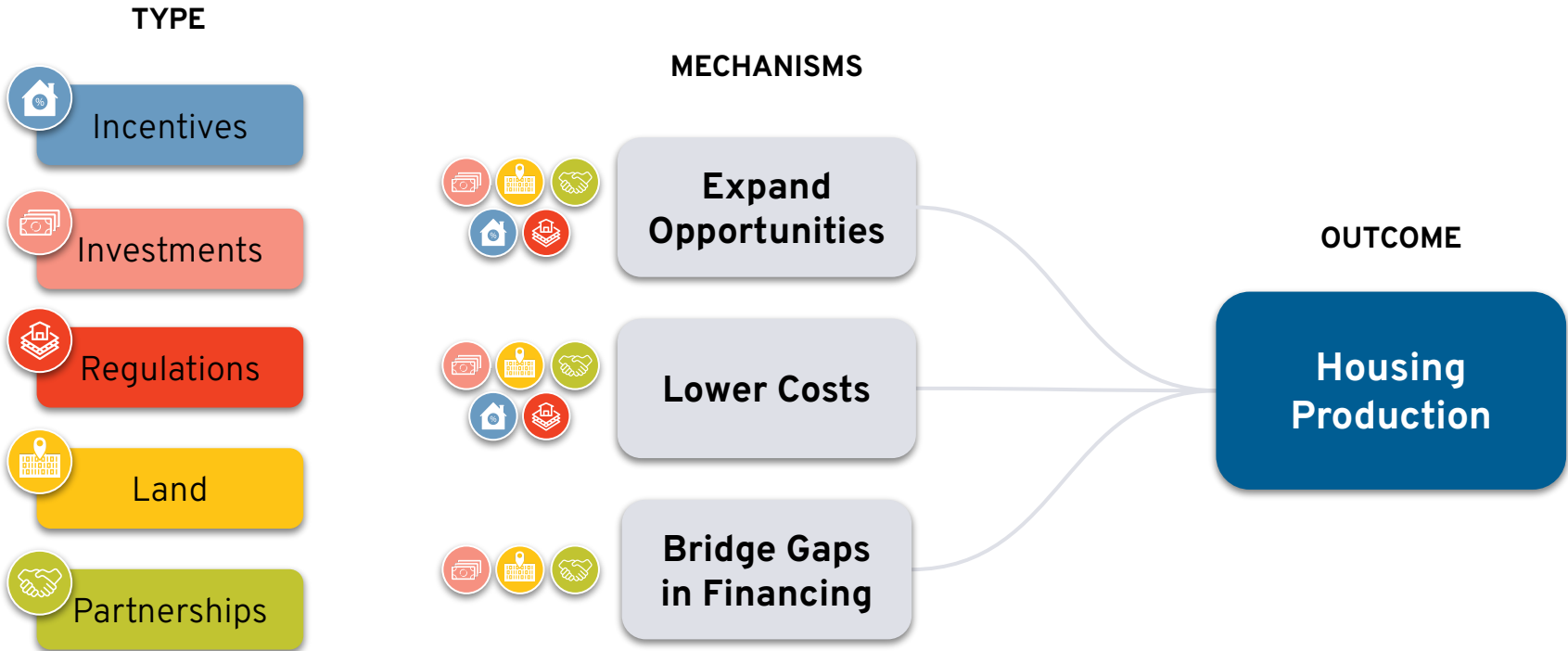


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## Discussion Questions

- 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

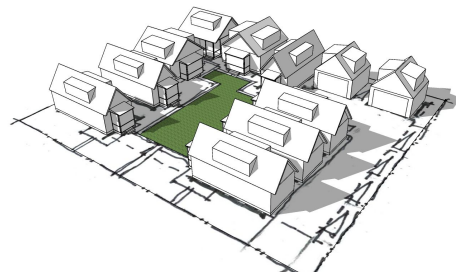
Reform zoning and land use codes to reduce barriers to development and create more opportunities to meet housing needs.

### 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

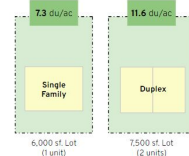
### Hillsboro is already doing things like:

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

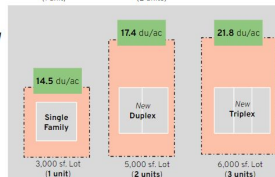


#### R-3 ZONE Single-Family, Duplex, Multi-Family

Existing Code



Recommended Code





## REGULATORY STRATEGIES

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

*Specifically, Hillsboro could consider:*

- 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.

### Can include things like:

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

### Hillsboro is already doing things like:

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



### 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.*

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## 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

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

## 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

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Technical Advisory Committee #2

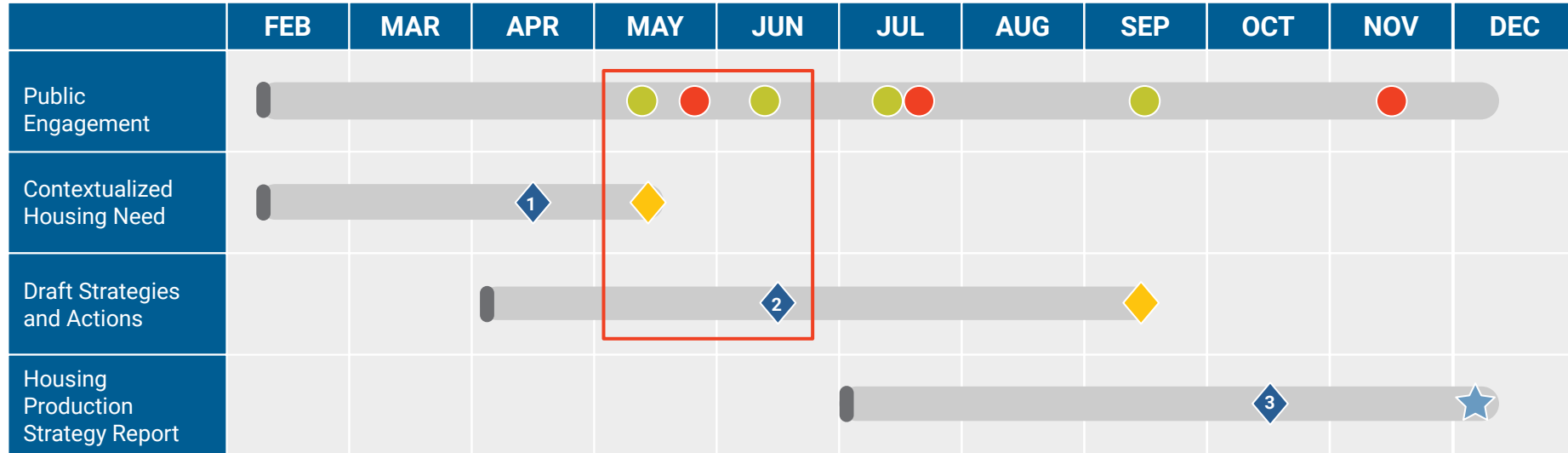
06.11.2024



# AGENDA

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

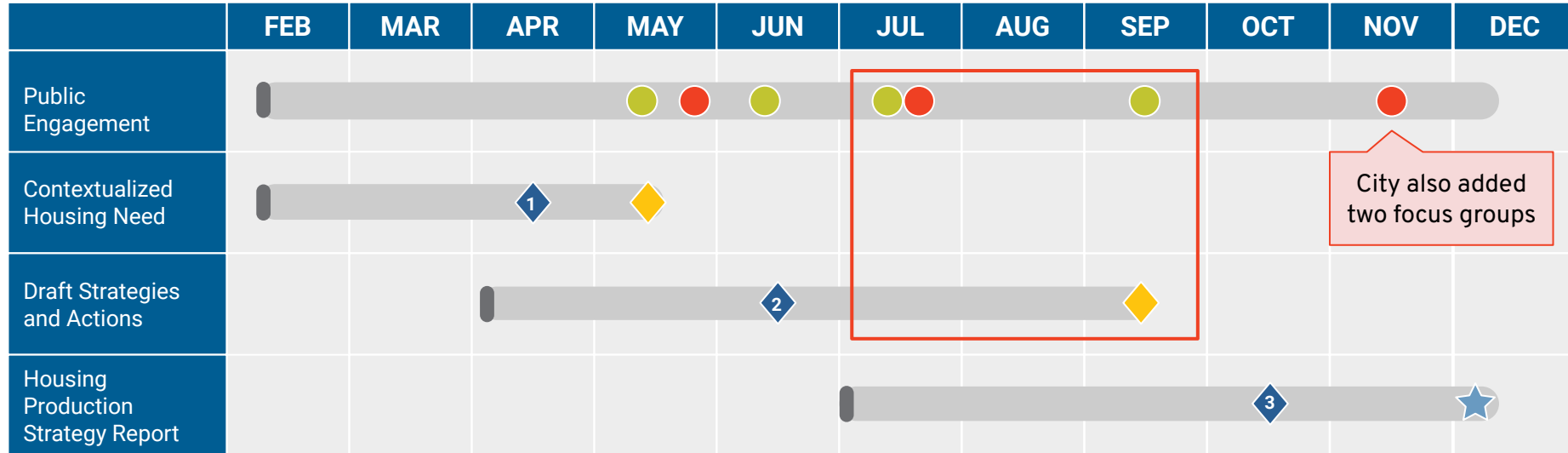
## We are here: Meetings to identify & discuss preliminary strategies



### 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

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# **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

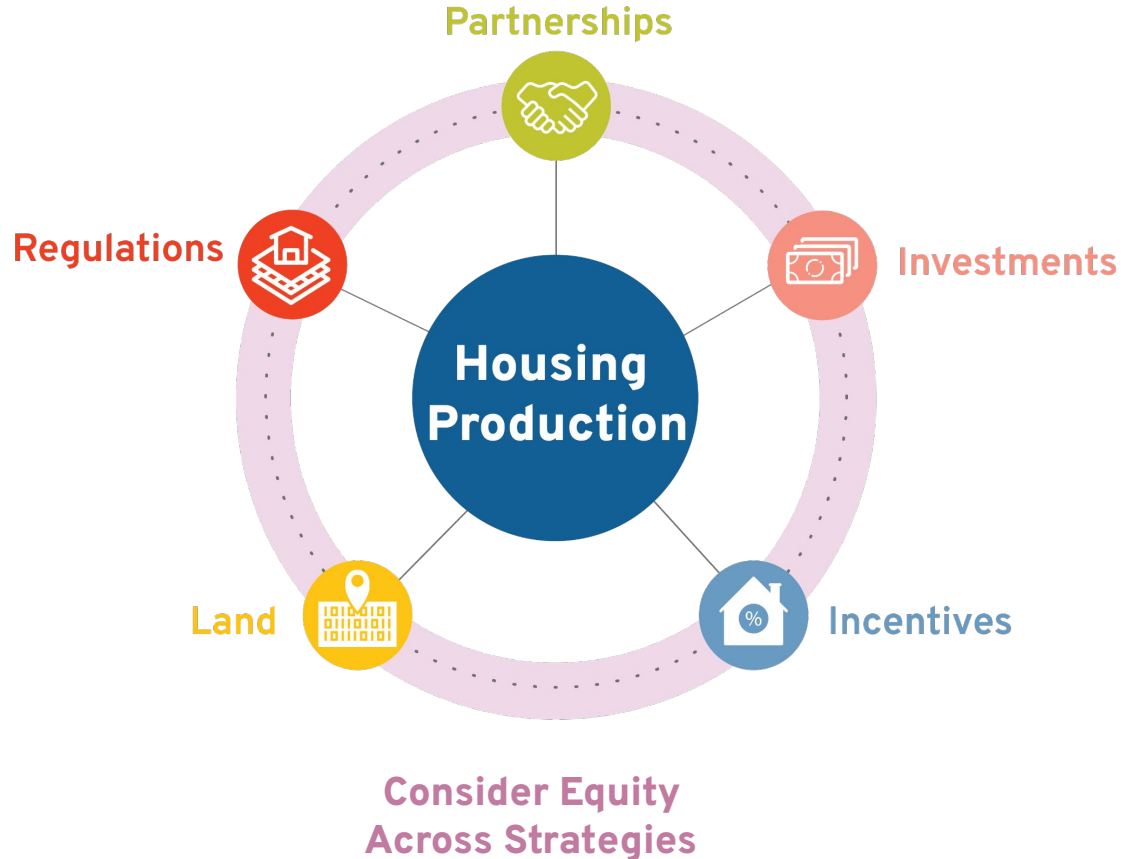
Note that **dedicated revenue sources** can help offset costs but entail major policy tradeoffs



## 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

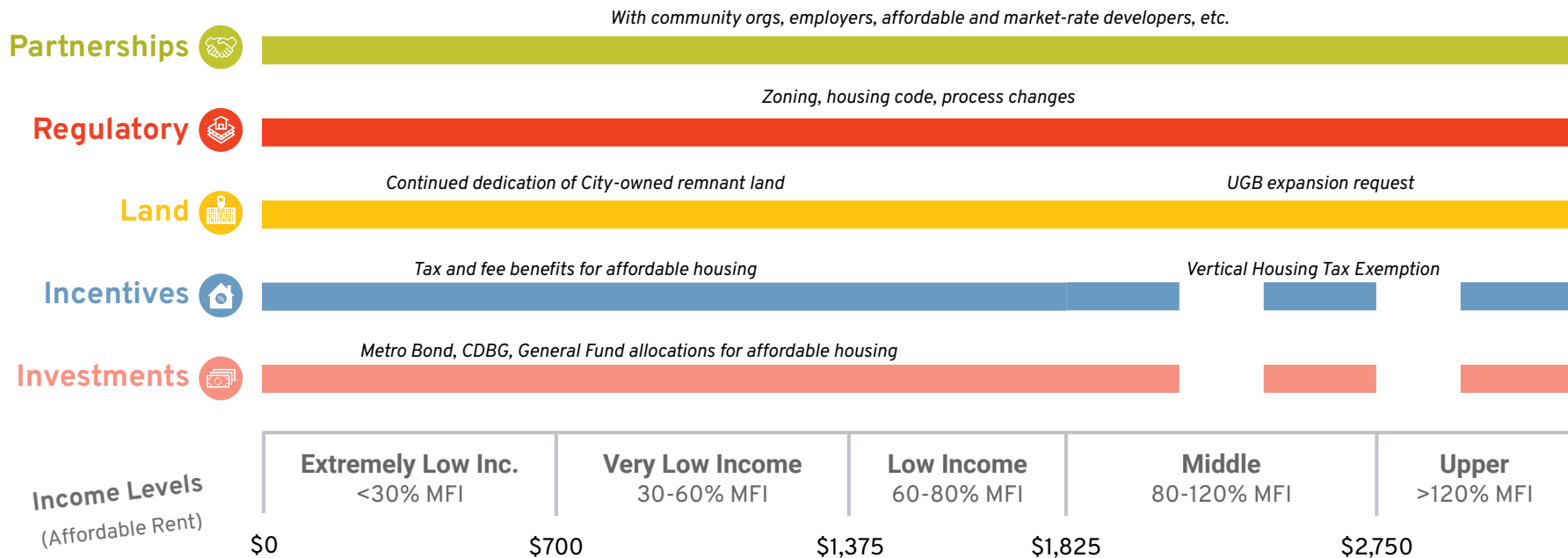
- General Fund shortfall: \$20M in 2023
- Oregon cap on property taxes



### 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



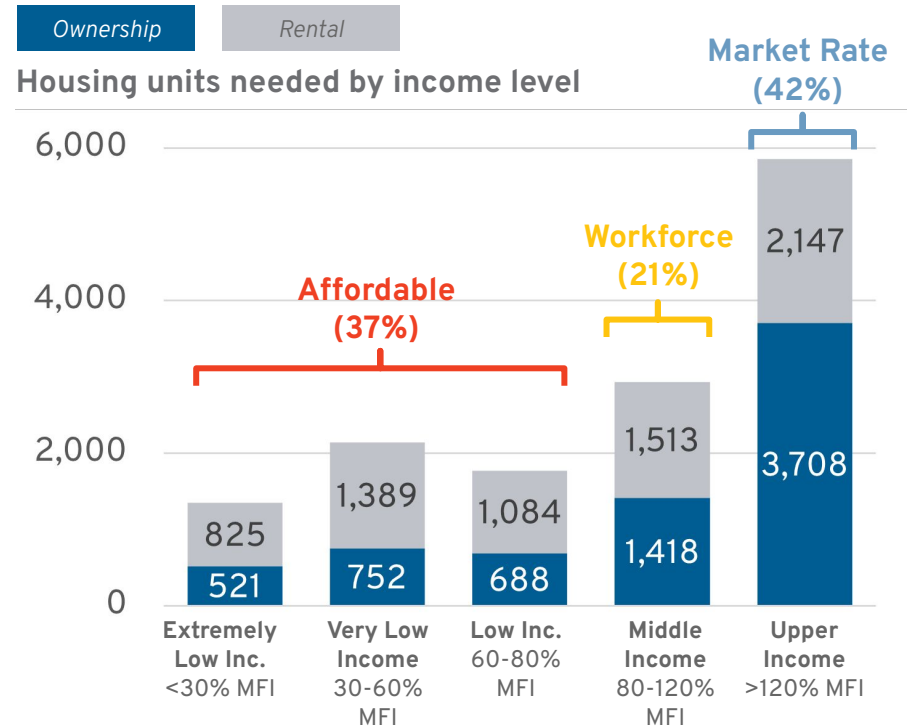
Housing prices affordable by income level are from the City of Hillsboro's Housing Needs Analysis (2024), based on OHCS guidelines for average Hillsboro household of 2.64 people

## 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?

Any reactions or thoughts on this framing?

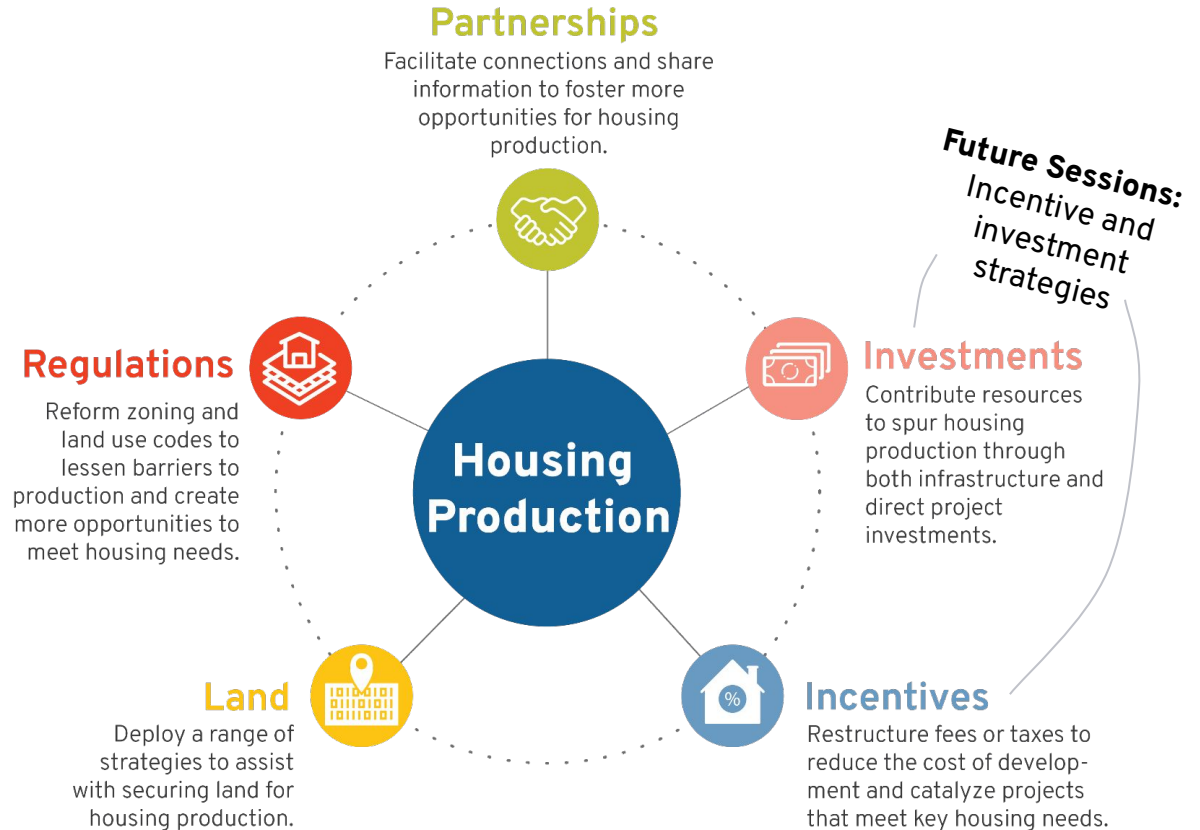




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# **Housing Production: Current Approaches, New Ideas, & Discussion**

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





## Regulations

## Key context and strategies already in place

- Reduced parking requirements for affordable housing



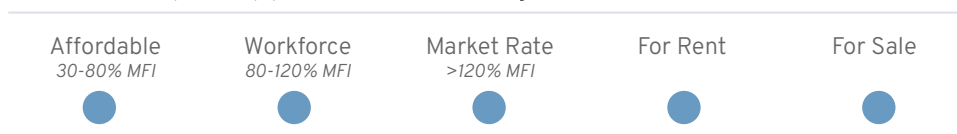
- Applied Senate Bill 8 density bonus for affordable housing



- Implemented state-mandated ADU & middle-housing allowances



- Offer free pre-application meetings and technical assistance





## 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

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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.



### 5. Continue evaluation of City land for housing

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



### 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.



### 7. Request UGB expansion

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



# 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.



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



#### **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

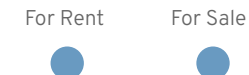
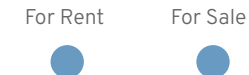
### *Possible strategies for project team to explore*

#### 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

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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 Milwaukee, 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

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Technical Advisory Committee #3

07.17.2024

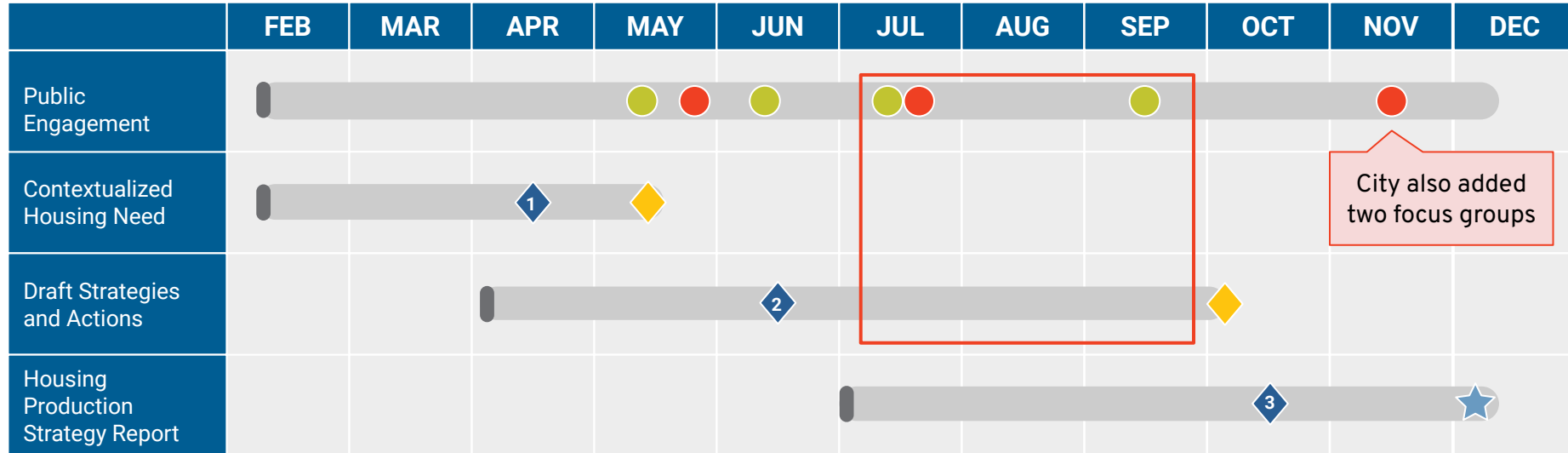


# AGENDA

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

### 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.

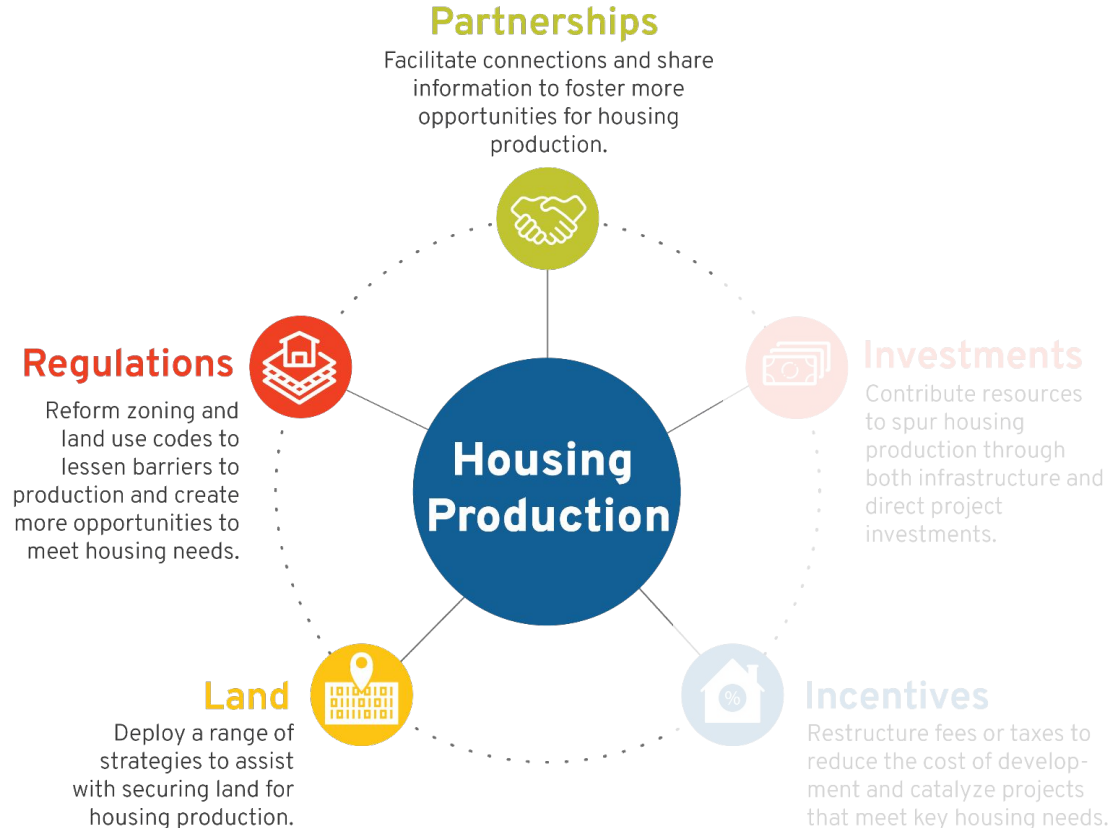
Strategies should prioritize affordable and workforce housing production.



---

# **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.



### 5. Continue evaluation of City land for housing

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



### 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.



### 7. Request UGB expansion

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







## 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.

Affordable  
30-80% MFI



For Rent



Workforce  
80-120% MFI



For Sale



Market Rate  
>120% MFI



Affordable  
30-80% MFI



For Rent



Workforce  
80-120% MFI



For Sale



Market Rate  
>120% MFI



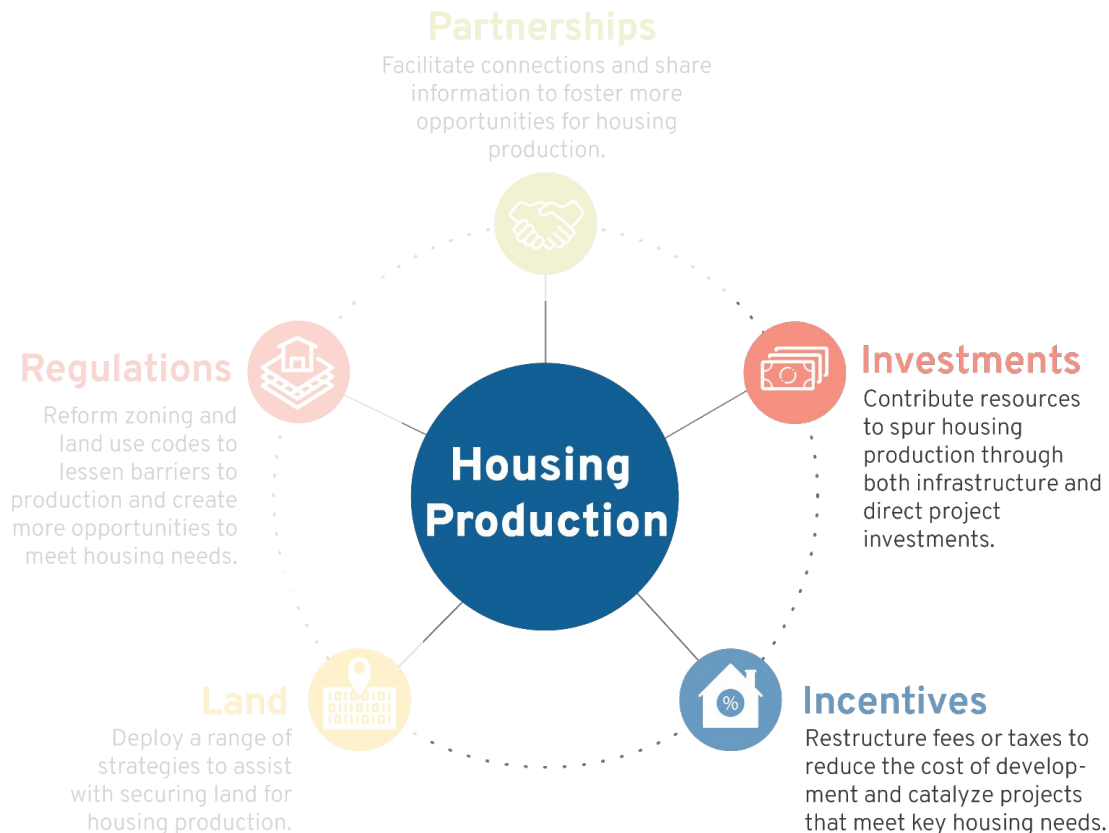
# Discussion Questions

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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



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

- Century Commons



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



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



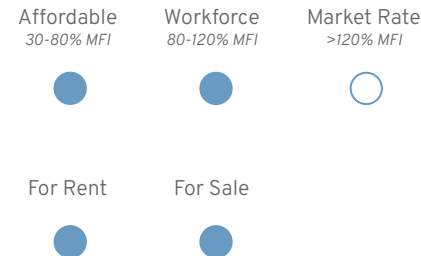
## Incentives

# 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:

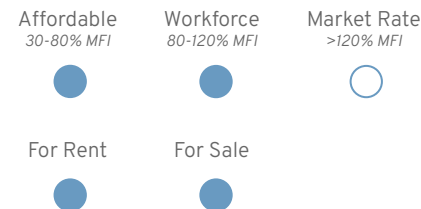
- Affordable housing
- Workforce housing (rental and homeownership)



## 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 homeownership, housing rehabilitation, & public facility improvements
- **Nonprofit Low-Income Rental Housing Property Tax Exemption**





## 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

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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?

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## 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



## **Housing Production Strategy Technical Advisory Committee #3 Background Report**

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### **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 16<sup>th</sup> and June 18<sup>th</sup>. 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. Incentive Strategies
  - 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. Investment Strategies

- 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

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Technical Advisory Committee #4

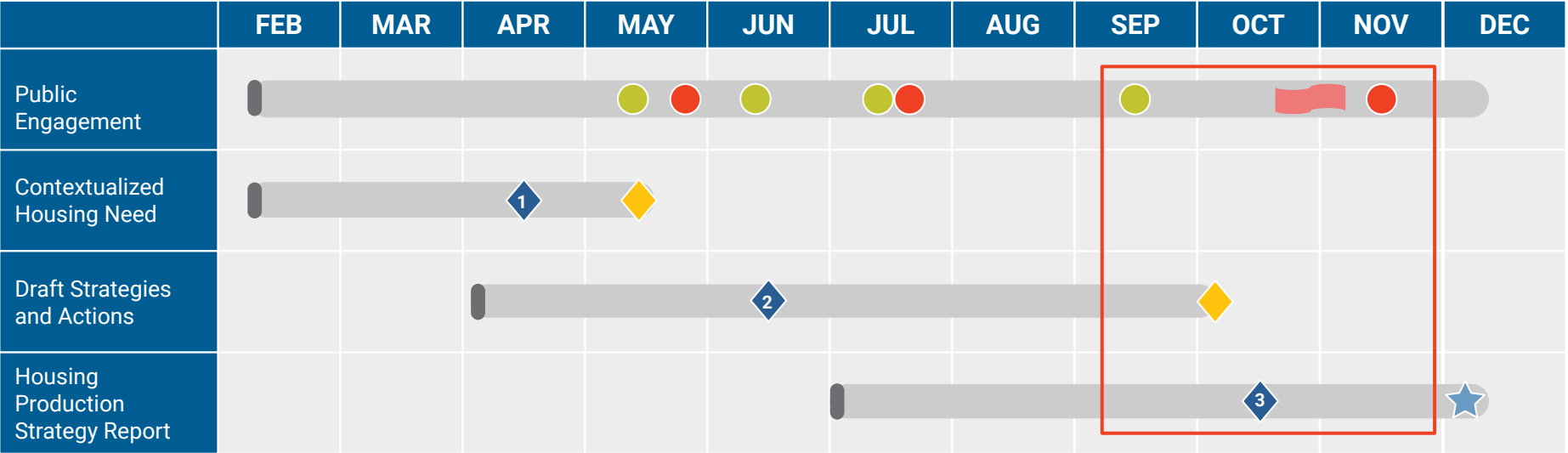
09.10.2024



# 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
<ul style="list-style-type: none"><li>• Pro-housing to allow for the market's development and delivery of a variety of housing choices</li><li>• Density and height bonuses for Affordable Housing per SB 8</li><li>• Reduced parking for Affordable Housing</li><li>• Eased standards for Accessory Dwelling Units</li><li>• Housing policy of affirmatively furthering fair housing</li></ul>	<ul style="list-style-type: none"><li>• Track Affordable Housing and underutilized land</li><li>• Evaluating City land for Affordable Housing</li><li>• Acquired land for Block 67</li></ul>	<ul style="list-style-type: none"><li>• Participate strategic partnerships around policy advocacy</li><li>• Foster affordable-partnerships</li></ul>	<ul style="list-style-type: none"><li>• Financed SDCs for market-rate projects in Orenco Station Platform District and 4th Main apartments</li><li>• Provide tax exemptions for non-profit affordable housing</li></ul>	<ul style="list-style-type: none"><li>• Provide gap funding for Affordable Housing and Permanent Supportive Housing</li><li>• Administer CDBG program to include housing activities</li><li>• Participate in Washington County HOME consortium</li><li>• Support the Community Housing Fund</li></ul>

# Discussion Questions

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- 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.

Affordable 30-80% MFI	Mid. Inc. 80-120% MFI	Market Rate >120% MFI
--------------------------	--------------------------	--------------------------



For Rent

For Sale



Affordable 30-80% MFI	Mid. Inc. 80-120% MFI	Market Rate >120% MFI
--------------------------	--------------------------	--------------------------



For Rent

For Sale



Affordable 30-80% MFI	Mid. Inc. 80-120% MFI	Market Rate >120% MFI
--------------------------	--------------------------	--------------------------



For Rent

For Sale





## 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.

Affordable  
30-80% MFI



For Rent



Mid. Inc.  
80-120% MFI



For Sale



Market Rate  
>120% MFI



Affordable  
30-80% MFI



For Rent



Mid. Inc.  
80-120% MFI



For Sale



Market Rate  
>120% MFI



# Discussion Questions

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- 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.

Affordable  
30-80% MFI



For Rent



Mid. Inc.  
80-120% MFI



For Sale



Market Rate  
>120% MFI



## 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.

Affordable  
30-80% MFI



For Rent



Mid. Inc.  
80-120% MFI



For Sale



Market Rate  
>120% MFI





## 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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- 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?

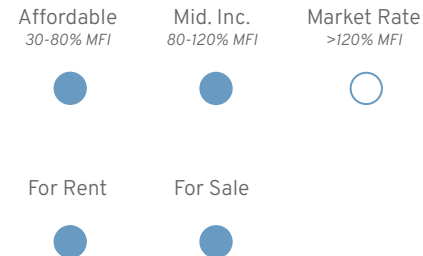


## Incentives

# Draft New Actions for the HPS Report

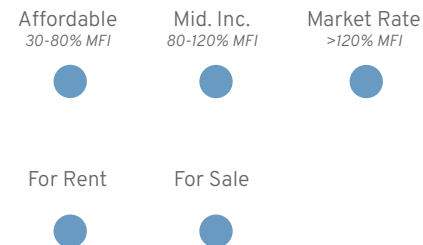
## 14. Explore fee structure adjustments

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.



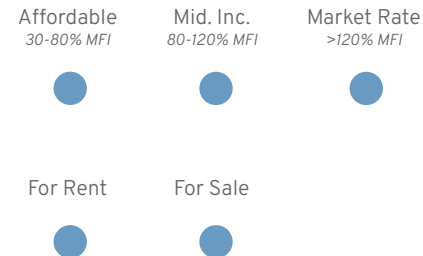


## Incentives

### *Draft New Actions for the HPS Report*

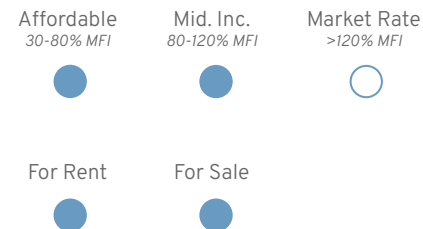
#### **16. Evaluate MUPTE to incentivize needed housing and extension of the Vertical Housing Development Zone program**

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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- 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?



## 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.

Affordable  
30-80% MFI



For Rent



Mid. Inc.  
80-120% MFI



For Sale



Market Rate  
>120% MFI



## 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.

Affordable  
30-80% MFI



For Rent



Mid. Inc.  
80-120% MFI



For Sale



Market Rate  
>120% MFI





## Investments

# Draft New Actions for the HPS Report

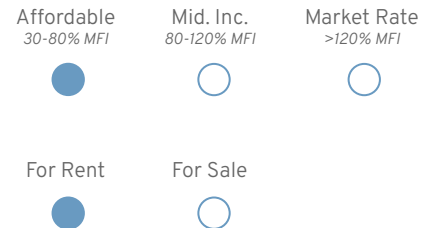
## 20. Year-round homeless shelter

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

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- 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

- Becky gave an overview of what has been heard so far from CC, TAC, and stakeholders

### 2. HPS Final Draft Actions & Discussion

- Send Dirk notes/report
  - 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







# 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

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- 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

The image shows the Hillsboro Civic Center, a modern building with a large glass facade that reflects the sky and surrounding trees. A wide set of concrete stairs leads up to the entrance, which is marked by a sign that reads "HILLSBORO CIVIC CENTER". To the left of the stairs, there is a small outdoor seating area with tables and chairs, and a green umbrella. The building is surrounded by trees with autumn foliage, and the sky is blue with some clouds.



# 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 14<sup>th</sup>, held in English
2. May 23<sup>rd</sup>, held in Spanish
3. July 18<sup>th</sup>, held in English
4. July 25<sup>th</sup>, held in Spanish

## **City Council Dates:**

1. June 18<sup>th</sup>, Work Session
2. October 1<sup>st</sup>, Work Session
3. December 3<sup>rd</sup>, Public hearing for adoption

**\*July focus groups will be a discussion of specific strategies**

# 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?**

A blue-tinted photograph of a modern building with large glass windows and a paved plaza in the foreground. The text 'Thank you for attending' is overlaid in white.

**Thank you  
for attending**

- **Please attend focus group meeting #2**  
July 18<sup>th</sup> 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](mailto: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 N° 1 sobre la Estrategia de Producción de Vivienda de Hillsboro

23 de mayo de 2024

Con el apoyo de  
PKS International







# 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 respetuosos.**

# Agenda

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- 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

The image shows the exterior of the Hillsboro Civic Center, a modern building with a large glass facade reflecting the sky and surrounding trees. A wide set of stairs leads up to the entrance, which is marked by a sign that reads "HILLSBORO CIVIC CENTER". To the left of the stairs, there is a small outdoor seating area with tables and chairs. The sky is blue with some clouds, and the trees in the background have yellow and orange leaves, suggesting autumn. The overall scene is well-lit, with the sun low in the sky, creating a warm glow.



# 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](mailto: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?
  - Response 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 sustainable 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 4<sup>th</sup> was owned by a white person, and they ended up with the contract. So Latinx companies are being considered for contracts, but....
- (Follow-up by another participant) So training and advising needs to be offered to Latinx companies so that they can 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, 1<sup>st</sup> 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:

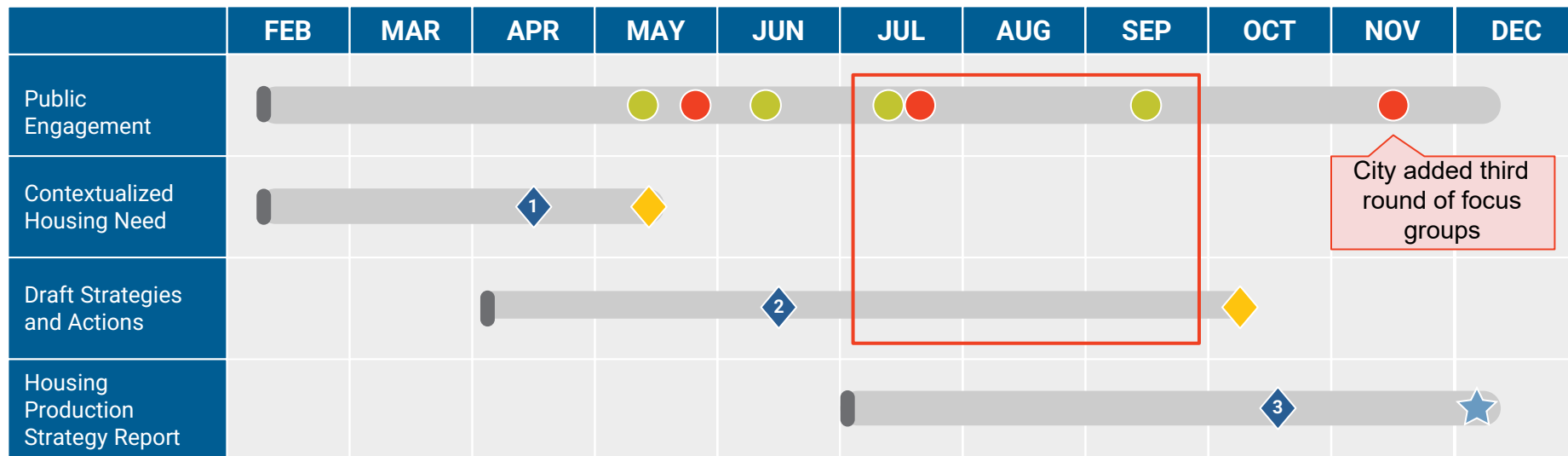
- Speak from your perspective and life experiences
- Questions are welcome
- Be respectful

# Agenda

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- 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

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- 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



## *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.



#### **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



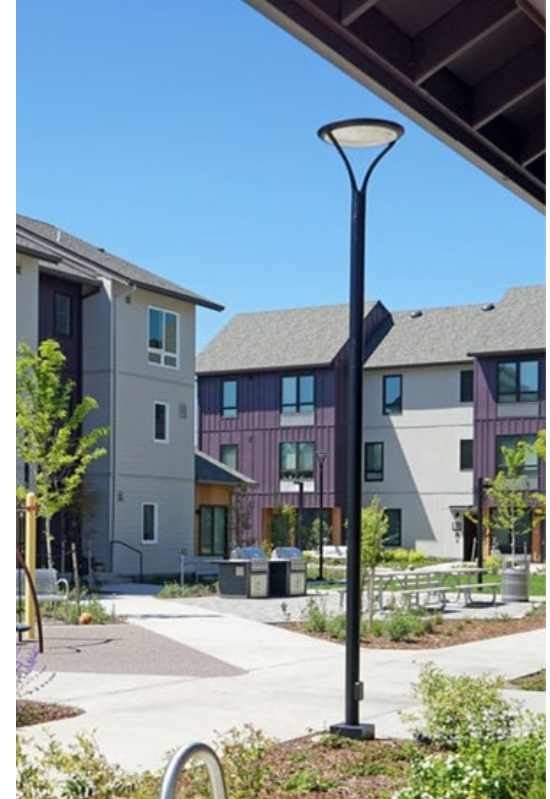
*4th Main and Orenco Station's Podium Project were built in Hillsboro's Vertical Housing Zone*



## 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

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- 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 7<sup>th</sup>, 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](mailto: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.



## **Housing Production Strategy Focus Group #2 Background Report**

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### **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 16<sup>th</sup> and June 18<sup>th</sup>. 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 N° 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:

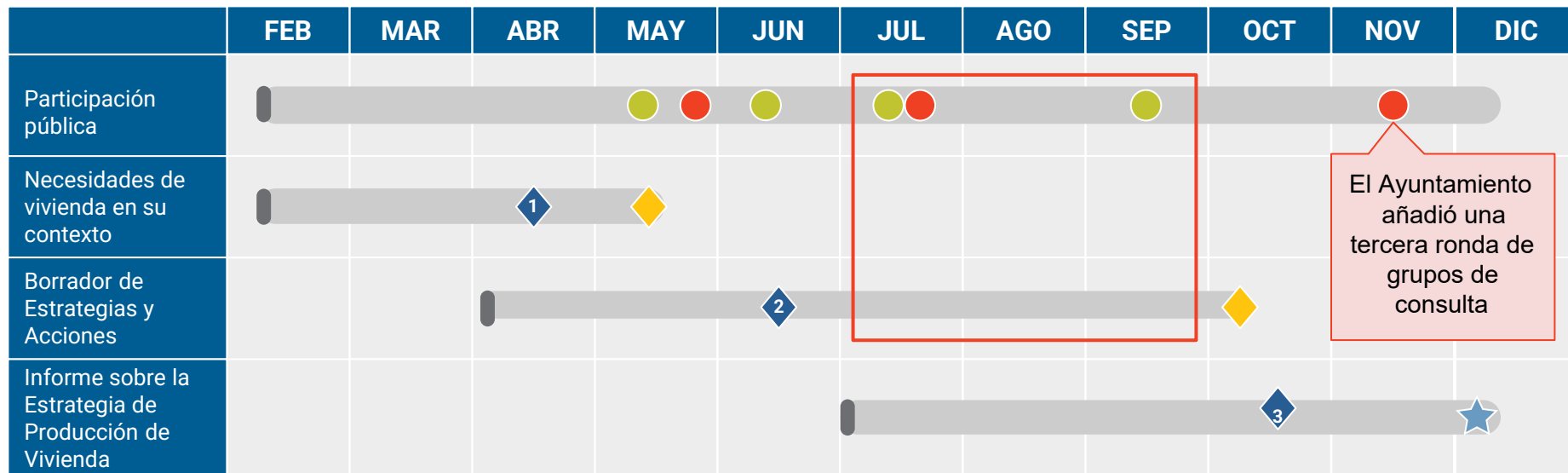
- Hablen desde su punto de vista y experiencia personal.
- Las preguntas son bienvenidas.
- Sean respetuosos.

# Agenda

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- Calendario del Proyecto (2 minutos)
- Comentarios de la Reunión N° 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 ° 1 del grupo de consulta

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- 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.



## *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.



*\* 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.



#### **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

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- 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

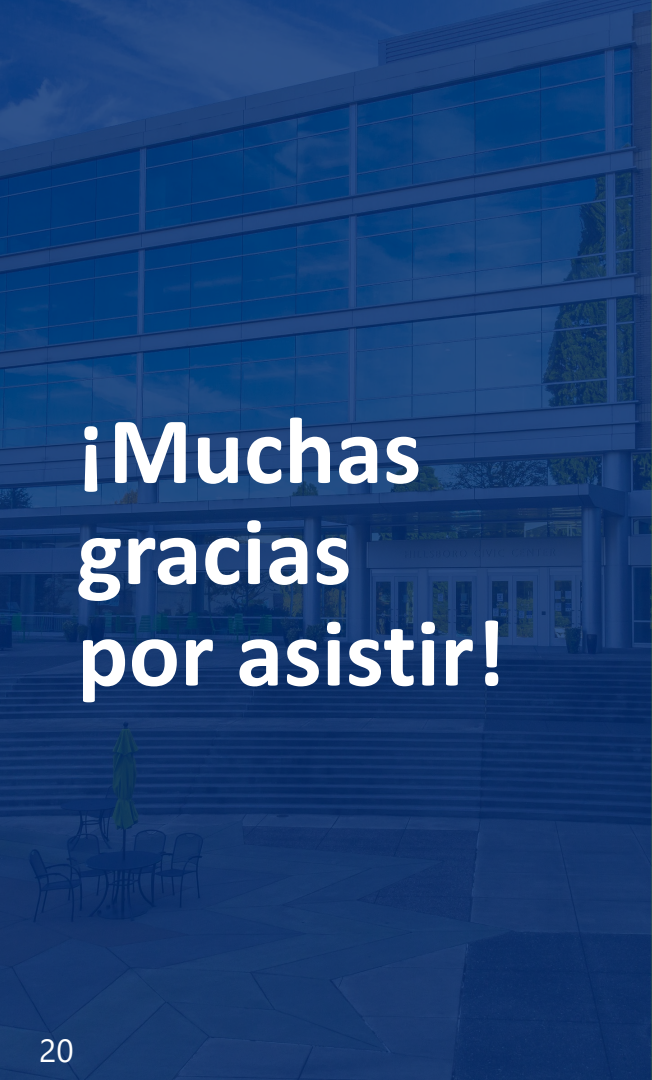
¿Puede usted o sus conocidos encontrar una vivienda accesible para personas con discapacidad?





# 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 N° 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](mailto: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

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- 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)





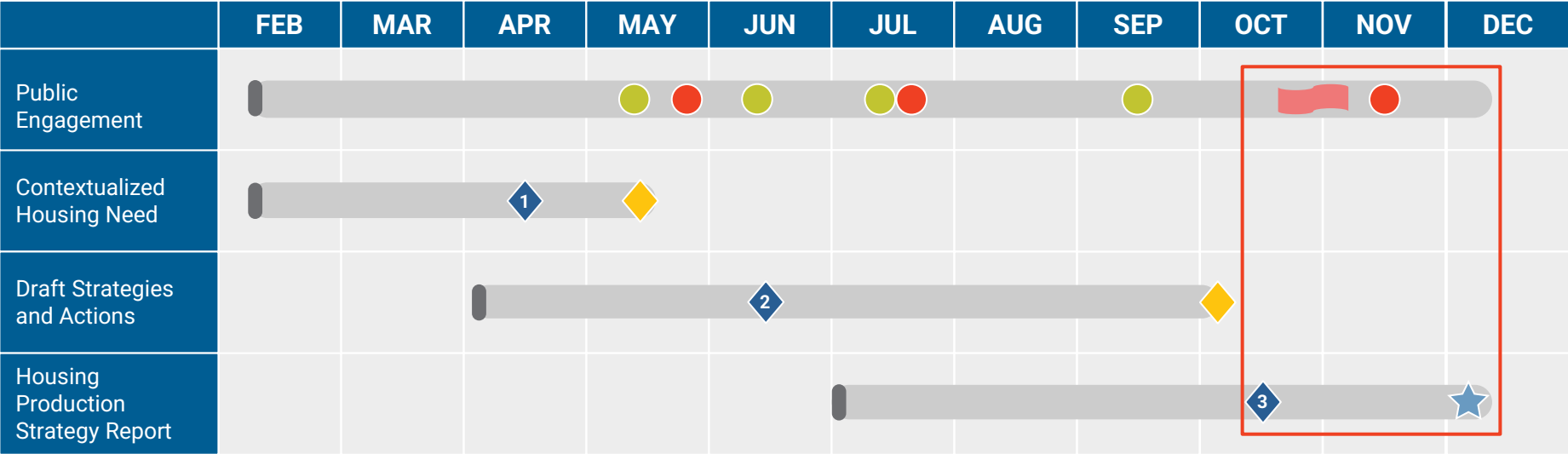
# Welcome Back & Ice Breaker:

- 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

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## 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	<a href="#">Action 1.1</a> : Evaluate Comprehensive Plan amendments and Zoning Map updates					Medium
	<a href="#">Action 1.2</a> : Increase housing in Multi-Dwelling Zones					High
	<a href="#">Action 1.3</a> : Increase housing in Commercial & Mixed-Use Zones					High
	<a href="#">Action 1.4</a> : Refine middle housing development standards					Medium
	<a href="#">Action 1.5</a> : Streamline design standards					Medium
	<a href="#">Action 1.6</a> : User-friendly code					Low
	<a href="#">Action 1.7</a> : Identify and reduce process barriers					Low
	<a href="#">Action 1.8</a> : Explore adopting pre-approved housing plans					Medium
Land Based Actions	<a href="#">Action 2.1</a> : Coordinate with partners to identify underutilized land	Ongoing				Medium
	<a href="#">Action 2.2</a> : Pursue residential land UGB expansion(s)					High
Partnership Actions	<a href="#">Action 3.1</a> : Develop new strategic partnerships for state/federal advocacy	Ongoing				Medium
	<a href="#">Action 3.2</a> : Continue and expand affordable homeownership partnerships	Ongoing				Medium
	<a href="#">Action 3.3</a> Undertake a Calle Diez Equitable Development Strategy					Low
Incentive Actions	<a href="#">Action 4.1</a> : Explore fee structure adjustments					Medium
	<a href="#">Action 4.2</a> : Analyze scaling select SDCs					High
	<a href="#">Action 4.3</a> : Evaluate MUPTE and extension of the VHDZ program					Medium
	<a href="#">Action 4.4</a> : Evaluate additional tax abatements					Medium
Investment Actions	<a href="#">Action 5.1</a> : Explore strategic infrastructure investments to unlock housing production	Ongoing				Medium
	<a href="#">Action 5.2</a> : Explore creation of an ongoing revenue source for affordable and middle-income housing production					Medium
	<a href="#">Action 5.3</a> : Build a year-round homeless shelter					Low
	<a href="#">Action 5.4</a> : Explore ways to support Permanent Supportive Housing production	Ongoing				Low

# Integration of Focus Group Input

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- 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

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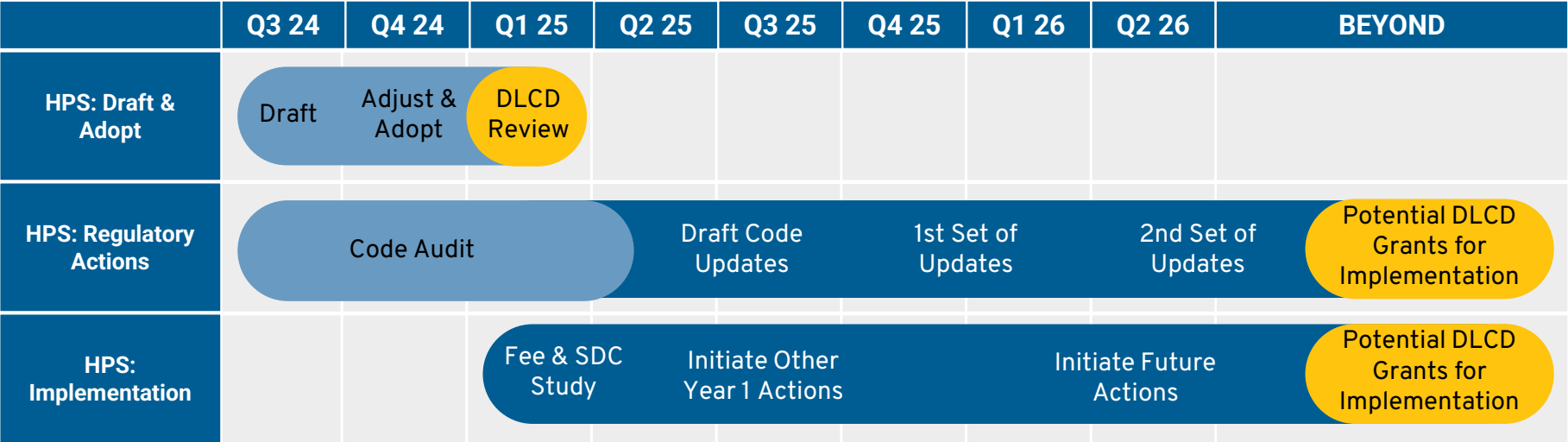
- Importance of accessible/ADA housing: Challenges in finding accessible and ADA-compliant housing
  - ❑ Action 1.2- Increase housing in Multi-Dwelling Zones
  - ❑ Action 1.3- Increase housing in Commercial and Mixed-Use Zones
  - ❑ Action 4.3- Evaluate MUPTE to incentivize needed housing and extension of the Vertical Housing Development Zone program

# Discussion/Questions

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- 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 3<sup>rd</sup>, 7:00pm  
Hillsboro Civic Center  
150 E Main St
- **Visit the HPS website**
- Contact Becky Coutinho with any questions  
[Becky.Coutinho@hillsboro-Oregon.gov](mailto: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 N° 3  
sobre la Estrategia de  
Producción de Vivienda  
de Hillsboro  
14 de noviembre de 2024

Con el apoyo de  
PKS International



# Agenda

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- 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)





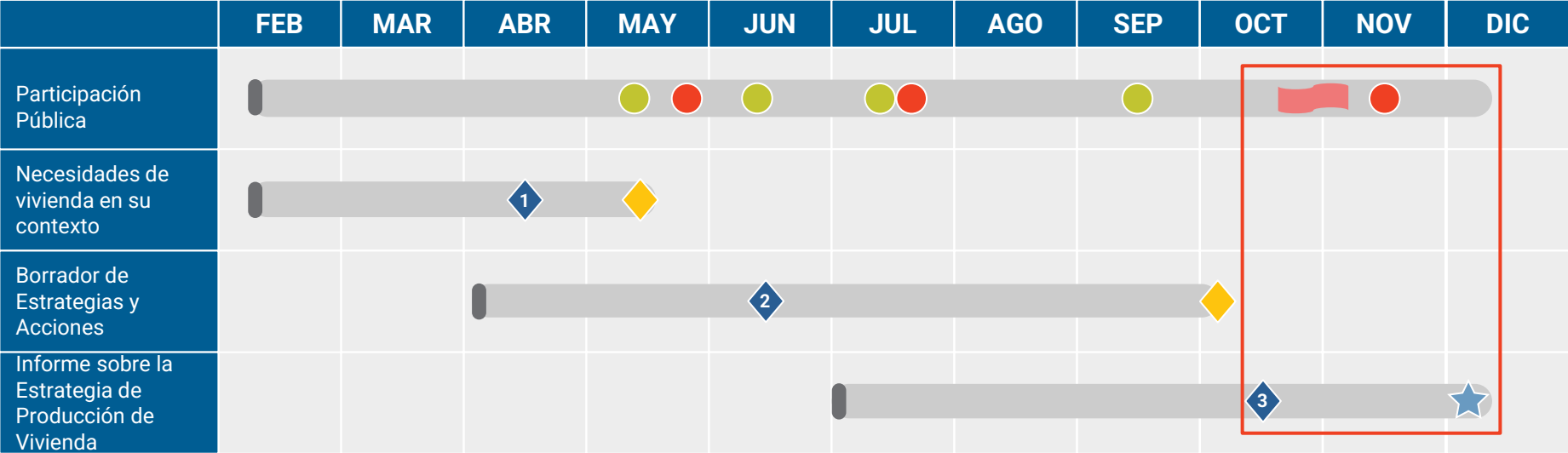
# Bienvenidos de regreso y Rompehielos:

- 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				Impacto en la Producción de Viviendas
		1-2	3-4	5-6	7-8	
Acciones normativas	<u>Acción 1.1:</u> Evaluar posibles modificaciones al Plan Global y actualizaciones al mapa de zonificación.					Mediano
	<u>Acción 1.2:</u> Aumentar el número de viviendas en zonas multifamiliares.					Alto
	<u>Acción 1.3:</u> Aumentar el número de viviendas en zonas comerciales y de uso mixto.					Alto
	<u>Acción 1.4:</u> Perfeccionar las normas de construcción de viviendas medias.					Mediano
	<u>Acción 1.5:</u> Simplificar las normas de diseño.					Mediano
	<u>Acción 1.6:</u> Hacer el código más fácil de usar.					Bajo
	<u>Acción 1.7:</u> Identificar y reducir las barreras del proceso.					Bajo
	<u>Acción 1.8:</u> Estudiar la posible aprobación de planos de vivienda preaprobados.					Mediano
Acciones sobre los terrenos	<u>Acción 2.1:</u> Coordinarse con los socios para identificar terrenos poco aprovechados.	Continuo				Mediano
	<u>Acción 2.2:</u> Ampliar los límites de crecimiento urbano para obtener más terrenos residenciales.					Alto
Acciones de colaboración	<u>Acción 3.1:</u> Desarrollar nuevas colaboraciones estratégicas para la abogacía a nivel estatal y federal.	Continuo				Mediano
	<u>Acción 3.2:</u> Mantener y ampliar las colaboraciones para facilitar la adquisición de viviendas a precios accesibles.	Continuo				Mediano
	<u>Acción 3.3:</u> Emprender una estrategia de desarrollo equitativo de la Calle Díez.					Bajo
Acciones de incentivación	<u>Acción 4.1:</u> Estudiar posibles ajustes a la estructura de tarifas.					Mediano
	<u>Acción 4.2:</u> Analizar la posibilidad de ampliar algunos <u>SDCs</u> .					Alto
	<u>Acción 4.3:</u> Evaluar MUPTE y la posible extensión del programa VHDZ.					Mediano
	<u>Acción 4.4:</u> Evaluar posibles reducciones adicionales de impuestos.					Mediano
Acciones de inversión	<u>Acción 5.1:</u> Explorar inversiones estratégicas en infraestructuras para desbloquear la producción de viviendas.	Continuo				Mediano
	<u>Acción 5.2:</u> Explorar la creación de una fuente de ingresos permanente para la producción de viviendas de bajo precio y para los de ingresos medios.					Mediano
	<u>Acción 5.3:</u> Construir un albergue para personas <u>sin techo</u> que funcione todo el año.					Bajo
	<u>Acción 5.4:</u> 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

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- Viviendas accesibles 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

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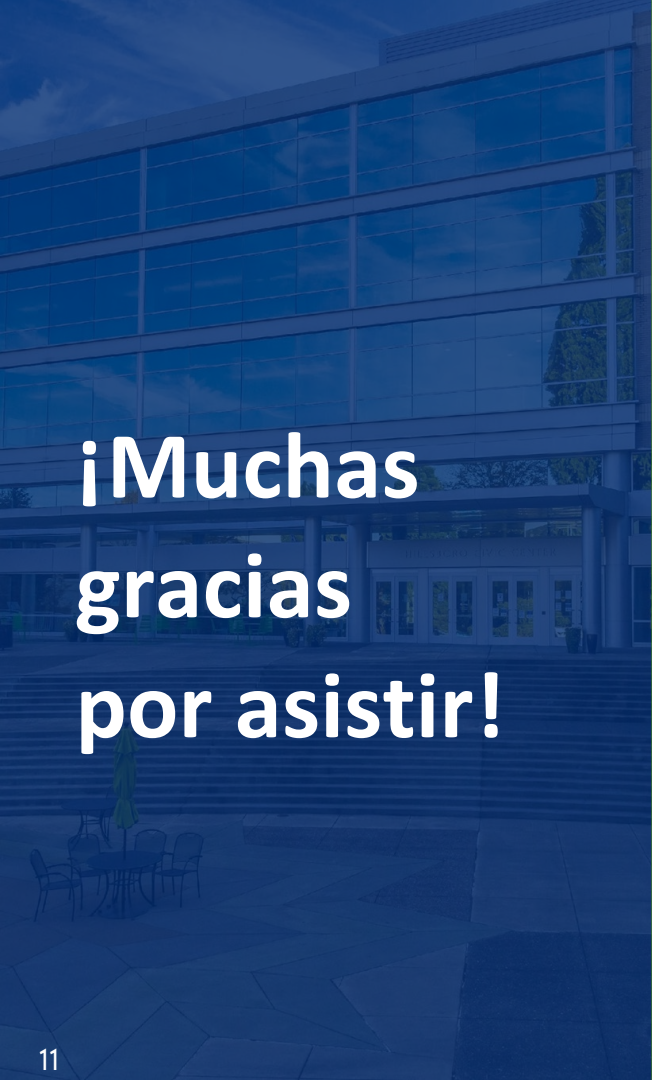
- ¿Falta algo?
- ¿Tiene alguna pregunta o preocupación sobre cómo se incorporaron o no sus comentarios al informe?

# Calendario de Implementación – Estrategia de Producción de Vivienda

	T3 24	T4 24	T1 25	T2 25	T3 25	T4 25	T1 26	T2 26	DESPUÉS
Redacción y Aprobación	Ajuste y Borrador aprobación		Revisión por DLCD						
Acciones normativas	Auditoría del código			Borrador de actualización del código	1ª tanda de actualizaciones	2ª tanda de actualizaciones	Posibles fondos de DLCD para la Implementación		
Implementación			Estudio de tarifas y SDC	Iniciar otras acciones del Año 1			Iniciar acciones futuras	Posibles fondos de DLCD para la Implementación	

-  Ayuntamiento de Hillsboro
-  Departamento 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](mailto: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

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## **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  
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Becky Coutinho, Senior Planner, City of  
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Dan Rutzick, Long Range Planning  
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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

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## 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.

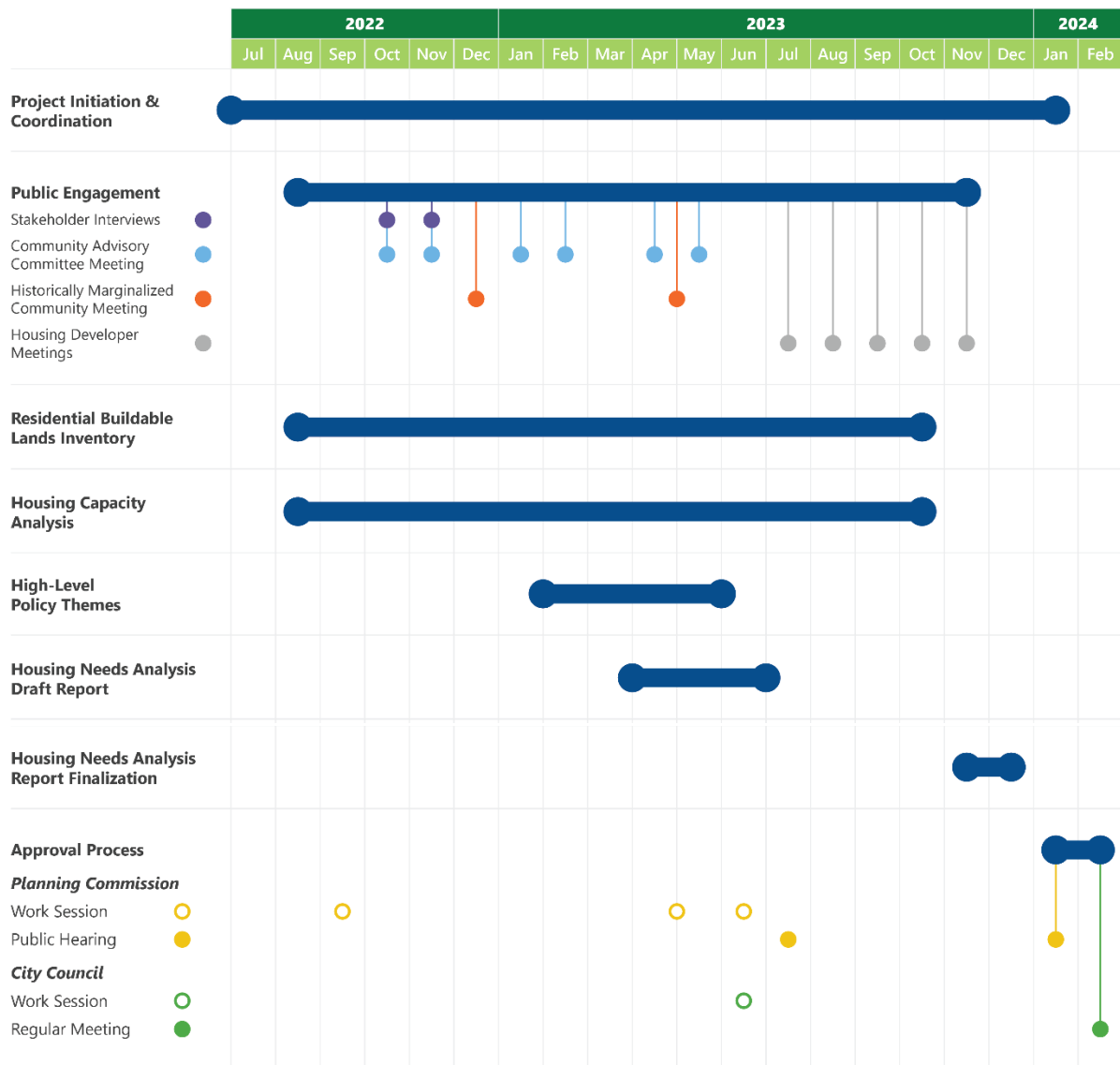
Key takeaways from each of these components are summarized below. Greater detail is provided in later sections of this report, and the full technical documentation is included in the appendix.

## 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 5<sup>th</sup> 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**

<b>POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS</b>					
	<b>2000</b>	<b>2010</b>	<b>Growth</b>	<b>2022</b>	<b>Growth</b>
	<b>(Census)</b>	<b>(Census)</b>	<b>00-10</b>	<b>(PSU)</b>	<b>10-22</b>
Population <sup>1</sup>	69,883	91,611	31%	109,532	20%
Households <sup>2</sup>	25,028	33,289	33%	40,970	23%
Families <sup>3</sup>	17,142	22,440	31%	27,081	21%
Housing Units <sup>4</sup>	27,192	35,487	31%	43,037	21%
Group Quarters Population <sup>5</sup>	948	1,528	100%	1,391	-9%
<i>Household Size (non-group)</i>	<i>2.75</i>	<i>2.71</i>	<i>-1%</i>	<i>2.64</i>	<i>-3%</i>
<i>Avg. Family Size</i>	<i>3.28</i>	<i>3.24</i>	<i>-1%</i>	<i>3.18</i>	<i>-2%</i>

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)

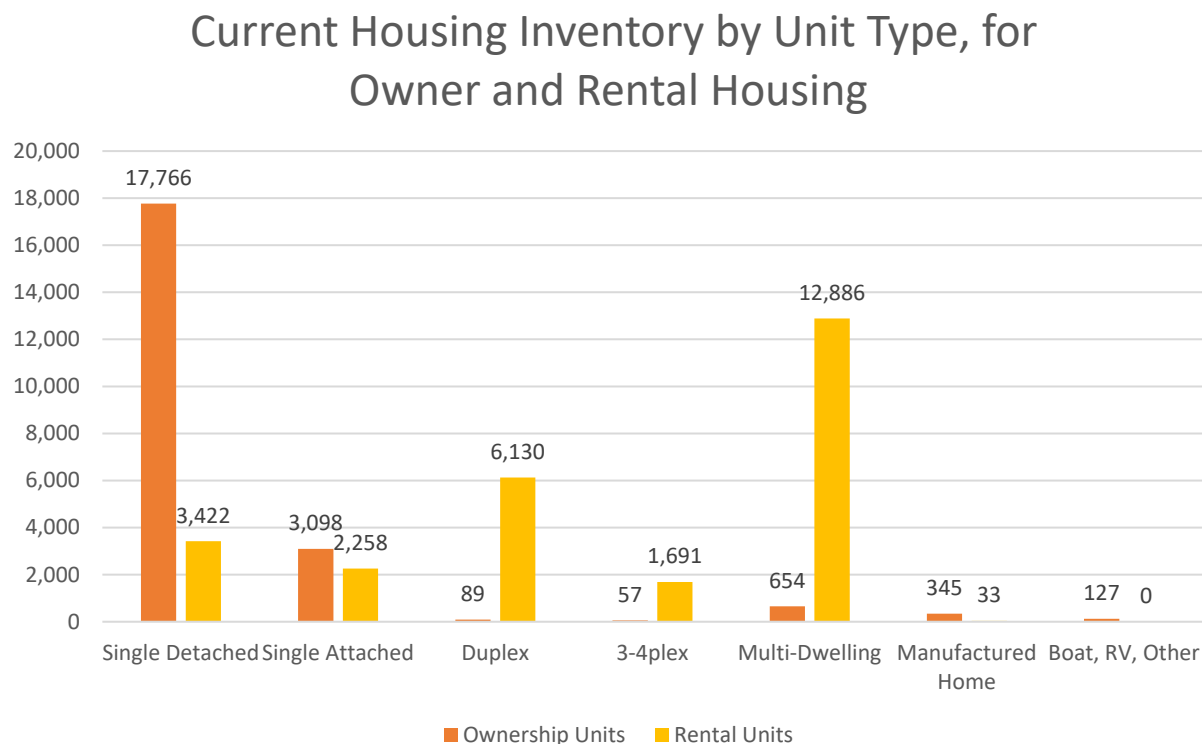
5 2022 Group Quarters Population based on 5-year ACS estimates 2017-2021

#### *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)<sup>1</sup>, 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.)

<sup>1</sup> 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
<b>Total Estimated 2043 Population:</b>	<b>126,247</b>	Metro Coordinated Forecast (2021)	Metro
<b>Estimated Non-Group 2043 Households:</b>	<b>54,229</b>	Metro Coordinated Forecast (2021)	Metro
New Households 2022 to 2043	13,259		
Avg. Household Size:	2.30	Projected 2043 pop./2043 households	US Census
<b>Total Housing Units:</b>	<b>57,083</b>	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									
Unit Type:	Single Detached	Single Attached	Multi-Family			Manuf. home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
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									
Unit Type:	Single Detached	Single Attached	Multi-Family			Manuf. home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
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									
Unit Type:	Single Detached	Single Attached	Multi-Family			Manuf. home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
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
<b>TOTAL:</b>			<b>7,087</b>	<b>6,959</b>	<b>14,046</b>	<b>100%</b>	

Sources: HUD, Census, Claritas, Johnson Economics

**Figure EX-7: Projected Need for Housing Affordable at Low-income Levels, Hillsboro**

Affordability 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%
<b>TOTAL:</b>	≤ 80% MFI	≤ \$73,300	<b>14,782</b>	<b>36%</b>	<b>20,042</b>	<b>37%</b>	<b>5,259</b>	<b>37%</b>
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.

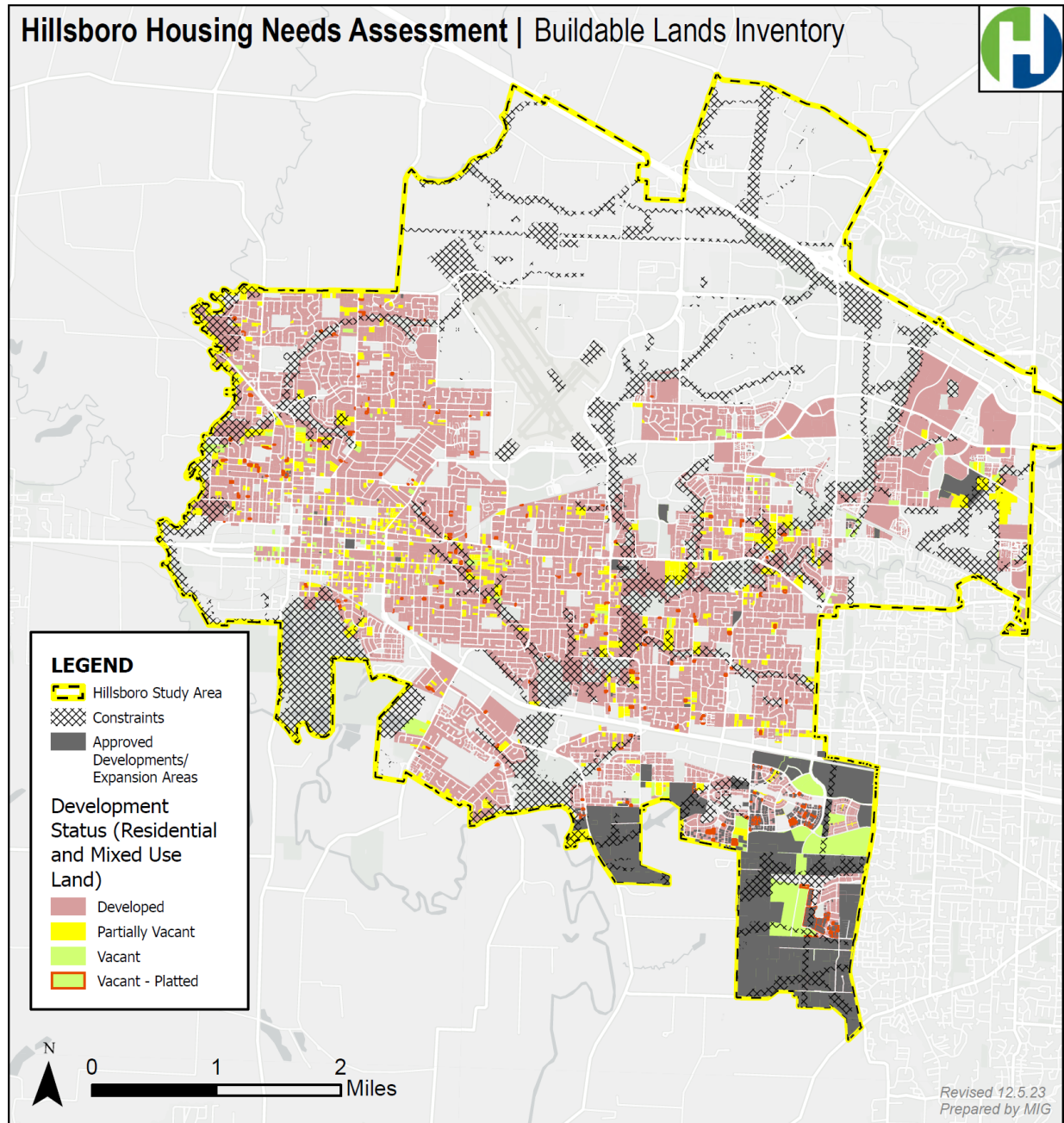
Figure EX-9 shows land within study area by "Development Status," indicating where future residential capacity may occur.

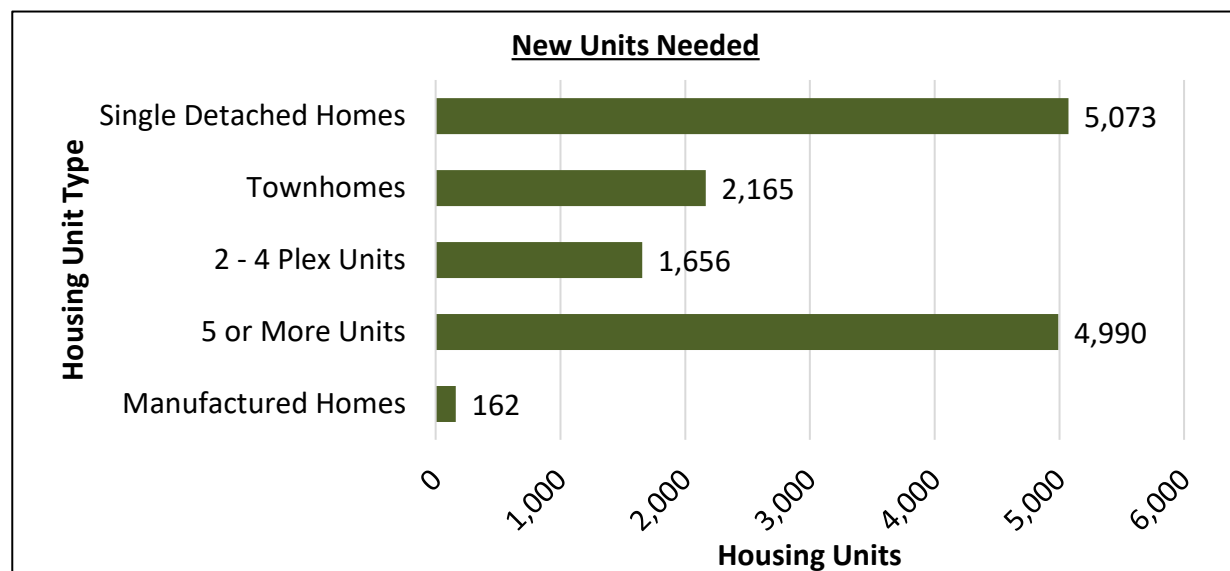
Figure EX-8: Estimated Buildable Lands Capacity by Acreage and No. of Units (2023)

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
<b>Residential Land</b>	<b>883</b>	<b>611</b>	<b>484</b>	<b>318</b>	<b>1,885</b>	<b>792</b>	<b>438</b>	<b>3,115</b>
<i>Vacant</i>	57	185	156	117	581	463	324	1,368
<i>Partially Vacant</i>	414	382	289	162	893	328	114	1,335
<i>Platted</i>	412	44	39	39	412	0	0	412
<b>Mixed Use Land</b>	<b>378</b>	<b>227</b>	<b>195</b>	<b>79</b>	<b>243</b>	<b>1,125</b>	<b>1,284</b>	<b>2,652</b>
<i>Vacant</i>	119	72	72	34	105	359	489	953
<i>Partially Vacant</i>	228	134	114	36	112	711	702	1,525
<i>Redevelopable</i>	31	22	9	9	27	55	93	174
<b>Approved Development</b>					<b>600</b>	<b>551</b>	<b>1,831</b>	<b>2,982</b>
Expansion Areas (S Hillsboro Unincorporated and Witch Hazel Village South)					<b>1,718</b>	<b>863</b>	<b>499</b>	<b>3,080</b>
Middle Housing Infill			n/a		<b>0</b>	<b>680</b>	<b>0</b>	<b>680</b>
<b>TOTAL</b>					<b>4,447</b>	<b>4,011</b>	<b>4,052</b>	<b>12,509</b>

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 be 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

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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

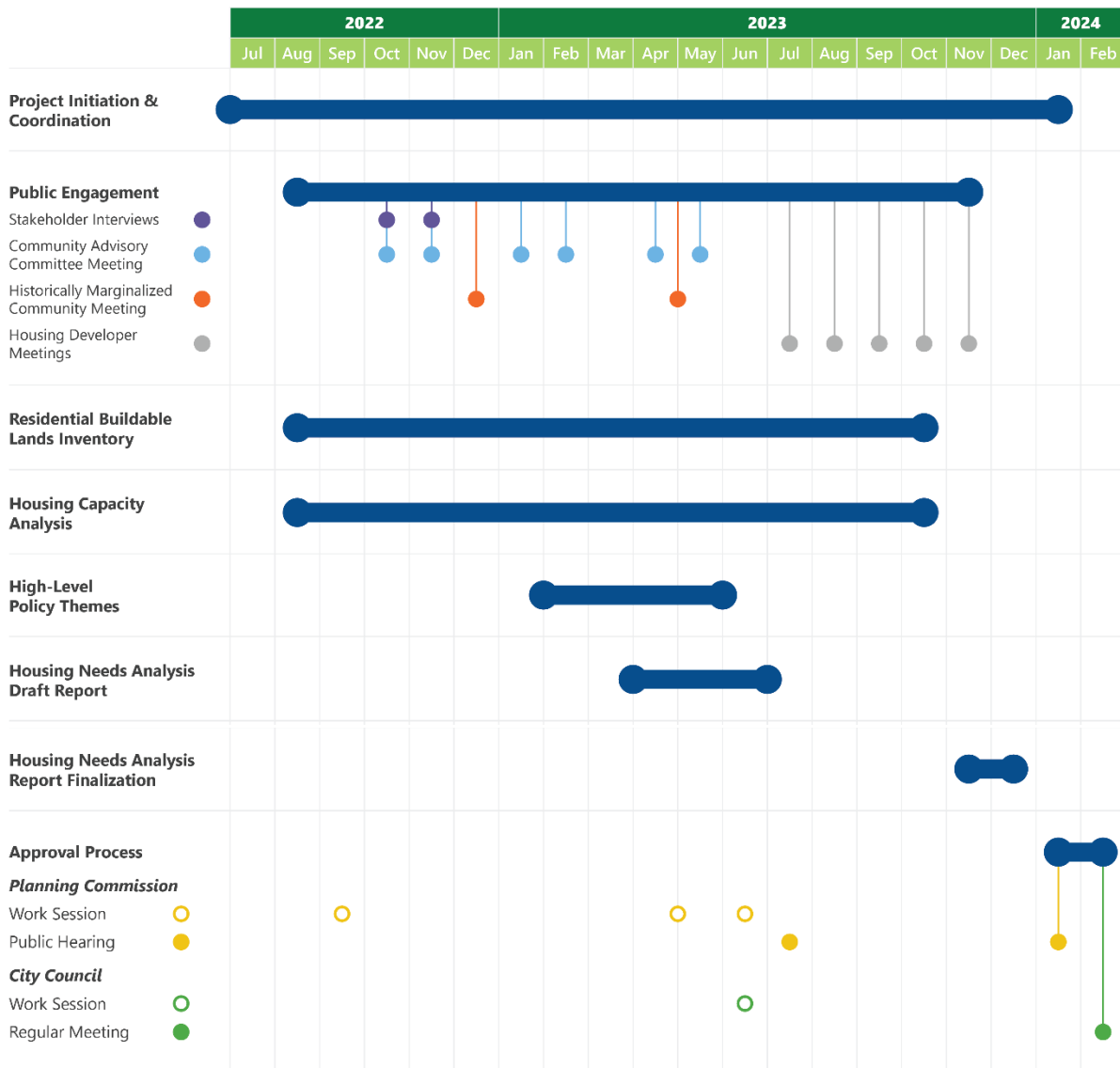
The City began this HNA effort in July of 2022 and completed this report in January 2024. Figure 1 below shows a generalized timeline of the process. This project was guided by a robust and multi-pronged community engagement effort, as follows.

- **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

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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

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The five-year Washington County Consolidated Plan (2020-2024)<sup>2</sup> 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:

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<sup>2</sup> 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.<sup>3</sup>

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<sup>4</sup>
- 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

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<sup>3</sup> ORS 197.628; OAR 660-025

<sup>4</sup> 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 I 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 5<sup>th</sup> 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 I. Hillsboro Demographic Profile (2000-2022)**

<b>POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS</b>					
	<b>2000</b>	<b>2010</b>	<b>Growth</b>	<b>2022</b>	<b>Growth</b>
	<b>(Census)</b>	<b>(Census)</b>	<b>00-10</b>	<b>(PSU)</b>	<b>10-22</b>
Population <sup>1</sup>	69,883	91,611	31%	109,532	20%
Households <sup>2</sup>	25,028	33,289	33%	40,970	23%
Families <sup>3</sup>	17,142	22,440	31%	27,081	21%
Housing Units <sup>4</sup>	27,192	35,487	31%	43,037	21%
Group Quarters Population <sup>5</sup>	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.

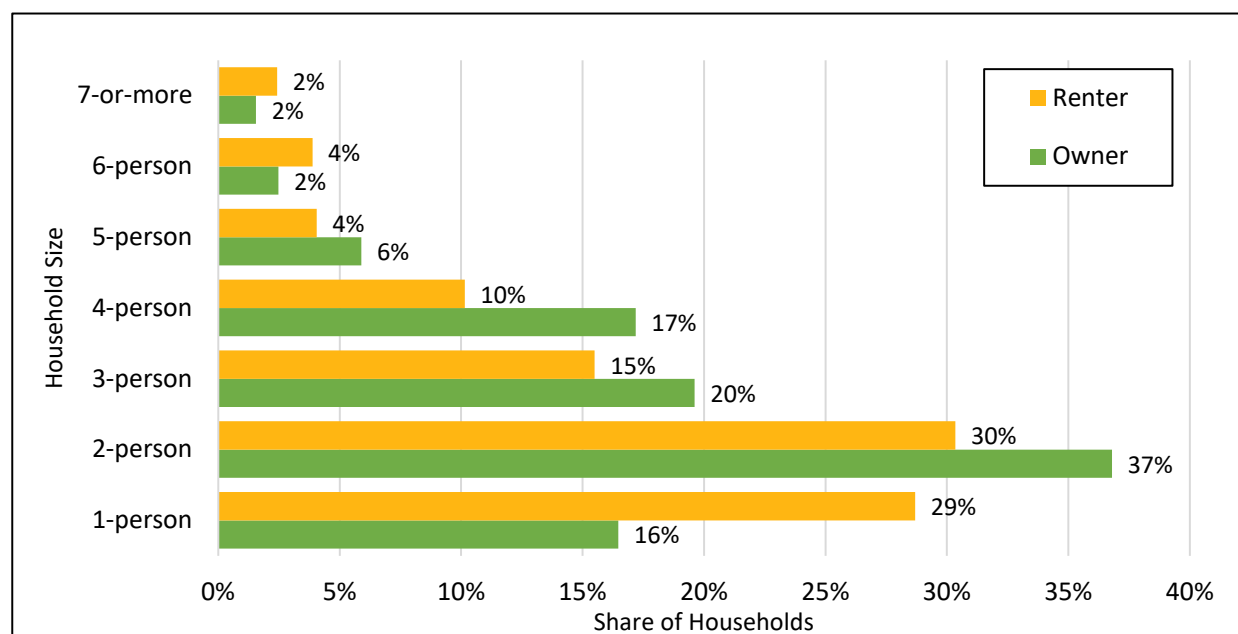
As the state and Metro area recover from the extreme disruption of the past few years, many economists believe that growth will return to the long-term trend. Increased housing vacancies in areas that experienced out-migration should be met by returning demand in a Metro housing market that remains undersupplied 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 (2011 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.

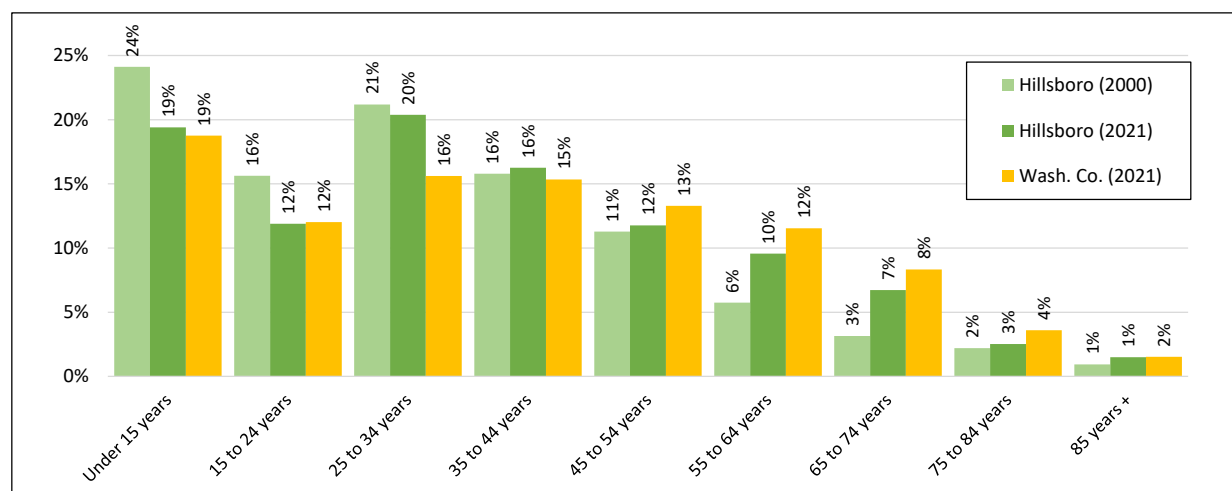
The most recent 2021 ACS estimated a lower vacancy rate of 3.5% in Hillsboro, but with a higher margin-of-error than the Decennial Census. In general, the local vacancy rate has been trending downwards since the 2008/9 recession. Vacancies peaked in 2013 near 7% in Hillsboro and have been declining ever 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**

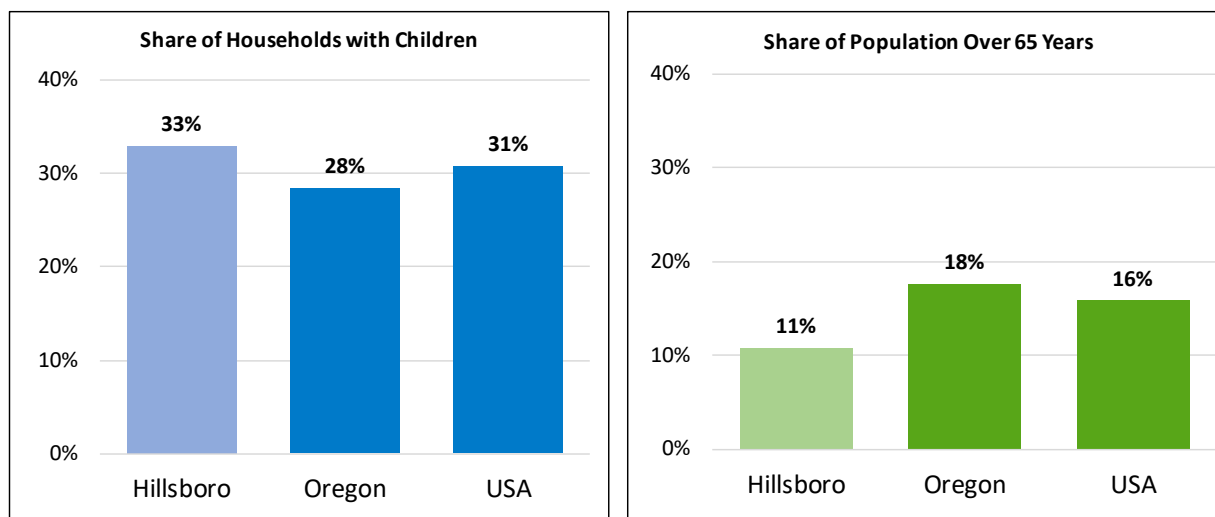


Sources: Census, Johnson Economics LLC; Census Tables: QT-PI (2000); S0101 (2021 ACS 5-yr Estimates)

- 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

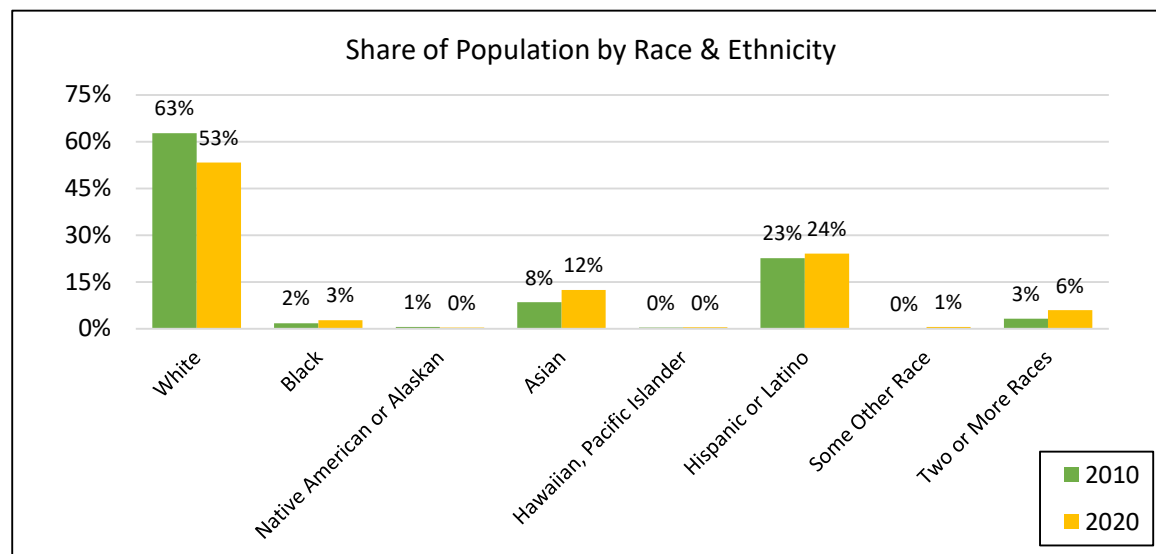
The following figure presents the distribution of Hillsboro's population by race and Hispanic ethnicity. As shown in Figure 5, the community grew more diverse between the 2010 and 2020 Census, with the population's white (non-Hispanic) share falling from 63% to 53%. The Hispanic or Latino population 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

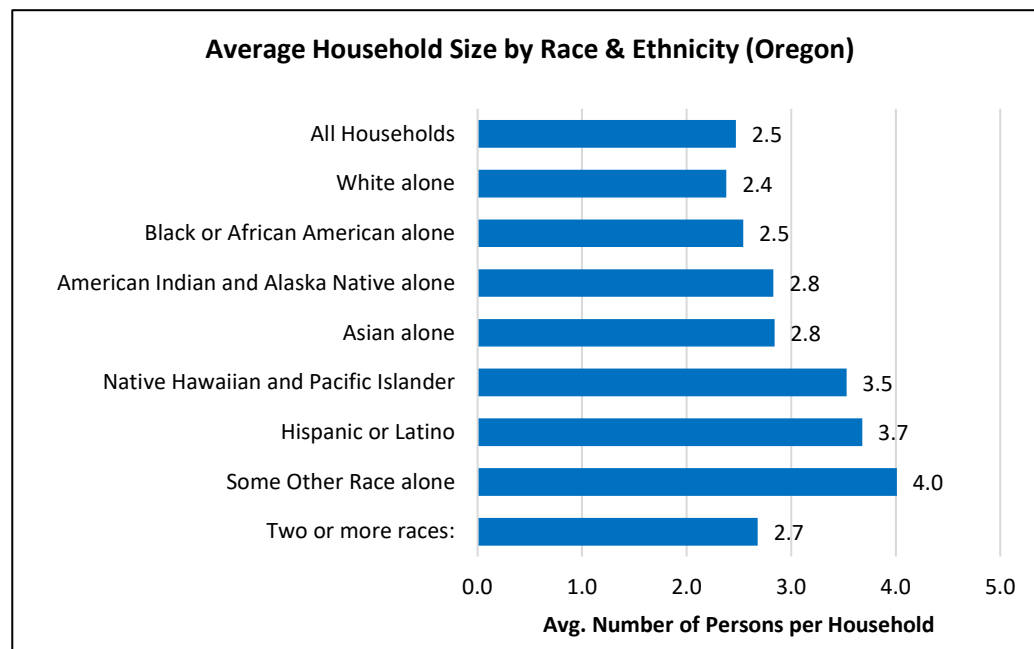
by HUD for public housing programs, households of between 2 persons generally need a one-bedroom unit, households with 3 persons might need two bedrooms, and those with 4 persons might need three bedrooms. Larger households may need four or more bedrooms, which are typically found in single detached 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)**



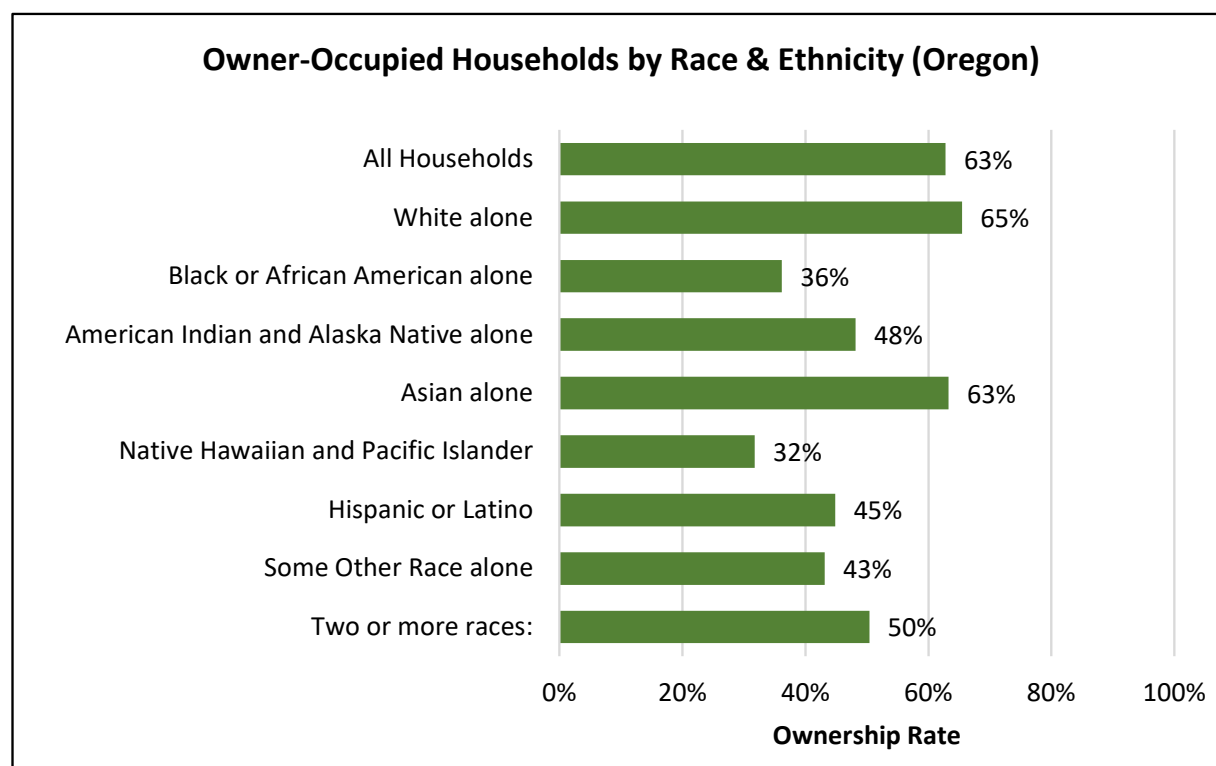
Sources: Census, Johnson Economics LLC; Census Tables: P17A-H, (State of Oregon, 2020)

\* 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.

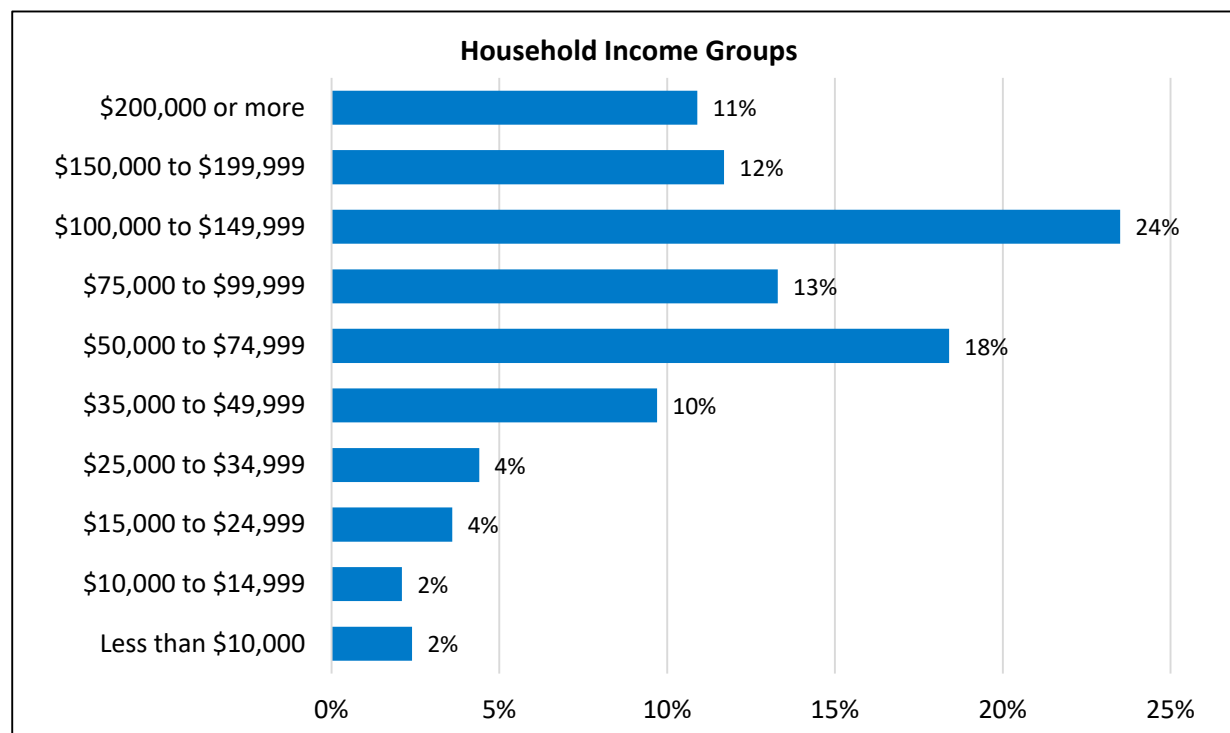
**Table 2. Income Trends, 2000 – 2022 (Hillsboro)**

<b>PER CAPITA AND MEDIAN HOUSEHOLD INCOME</b>					
	<b>2000</b>	<b>2010</b>	<b>Growth</b>	<b>2022</b>	<b>Growth</b>
	<b>(Census)</b>	<b>(Census)</b>	<b>00-10</b>	<b>(Proj.)</b>	<b>10-22</b>
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

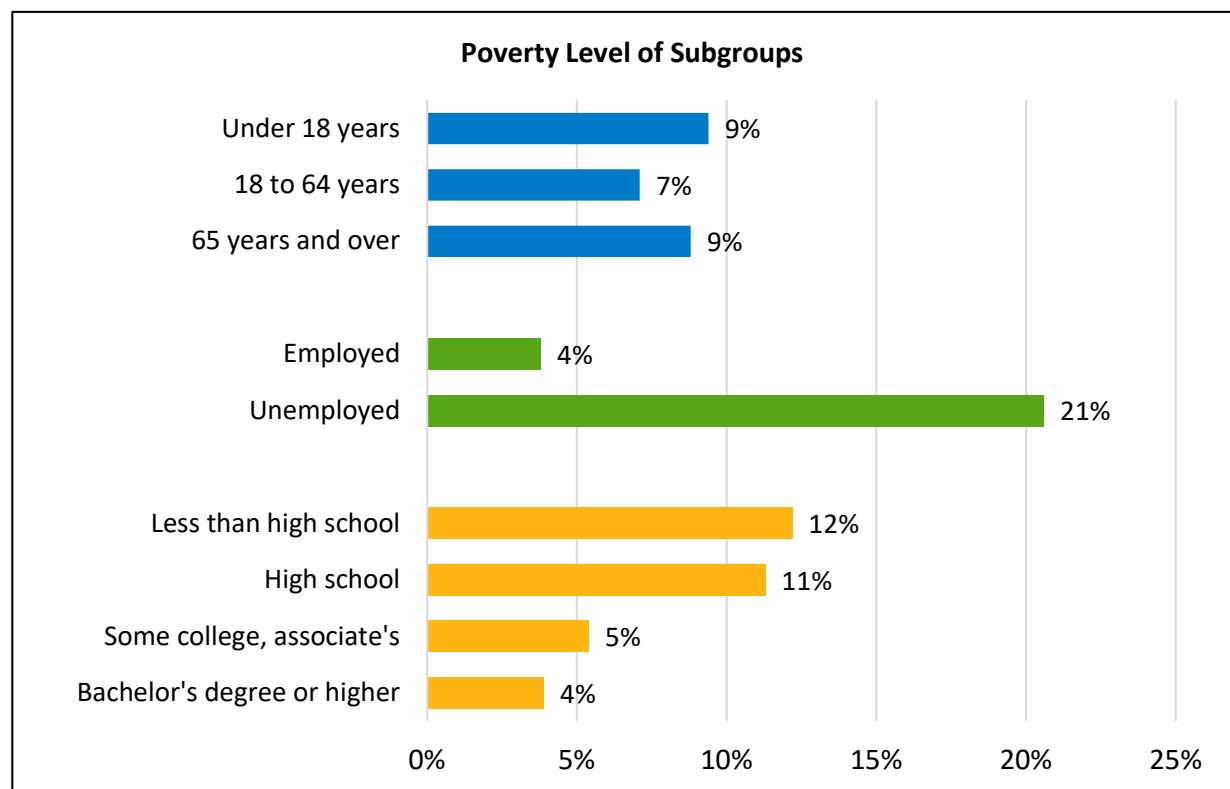
According to the Census, the official poverty rate in Hillsboro is an estimated 8% during the most recent period reported (2021 5-year estimates).<sup>5</sup> This is roughly 8,200 individuals in Hillsboro. In comparison, the official poverty rate in Washington County is a similar 8%, and at the state 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.

<sup>5</sup> 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.

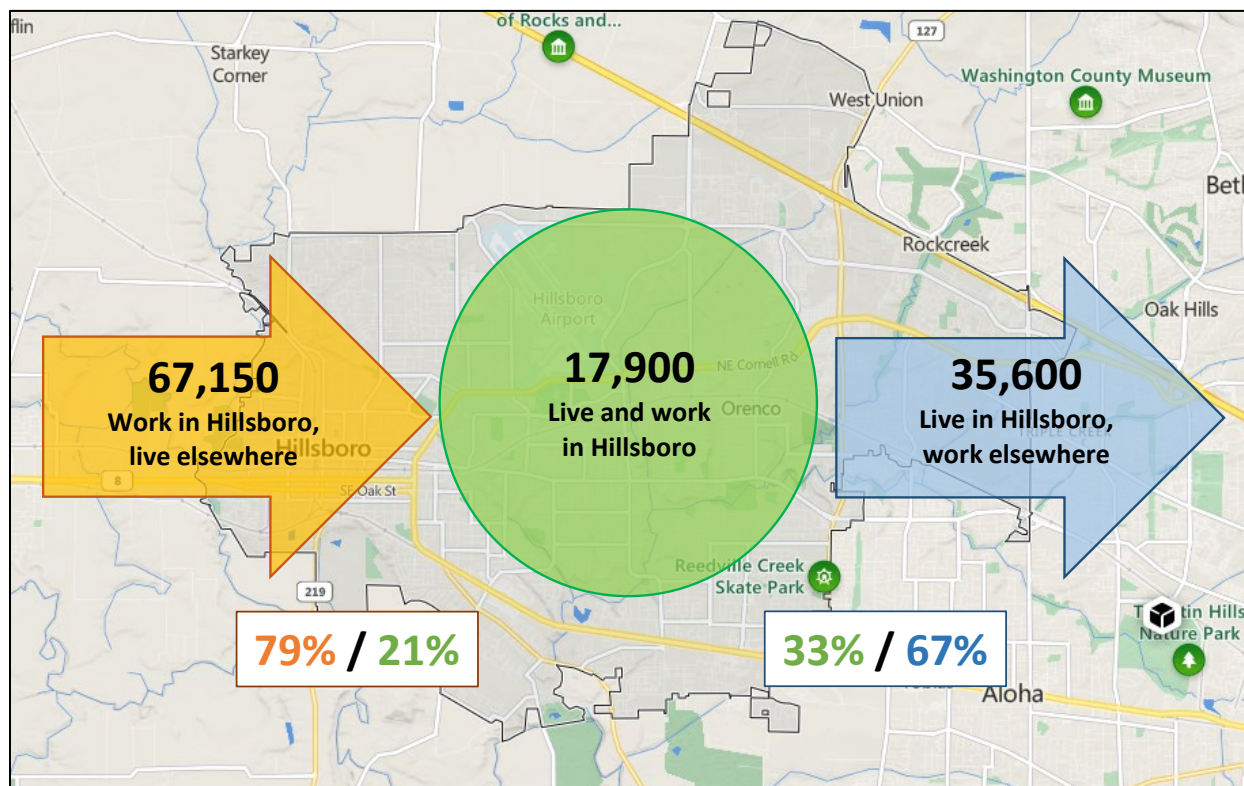
**Commuting Patterns:** The following figure shows the inflow and outflow of commuters to Hillsboro according to the Census Longitudinal Employer-Household Dynamics Database. These figures reflect “covered employment” as of 2019, the most recent year available. Covered employment refers to those jobs 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.

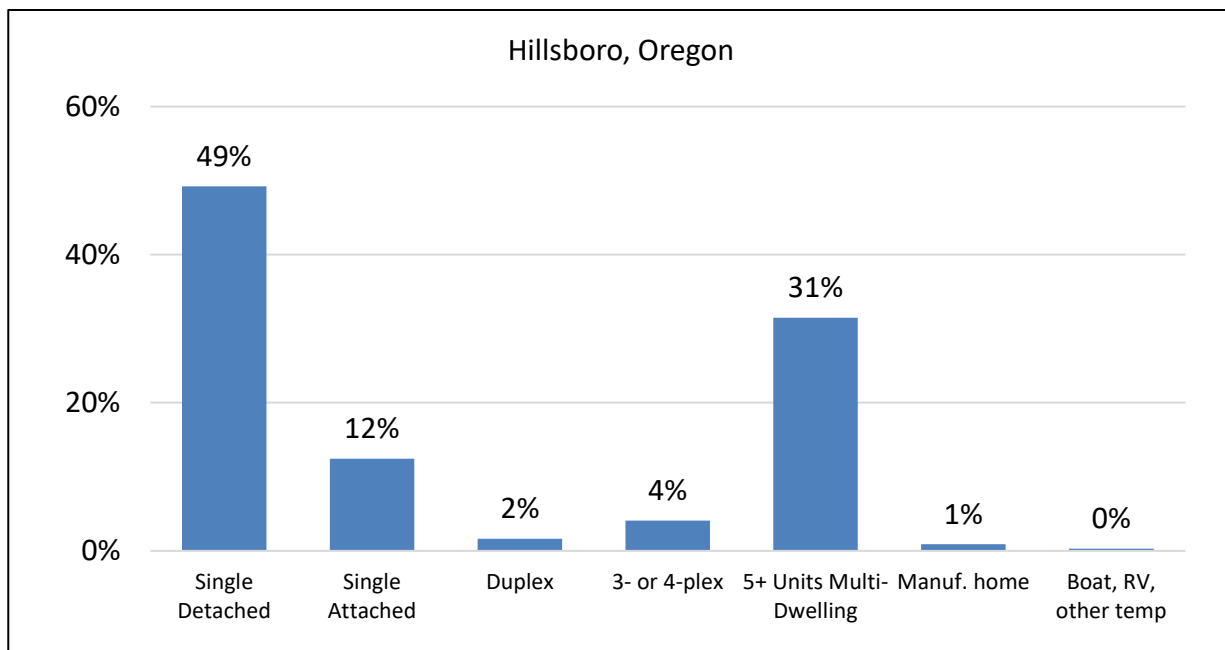
### Housing Tenure

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

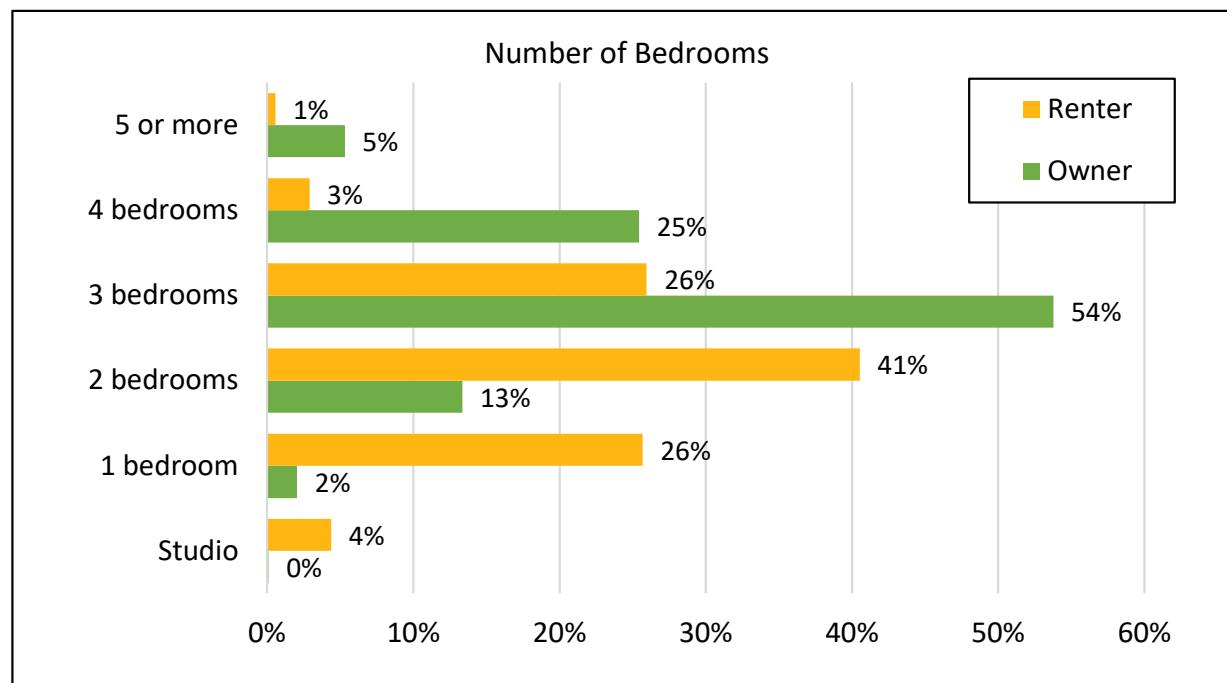
Figure 11 shows the estimated number of units by type in 2022 based on forecasting forward from the most recent Census and ACS data. Single detached homes represent an estimated 44% of housing units. Manufactured homes represent an additional 1% of the inventory.

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.

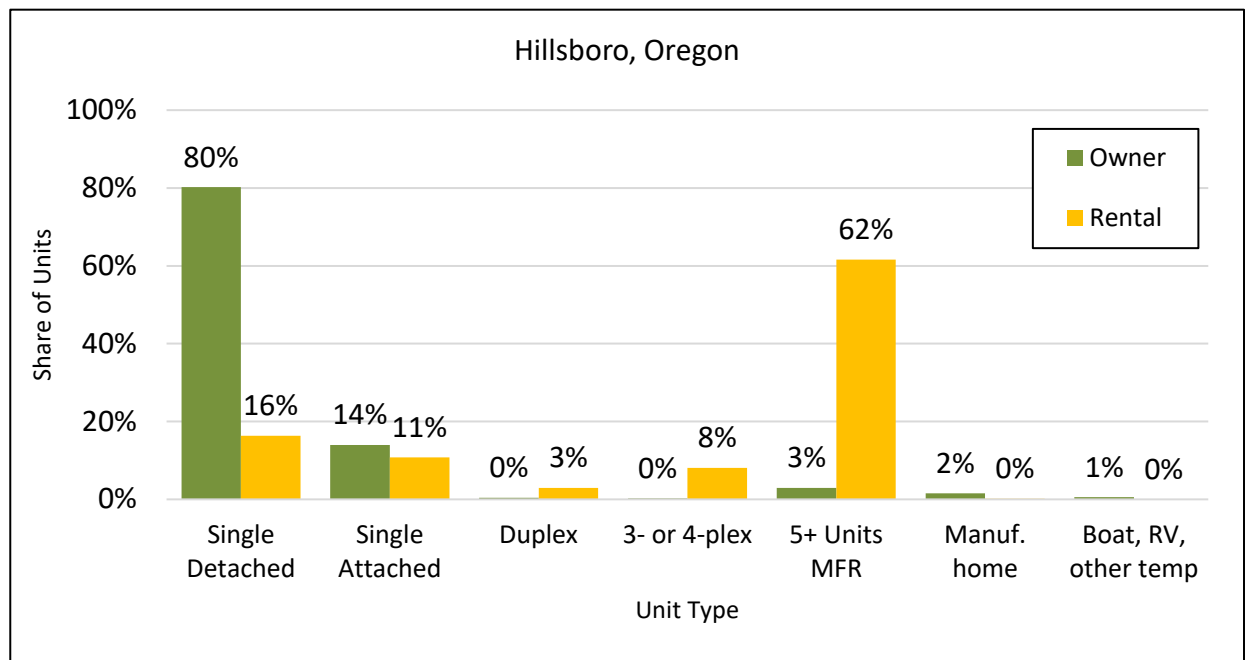
**Table 3. Current Housing Inventory by Unit Type, for Owner and Rental Housing****Ownership housing**

OWNERSHIP HOUSING								
	Single Detached	Single Attached	Duplex	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units
<b>Totals:</b>	17,766	3,098	89	57	654	345	127	22,135
<b>Percentage:</b>	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
<b>Totals:</b>	3,422	2,258	613	1,691	12,886	33	0	20,903
<b>Percentage:</b>	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**

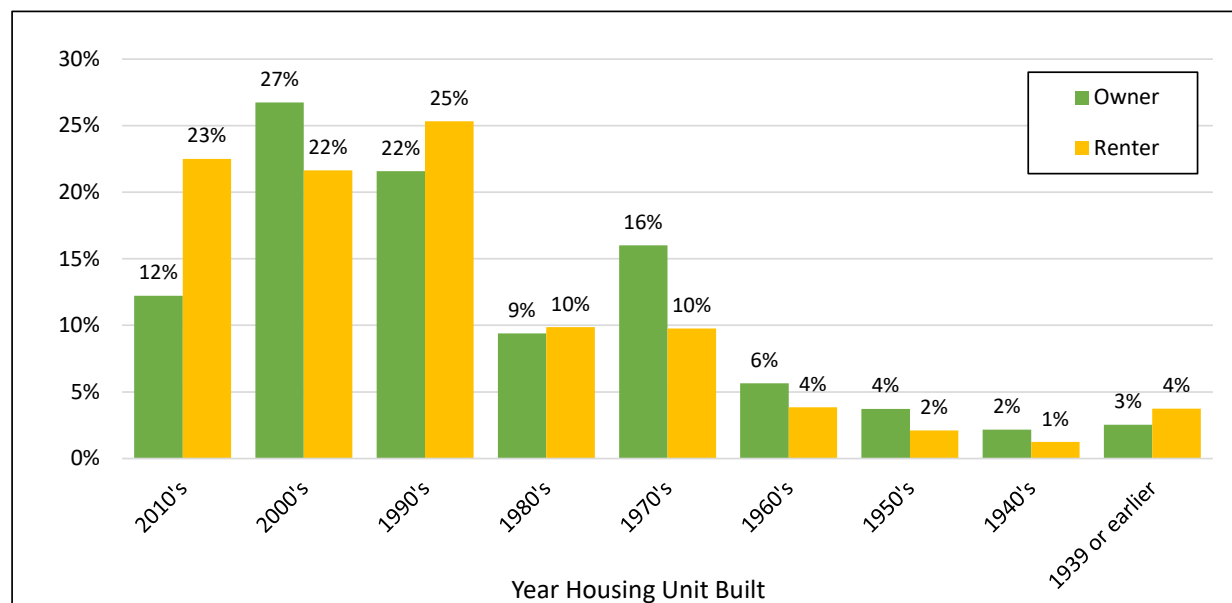
Sources: Census, Johnson Economics, City of Hillsboro



### 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<sup>6</sup> and others, and in the analysis

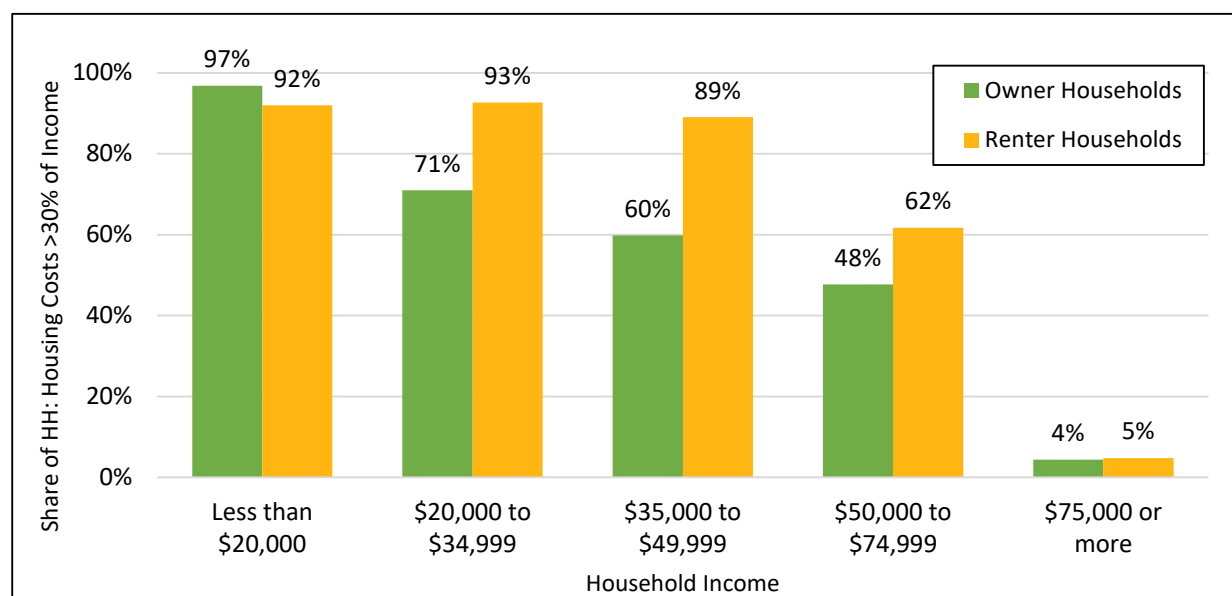
<sup>6</sup> “Cost burden – Monthly housing costs (including utilities) exceeding 30% of monthly income. Severe cost burden – Monthly housing costs (including utilities) exceeding 50% of monthly income.” Source: [www.huduser.gov/portal/datasets/cp/CHAS/bg\\_chas.html](http://www.huduser.gov/portal/datasets/cp/CHAS/bg_chas.html)

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.

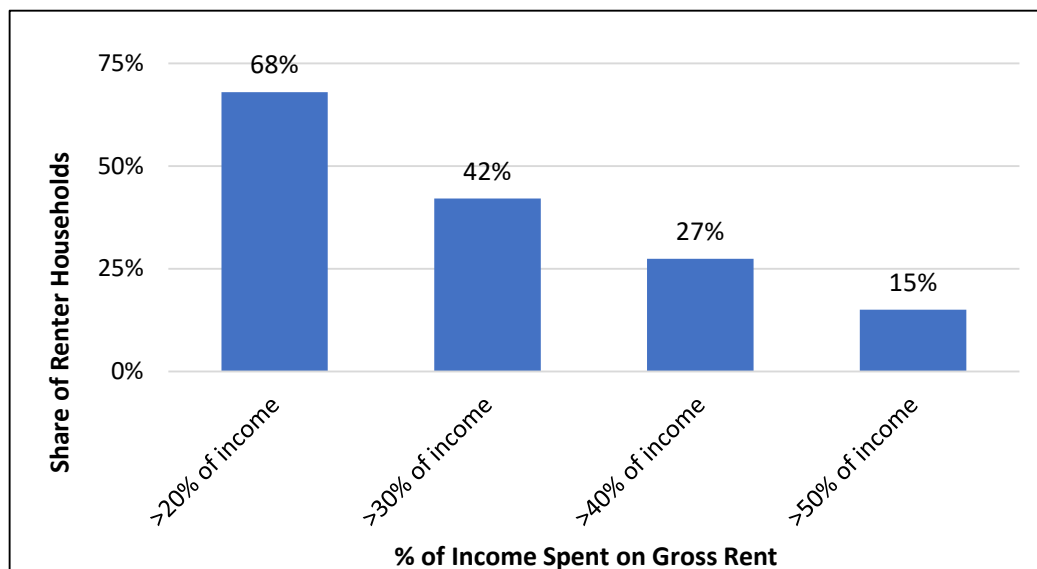
Figure 16 shows the percentage of household income spent towards gross rent<sup>7</sup> for local renter households only. This more fine-grained data shows that not only are 42% of renters spending more

<sup>7</sup> 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%
<b>Total:</b>	<b>71</b>	<b>2,013</b>	<b>100%</b>

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<sup>8</sup> 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".<sup>9</sup>

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

<sup>8</sup> Figures are for the entire County.

<sup>9</sup> 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%).

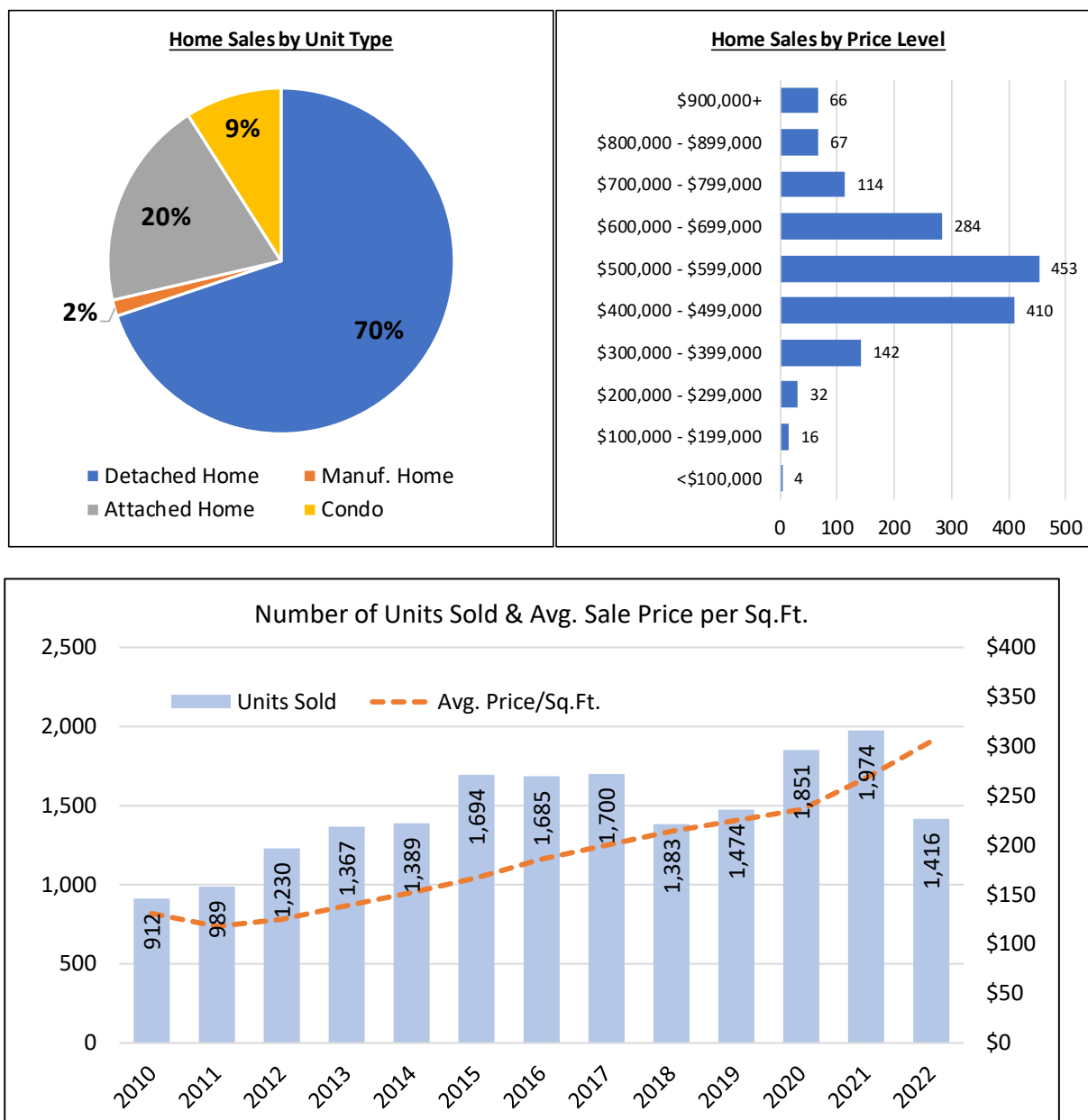
- The median sale price was \$535,500.
- The average (mean) sale price was \$564,000.
- The average price per square foot was \$305/square foot.
- The median square footage was 1,715 square feet.
- A home affordable to the median-income household in Hillsboro (roughly \$90,000), would cost around \$350,000.
- 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.

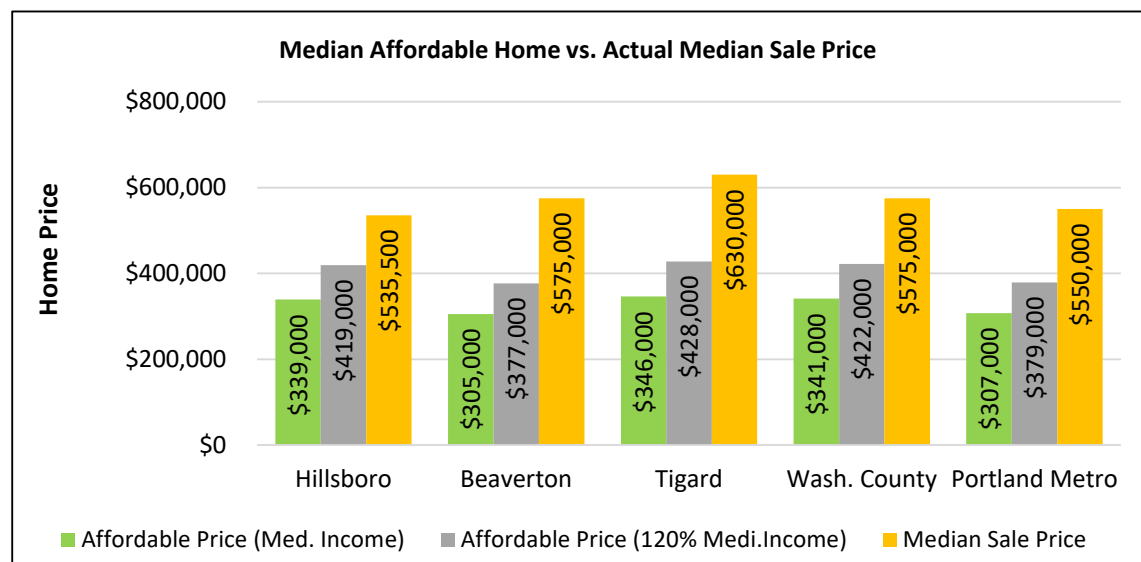
Figure 18 presents the estimated home price affordable to the median-income household in Hillsboro and comparison market areas, compared to the actual median sale price for homes in 2022. In all cases, the median sale price is well in excess of what would be affordable to the median-income household.

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)

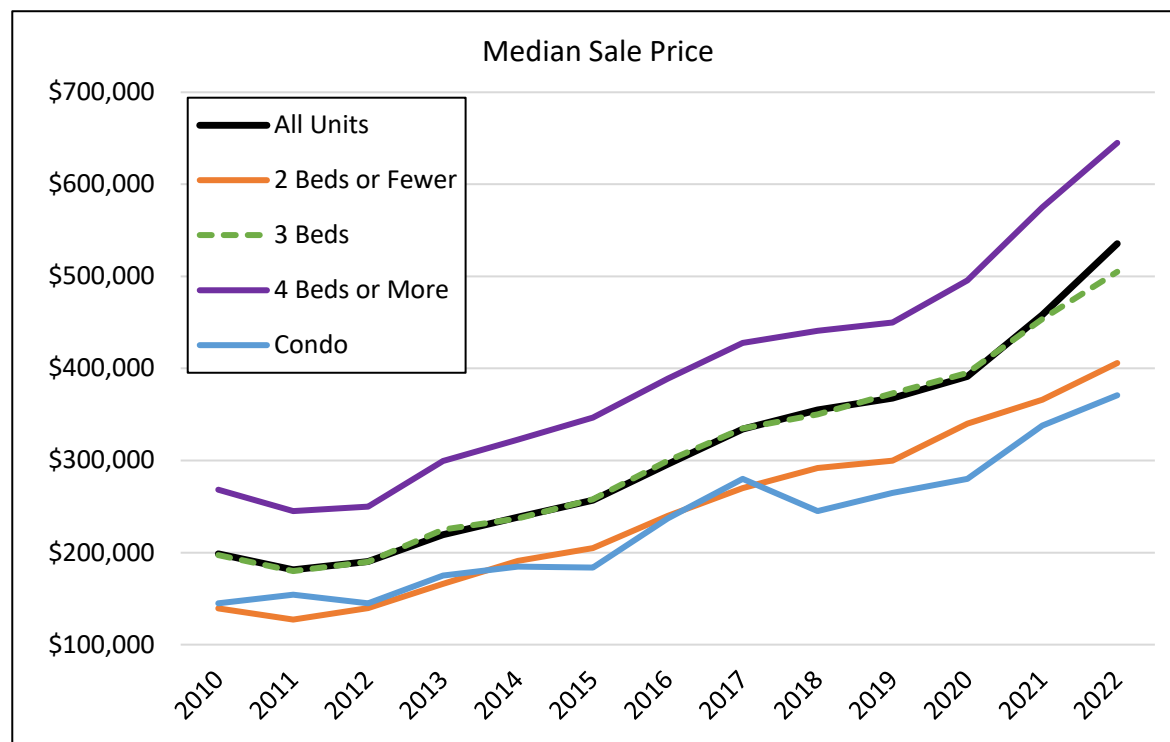


Sources: RMLS, Johnson Economics

**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)**

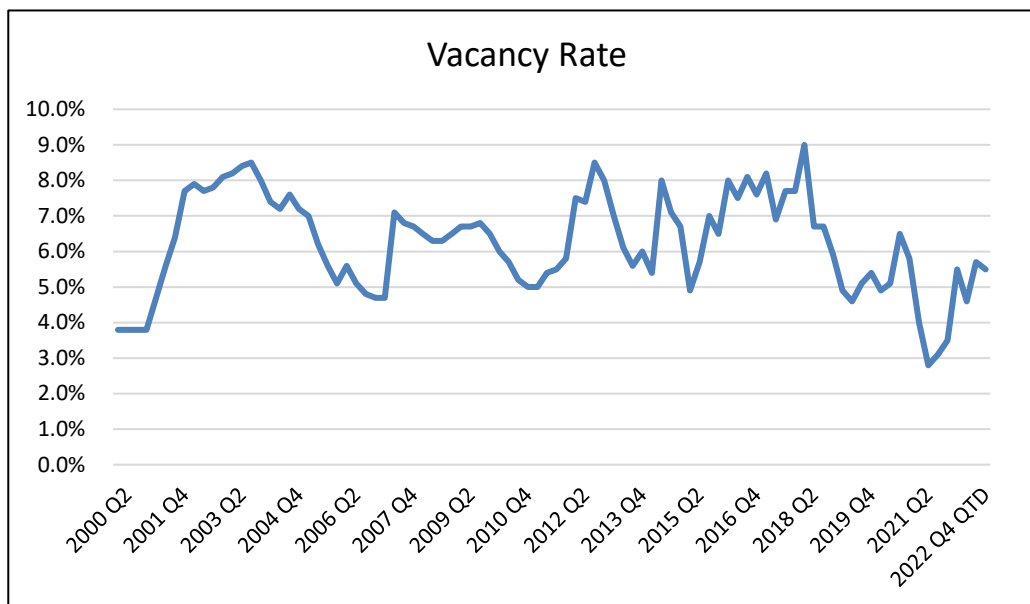
Sources: RMLS, Johnson Economics



### Market Conditions (Rental Housing)

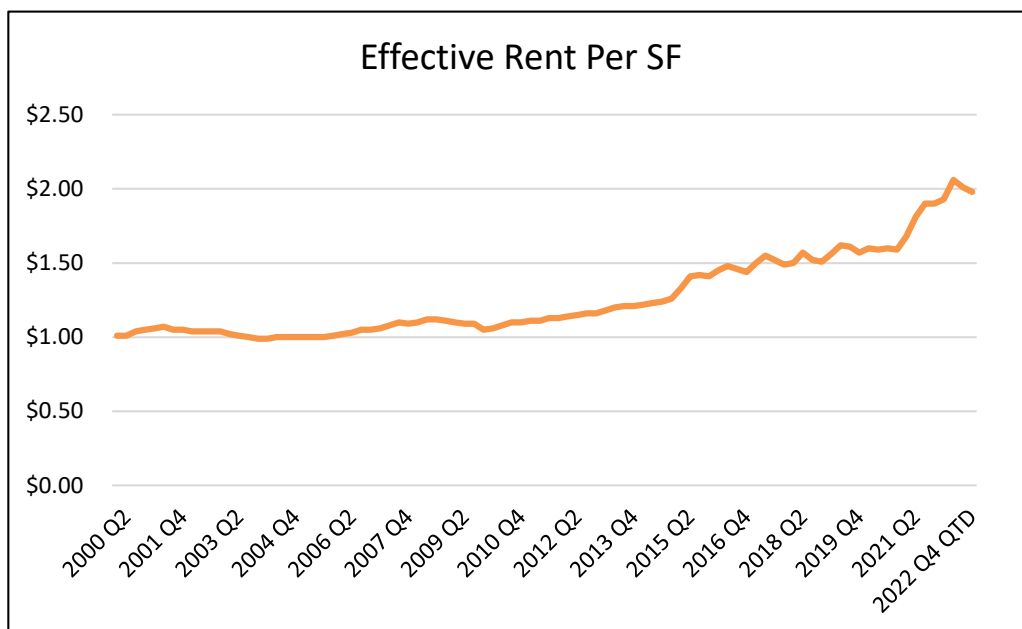
As shown on Figure 20, based on the inventory tracked by CoStar (13,500 units in 160 properties), estimated rental vacancy hovered above 5% for much of the last decade, before falling in 2020. The vacancy rate is now close to 5%. This includes units at all price points, as well as new properties in lease 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)**



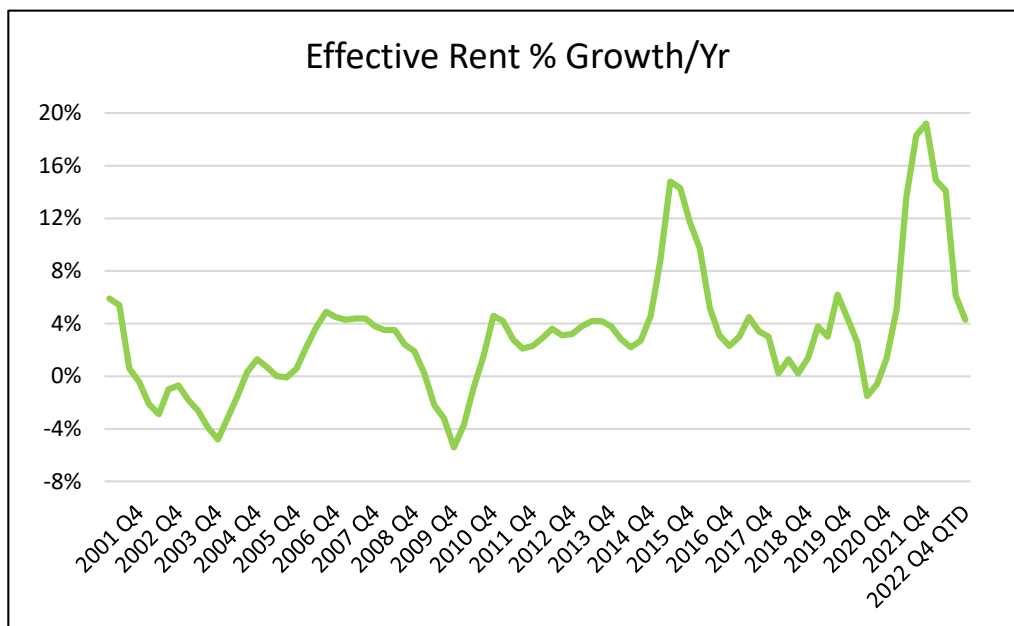
Sources: CoStar, Johnson Economics

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:	<u>1,391</u>	(1.3% of Total)	US Census
<b>Estimated Non-Group 2022 Population:</b>	<b>108,141</b>	(Total - Group)	
Avg. HH Size:	2.64		US Census
<b>Estimated Non-Group 2022 Households:</b>	<b>40,970</b>	(Pop/HH Size)	
<b>Total Housing Units:</b>	<b>43,037</b>	(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%
<b>Totals:</b>	<b>21,291</b>		<b>% of All:</b>	<b>52.0%</b>

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%
<b>Totals:</b>	<b>19,678</b>		<b>% of All:</b>	<b>48.0%</b>

<b>All Households</b>
<b>40,970</b>

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

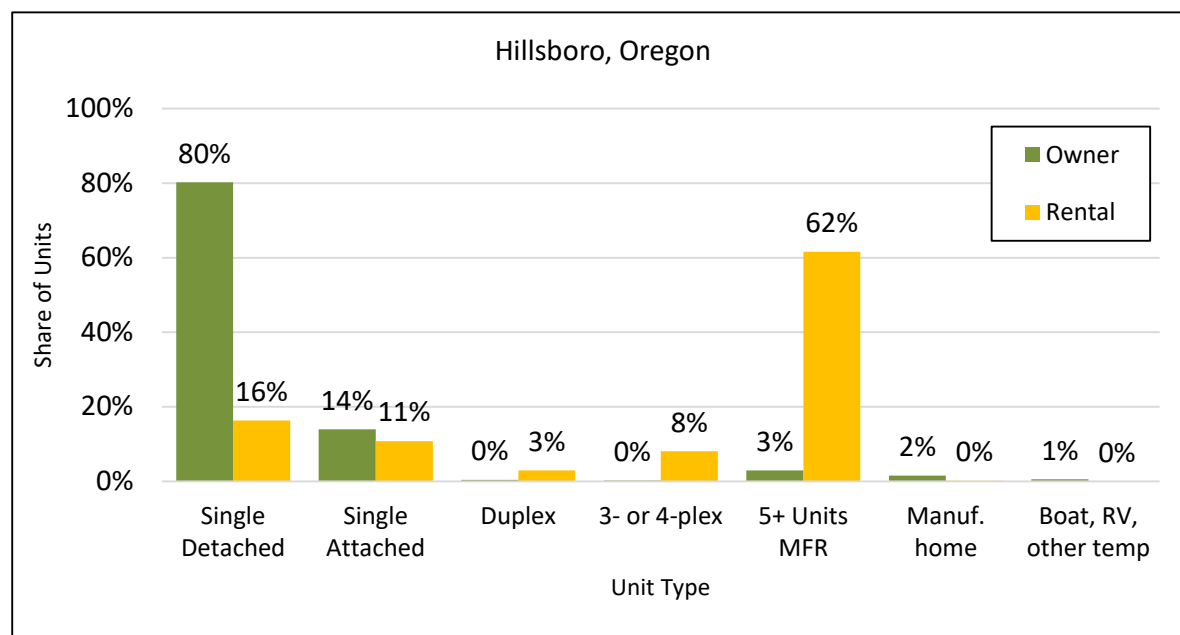
The profile of current housing need or demand (Table 6) represents the preference and affordability levels of households. The current housing supply (Figure 23 and Figure 24) differs from this profile, meaning that some households may find themselves in housing units which are not optimal, either not 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.

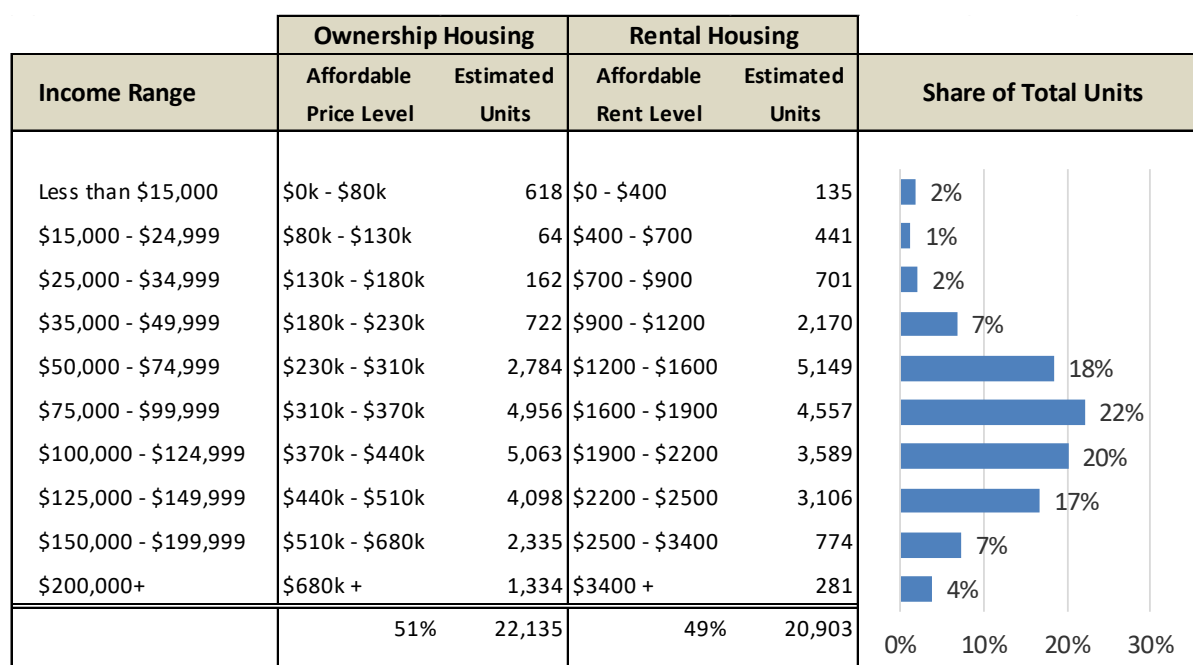
- An estimated 51.4% of housing units are ownership units, while an estimated 48.6% of housing units are rental units. This is slightly different from the estimated demand profile shown in Figure 4.2, which estimates demand for ownership units from 52% of households based on their age and income characteristics. 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 (2011 ACS 5-yr Estimates)

**Figure 24. Profile of Current Housing Supply, by Estimated Affordability (2022)**

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%.

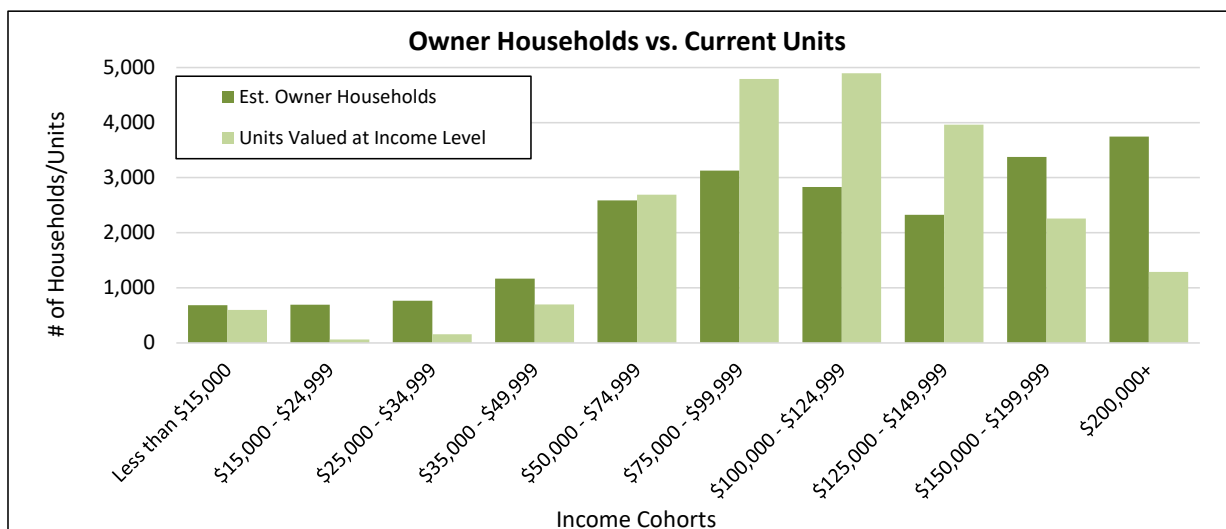
This indicates that the middle and higher portion of the market is generally well supplied for ownership households. There is a finding that upper income households in Hillsboro could perhaps support some more expensive housing supply, though the large amount of new housing built in recent years is filling 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.)

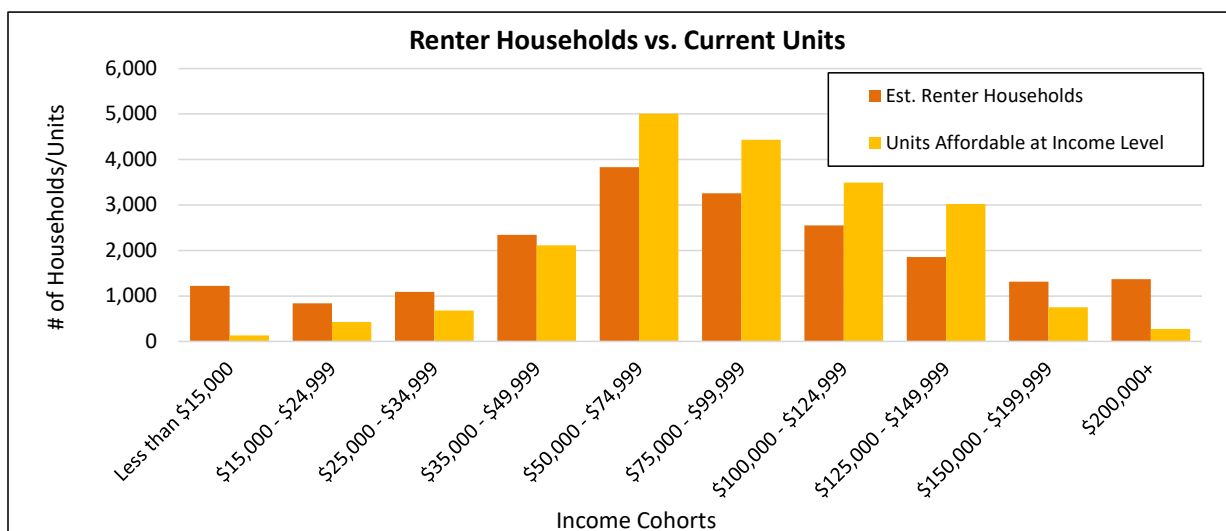


**Figure 25. Comparison of Homeowner Household Income Groups to Estimated Supply of Housing Units Affordable at Those Income Levels (2022)**



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
<b>Total Estimated 2043 Population:</b>	<b>126,247</b>	Metro Coordinated Forecast (2021)	Metro
<b>Estimated Non-Group 2043 Households:</b>	<b>54,229</b>	Metro Coordinated Forecast (2021)	Metro
New Households 2022 to 2043	13,259		
Avg. Household Size:	2.30	Projected 2043 pop./2043 households	US Census
<b>Total Housing Units:</b>	<b>57,083</b>	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%	Extremely Low Income	<30% MFI
\$80k - \$130k	914	\$15,000 - \$24,999	3.2%	6.4%		
\$130k - \$180k	1,014	\$25,000 - \$34,999	3.6%	10.0%	Very Low Income	<50% MFI
\$180k - \$230k	1,546	\$35,000 - \$49,999	5.5%	15.5%		
\$230k - \$310k	3,421	\$50,000 - \$74,999	12.1%	27.7%	Low Income	<80% MFI
\$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%		
<b>Totals:</b>	<b>28,182</b>		<b>% of All:</b>	<b>52.0%</b>		

Rental						
Rent Level	# of Households	Income Range	% of Total	Cumulative		
\$0 - \$400	1,619	Less than \$15,000	6.2%	6.2%	Extremely Low Income	<30% MFI
\$400 - \$700	1,110	\$15,000 - \$24,999	4.3%	10.5%		
\$700 - \$900	1,446	\$25,000 - \$34,999	5.6%	16.0%	Very Low Income	<50% MFI
\$900 - \$1200	3,099	\$35,000 - \$49,999	11.9%	27.9%		
\$1200 - \$1600	5,071	\$50,000 - \$74,999	19.5%	47.4%	Low Income	<80% MFI
\$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%		
<b>Totals:</b>	<b>26,047</b>		<b>% of All:</b>	<b>48.0%</b>	<b>All Units</b>	
					<b>54,229</b>	

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									
Unit Type:	Single Detached	Single Attached	Multi-Family			Manuf. home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
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									
Unit Type:	Single Detached	Single Attached	Multi-Family			Manuf. home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
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									
Unit Type:	Single Detached	Single Attached	Multi-Family			Manuf. home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
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
<b>TOTAL:</b>			<b>7,087</b>	<b>6,959</b>	<b>14,046</b>	<b>100%</b>	

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**

Affordability 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%
<b>TOTAL:</b>	<b>≤ 80% MFI ≤ \$73,300</b>	<b>14,782</b>	<b>36%</b>	<b>20,042</b>	<b>37%</b>	<b>5,259</b>	<b>37%</b>
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

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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:

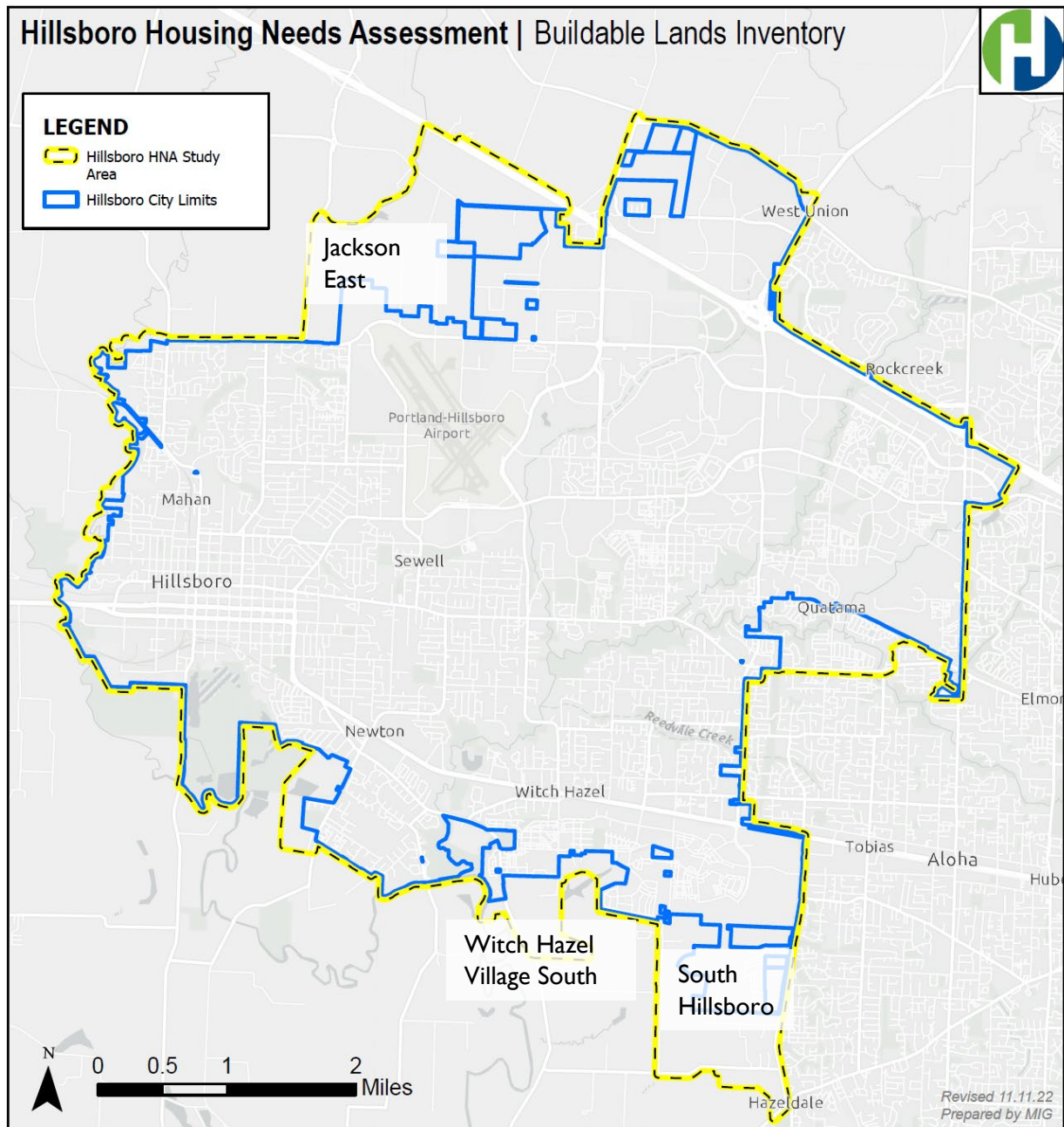
- **Step 1: Land classification.** This step identifies the land in the City that is available for residential uses.
- **Step 2: Constraints to Development.** This step identifies constraints such as natural resources, steep slopes, and utility easements that limit development.
- **Step 3: Development 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
<b>RL: Residential Low Density</b>	<ul style="list-style-type: none"> <li>R-10 Residential</li> <li>R-8.5 Residential</li> <li>R-7 Residential</li> <li>R-6 Residential</li> </ul>	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.
<b>RM: Residential Medium Density</b>	<ul style="list-style-type: none"> <li>R-4.5 Residential</li> <li>MR-1 Multi-Dwelling Residential</li> </ul>	Provides for a mix of small-lot single detached dwellings, second dwellings, duplexes, triplexes, quadplexes, townhomes, cottage clusters and lower <u>density</u> multi-dwelling units in a neighborhood with <u>compatible</u> uses such as schools, assembly facilities, and parks.
<b>RH: Residential High Density</b>	<ul style="list-style-type: none"> <li>MR-2 Multi-Dwelling Residential</li> </ul>	Provides for higher <u>density</u> middle housing or multi-dwelling developments in a neighborhood with <u>compatible</u> uses such as schools, assembly facilities, and parks.
<b>RMR: Residential Mid-Rise Density</b>	<ul style="list-style-type: none"> <li>MR-3 Multi-Dwelling Residential</li> </ul>	Provides for higher density middle housing or multi-dwelling developments in a neighborhood with compatible uses such as schools, assembly facilities, and parks.
<b>C: Commercial</b>	<ul style="list-style-type: none"> <li>C-G Commercial – General</li> <li>MU-C Mixed-Use – Commercial</li> </ul>	Provides for retail, service, and office commercial developments in small-scale neighborhood <u>nodes</u> to serve daily community needs or at larger scales along highways and <u>transit</u> routes, or in downtown and other <u>employment areas</u> , for more convenient access to goods and services by various transportation <u>modes</u> .
<b>SCPA: Station Community Planning Area</b>	<ul style="list-style-type: none"> <li>SCR-LD Station Community Residential Low Density</li> <li>SCR-OTC Station Community Residential Orenco Townsite Conservation</li> <li>SCR-DNC Station Community Residential Downtown Neighborhood Conservation</li> <li>SCR-MD Station Community Residential – Medium Density</li> <li>SCR-HD Station Community Residential – High Density</li> <li>SCC-DT Station Community Commercial – Downtown</li> <li>SCC-SC Station Community Commercial – Station Commercial</li> <li>SCC-MM Station Community Commercial – Multi-Modal</li> <li>SCR-V Station Community Residential Village</li> <li>SCBP Station Community Business Park</li> <li>SCI Station Community Industrial</li> <li>SCFI Station Community Fair Complex Institutional</li> </ul>	Provides for medium- to high- <u>density</u> <u>transit-oriented</u> and pedestrian-sensitive mixed-use developments, authorized at more <u>intensive</u> land use densities and floor area ratios than other residential zones, in areas within reasonably close proximity of light rail <u>transit</u> stations.
<b>MU: Mixed-Use</b>	<ul style="list-style-type: none"> <li>MU-N Mixed-Use – Neighborhood</li> <li>MU-C Mixed-Use – Commercial</li> </ul>	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
	<ul style="list-style-type: none"> <li>MU-VTC Mixed-Use – Village Town Center</li> <li>UC-NC Urban Center – Neighborhood Center</li> </ul>	transportation trips and facilitate <u>multi-modal development</u> .
<b>MU-UR: Mixed-Use – Urban Residential</b>	<ul style="list-style-type: none"> <li>UC-RM Urban Center – Residential Medium Density</li> <li>UC-MU Urban Center – Mixed-Use Urban Density</li> </ul>	Provides for a range of medium- to high- <u>density</u> 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.
<b>MU-UC: Mixed-Use – Urban Commercial</b>	<ul style="list-style-type: none"> <li>UC-AC Urban Center – Activity Center</li> </ul>	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.
<b>MU-UE: Mixed-Use – Urban Employment</b>	<ul style="list-style-type: none"> <li>UC-MU Urban Center – Mixed-Use Urban Density</li> <li>UC-OR Urban Center – Office/Research</li> </ul>	Provides concentrated opportunities for office and research employment to complement residential, retail, and commercial services within high <u>intensity</u> areas of the City served by <u>transit</u> that provide visual and physical connections to other activity centers.
<b>MU-I: Mixed-Use – Institutional</b>	<ul style="list-style-type: none"> <li>UC-MU Urban Center – Mixed-Use Urban Density</li> <li>UC-OR Urban Center – Office/Research</li> <li>UC-RP Urban Center – Research Park</li> </ul>	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 <u>transit</u> -supportive, pedestrian-sensitive campus environment, and preventing conflicts among the mix of uses and activities.
<b>OS: Open Space</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	Provides usable open space for active or <u>passive recreation</u> (e.g., parks, golf courses, playgrounds) and unusable open space for natural resource preservation as an important aspect of <u>livability</u> , public health, and well-being for residents, employees, and customers.
<b>FP: Floodplain</b>	<ul style="list-style-type: none"> <li>All base zones are considered implementing zones. The corresponding RFO Regulatory Floodplain Overlay zone may be applied.</li> </ul>	Identifies the boundaries of the 100-year base flood maps by the National Flood Insurance Program for agricultural, <u>wetland</u> , or recreational use, or some underground utility or accessory structures in order to protect the public from damage to life and property from flooding.
<b>PF: Public Facility</b>	<ul style="list-style-type: none"> <li>SCFI Station Community Fair Complex Institutional</li> </ul>	Provides for <u>public facilities</u> such as airports, schools, fire stations, police stations, public buildings (e.g., libraries, public offices), public <u>utilities</u> (e.g., <u>wastewater</u> treatment center) and similar types of public uses and facilities.
<b>IN: Industrial</b>	<ul style="list-style-type: none"> <li>I-G Industrial General</li> <li>I-P Industrial Park</li> <li>I-S Industrial Sanctuary</li> <li>SSID Shute Road Special Industrial District</li> <li>ESID Evergreen Area Special Industrial District</li> <li>HSID Helvetia Area Special Industrial District</li> </ul>	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 <u>transit</u> routes, or as industrial park neighborhoods or mixed commercial business parks with high- <u>amenity multi-modal</u> access.



**Figure 28. City Comprehensive Plan Map**

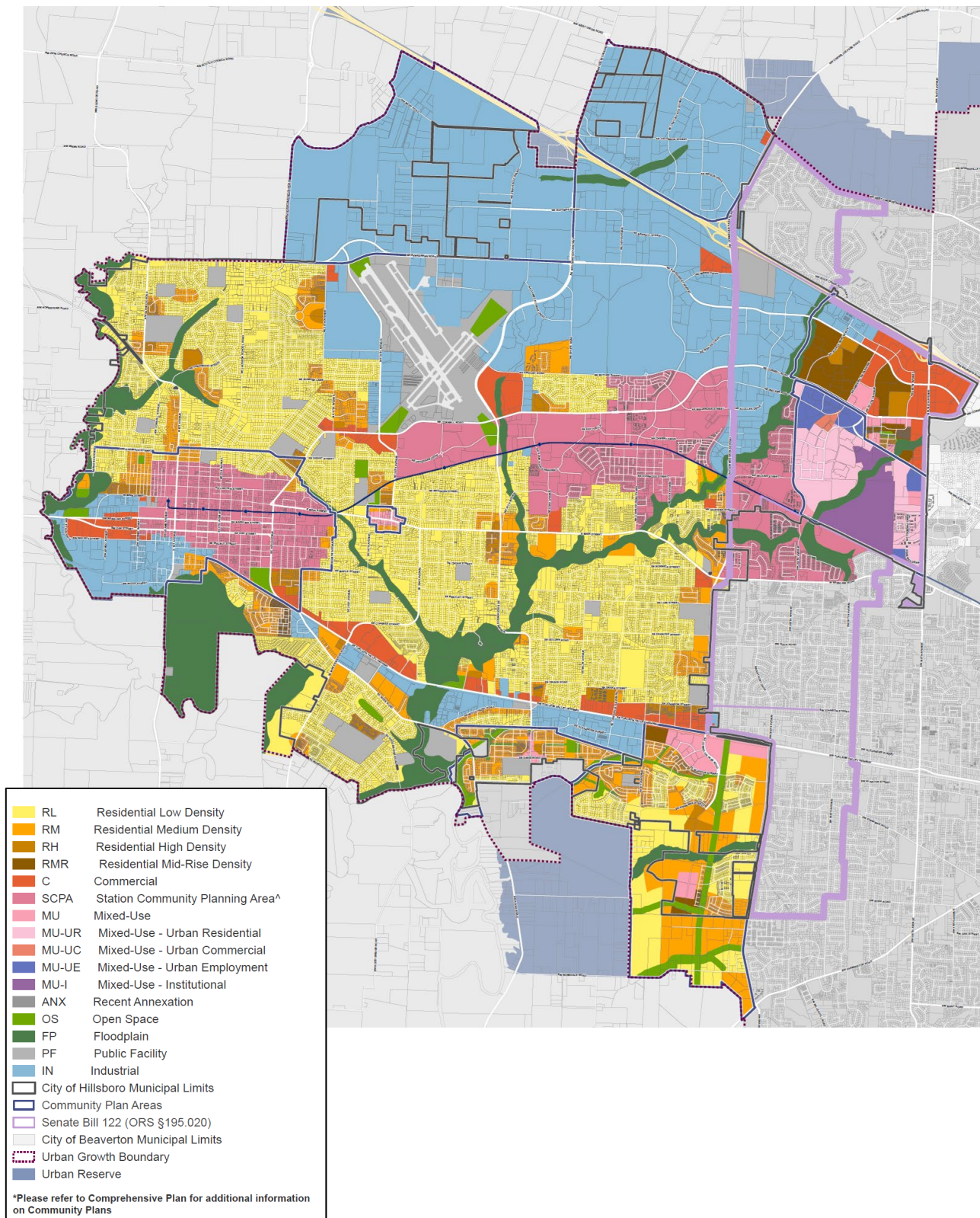
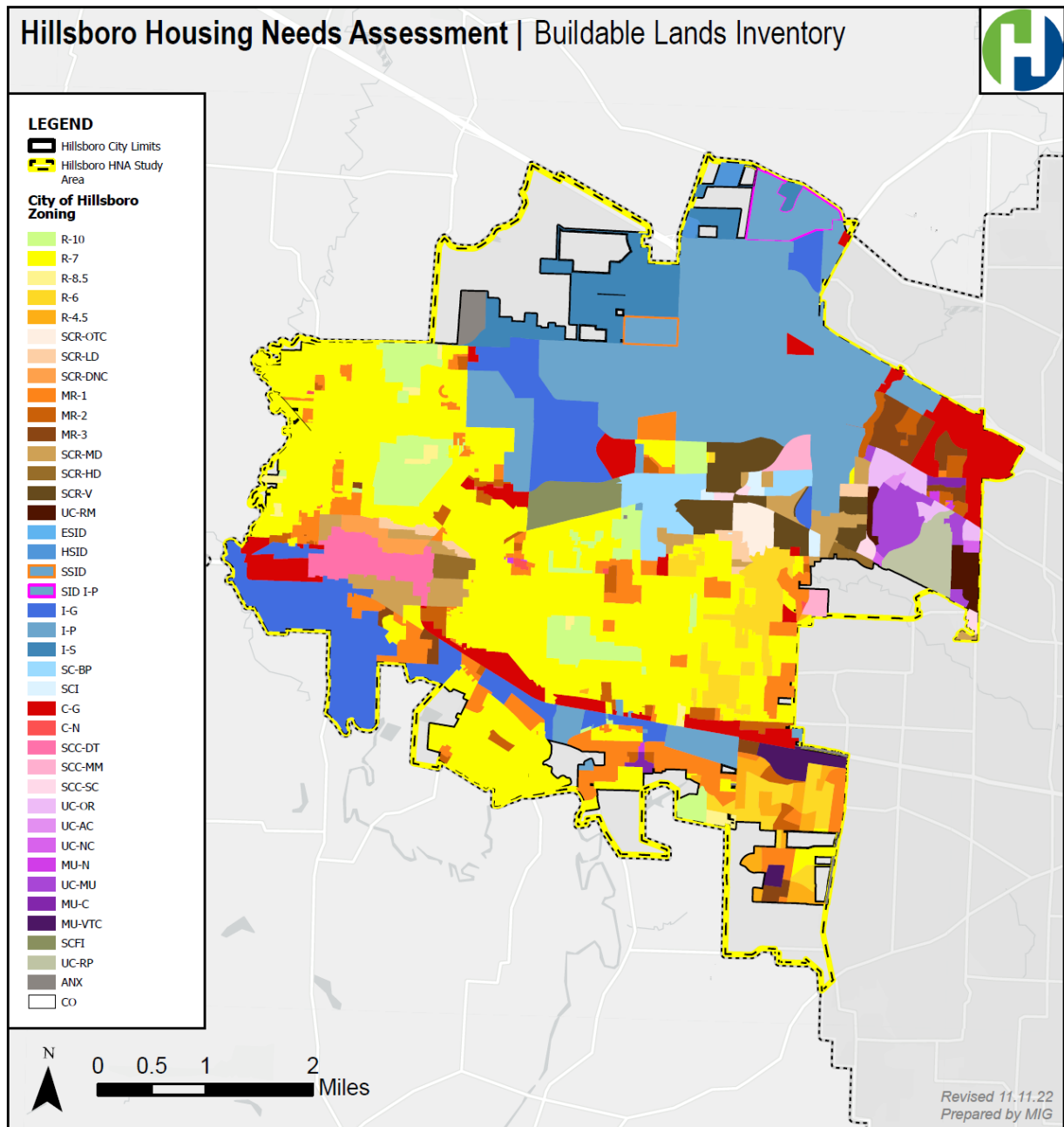


Figure 29. City Zoning Map



### 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*

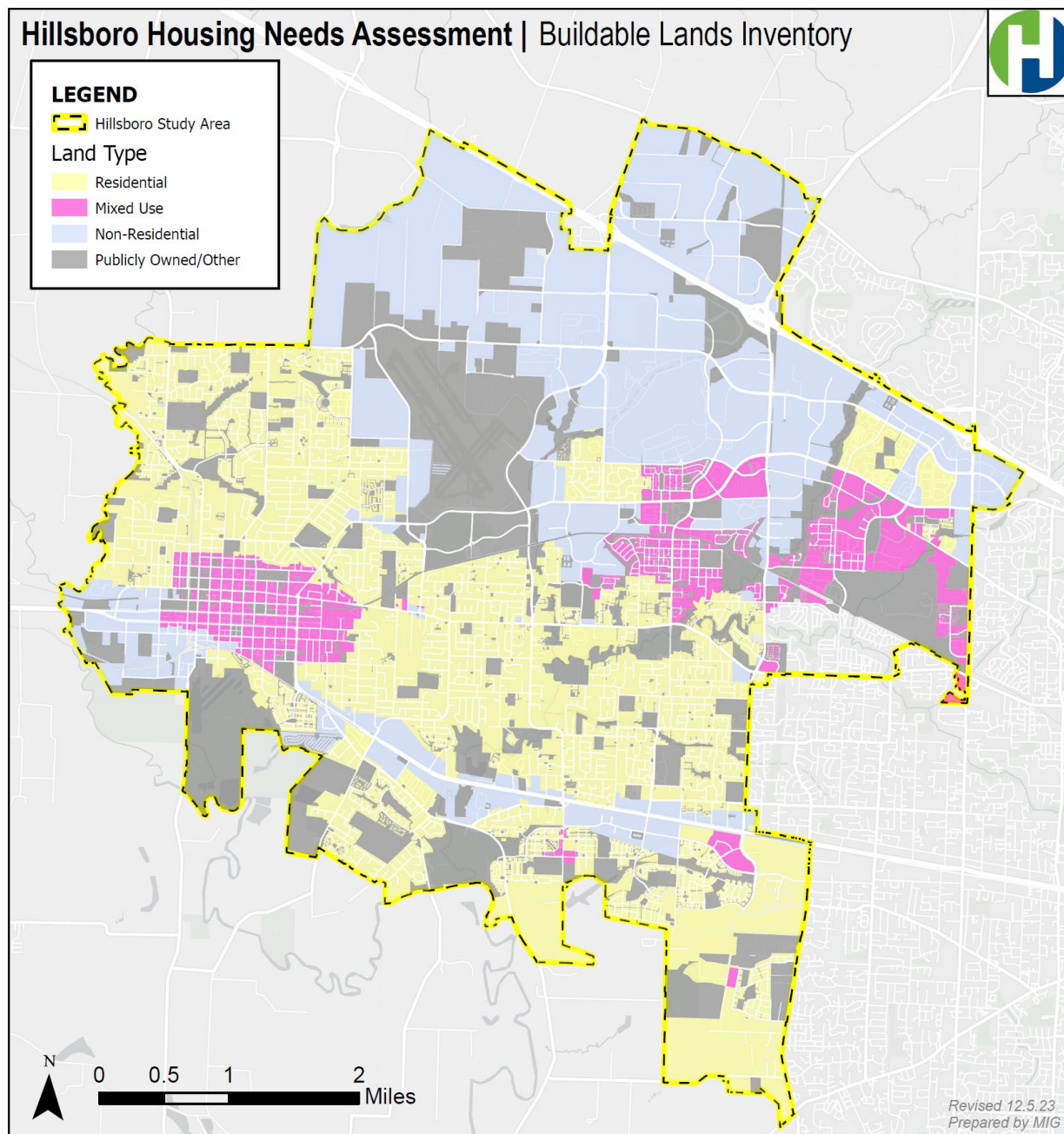
This category of land includes the PF and OS designations, as well as land in the following categories:

- 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

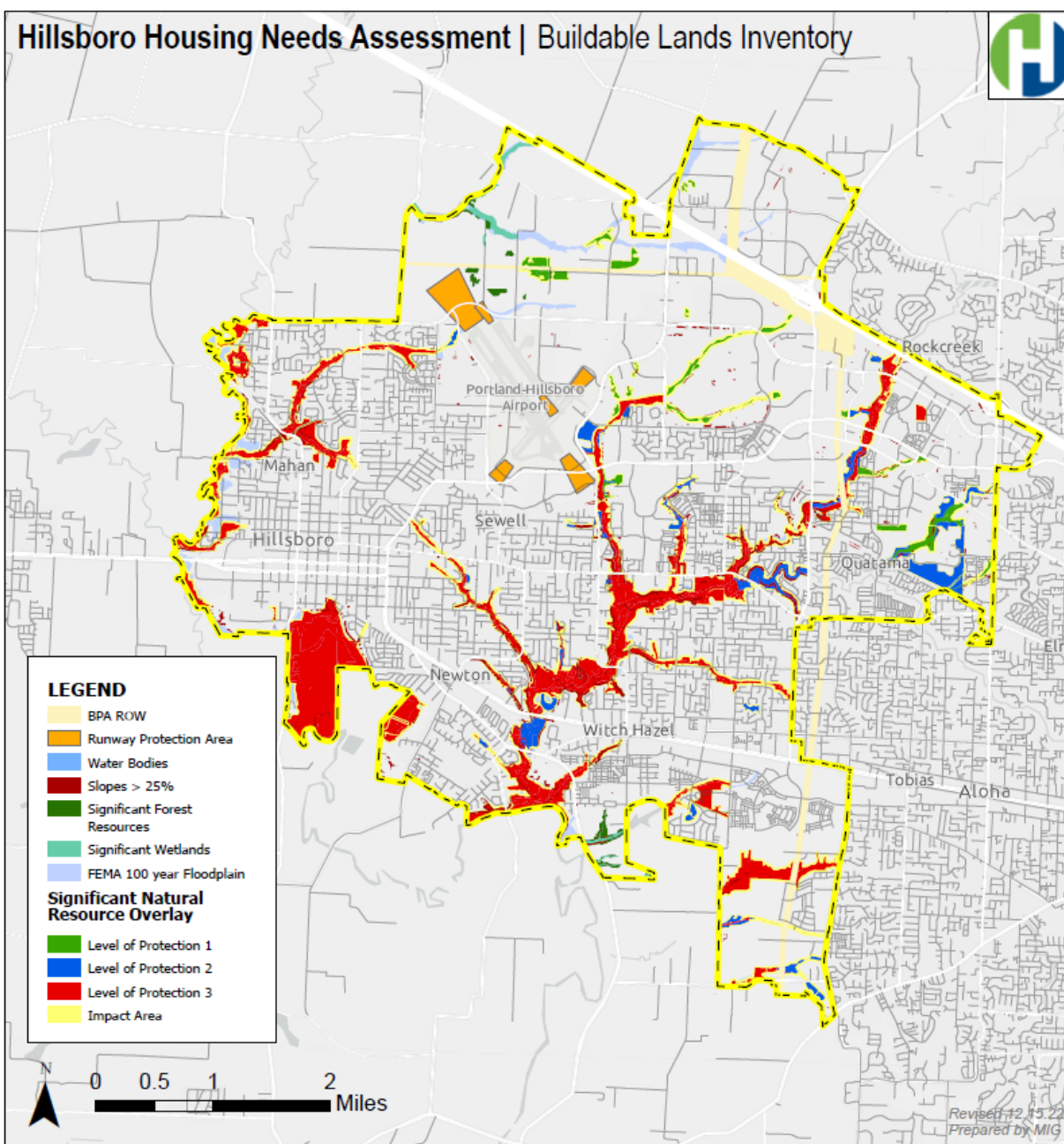
One of the primary tasks of this BLI is to identify land that is constrained by natural resources, natural hazard areas, or other regulatory constraints. Metro's 2018 BLI used a system of partial constraints for natural resources as identified in the Metro Title 13 inventory – this BLI uses a simplified system of full constraints for all land uses.

Constraints are described in Table 13 and shown on Figure 31.

Table 13. Development Constraints

<b>Constraint</b>	<b>Description</b>	<b>Developable Portion</b>
<b>Steep Slopes</b>	Slopes greater than 25%	0% Developable
<b>Water Bodies</b>	Includes lakes, streams, other areas of open water	0% Developable
<b>FEMA 100 Year Floodplain</b>	The floodway plus floodway fringe, calculated to convey a 1% annual chance (100-year) flood	0% Developable
<b>Significant Wetlands</b>	Wetlands identified as significant in the City's Local Wetland Inventory	0% Developable
<b>Significant Forest Resources</b>	Areas identified in Significant Forest Resources inventories	0% Developable
<b>Significant Natural Resources Overlay</b>	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
<b>BPA easements</b>	Land controlled by the Bonneville Power Administration (BPA); development is very limited	0% developable
<b>Airport Runway Protection Area</b>	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
<b>Total</b>	<b>16,116.4</b>	<b>3,292.3</b>	<b>12,824.1</b>

### 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.

#### Residential Development Status

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<sup>10</sup>, as follows:

<sup>10</sup> [https://www.oregonmetro.gov/sites/default/files/2018/07/03/UGR\\_Appendix2\\_Buildable\\_Lands\\_Inventory.pdf](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.

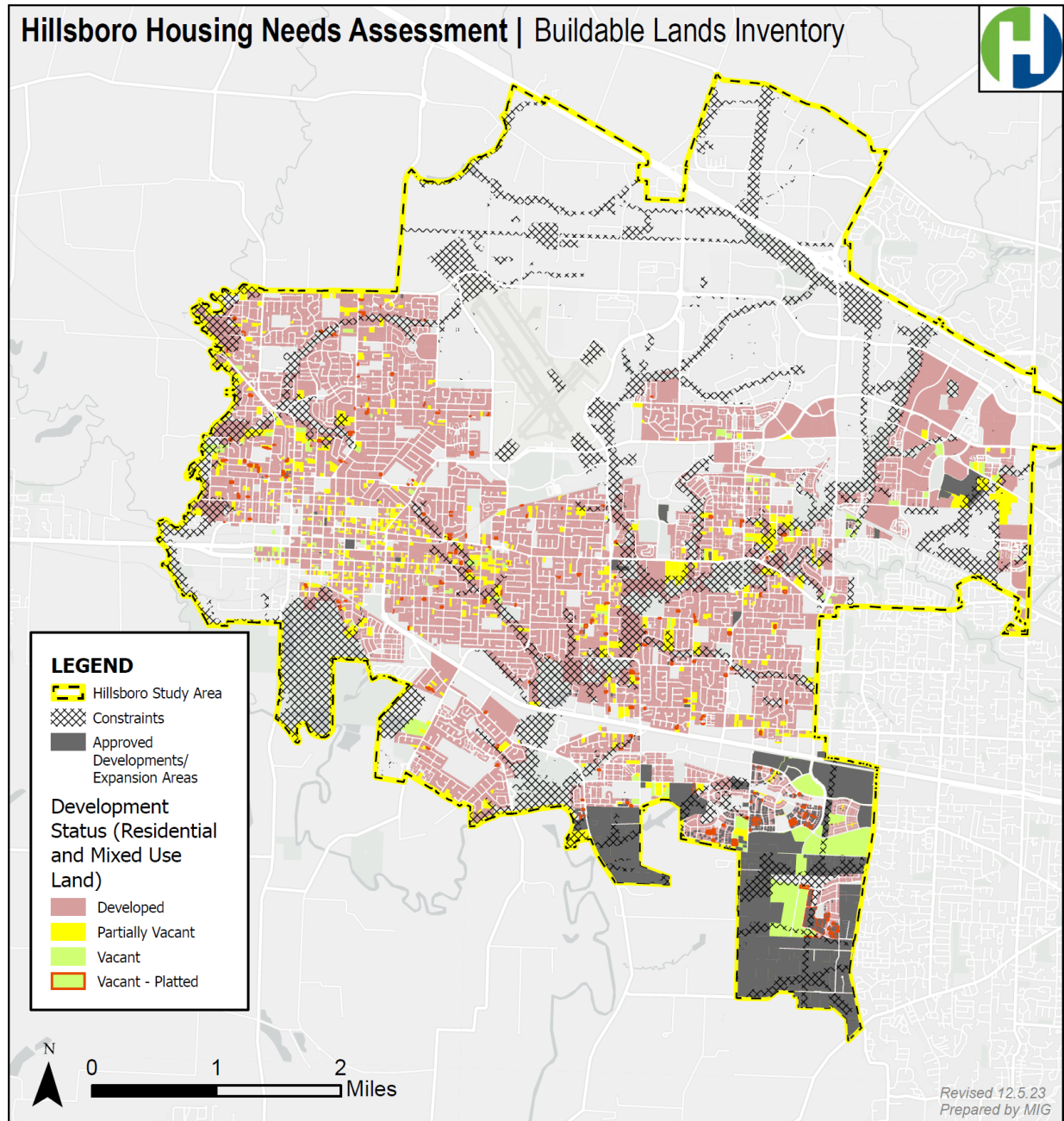
Summary

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)
<b>Residential</b>	<b>22,289</b>	<b>4,682</b>	<b>713</b>	<b>337</b>
Developed	21,406	4,071	586	0
Partially Vacant	414	382	93	192
Vacant	57	185	29	145
Vacant – Platted	412	44	5	0
<b>Mixed Use</b>	<b>5,775</b>	<b>1,080</b>	<b>70</b>	<b>135</b>
Developed	5,428	874	48	0
Partially Vacant	228	134	20	70
Vacant	119	72	3	65
<b>Total</b>	<b>28,064</b>	<b>5,762</b>	<b>783</b>	<b>472</b>

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 1/5<sup>th</sup> to 1/3<sup>rd</sup> 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**

<b>Mixed Use Zone</b>	<b>Residential Percentage</b>	<b>Employment Percentage</b>
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)**

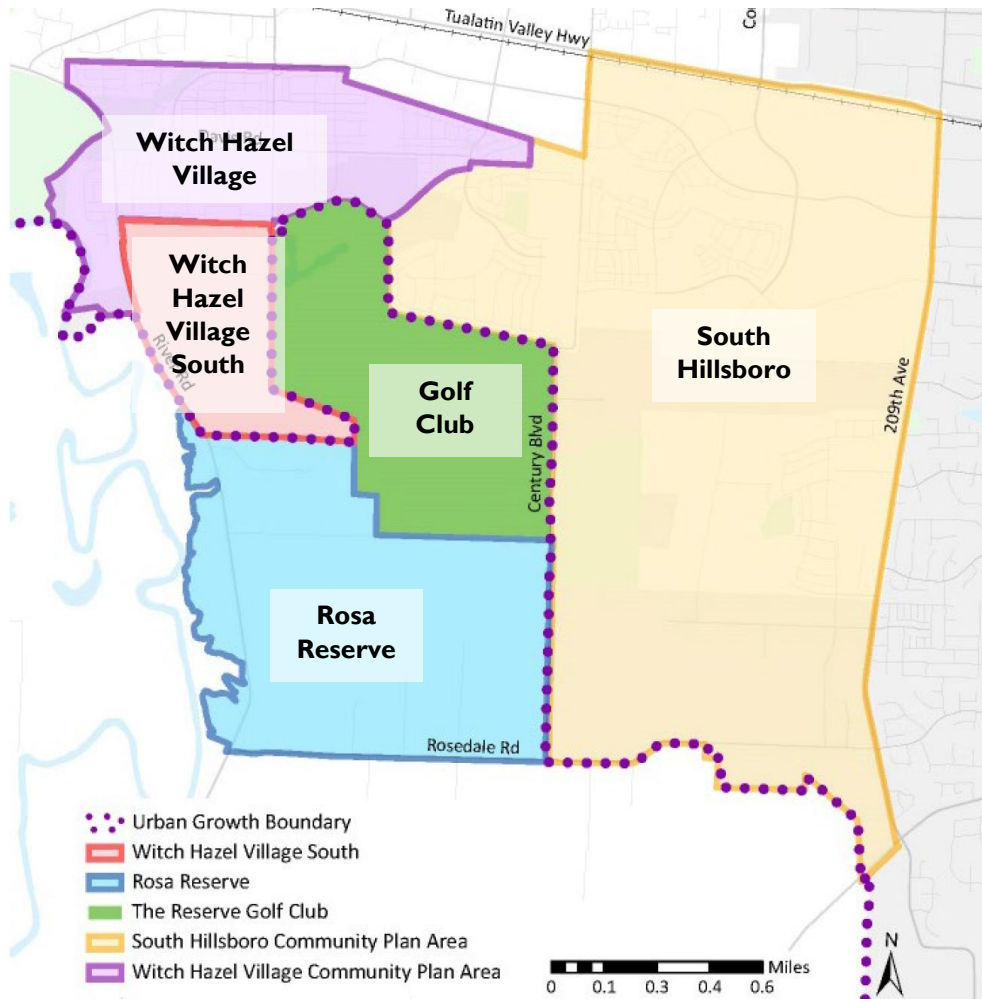
<b>Development Description</b>	<b>Taxlot(s)</b>	<b>Number of Units</b>
3 <sup>rd</sup> Ave Apartments	IN231CA06300 IN231CA06400	35
4 <sup>th</sup> Avenue Apartments	IS206BA03700	13
Amberglen Alta 1 Cooley	IN236AC00400	326
Amberglen Alta 2 Mixed-Use Apartments	IN236BD00500	594
Amberglen lot 35	IN236BD00900	162
Approved case file and construction underway - Reed's Crossing Town Center North Townhome Apartments	IS211CB09300	45
Approved case file and construction underway - Reed's Crossing Wellness Center and Hillsboro Eye Clinic	IS211CB08900	0
Approved case file and construction underway - The Ackerly Senior Living	IS211CB09400	182
Approved PUD for Westbrooke Estates	IS210CB00900 IS210CB01000 IS210CB01100 IS210CC01100	135
Butternut Creek Phase 14	IS215D000100	44
Dawson Woods	IS204AA00400	24
Nueva Esperanza, PUD	IN234CB00400	150
Habitat for Humanity - Century Commons	IS203AC00600	20
Merrill Gardens at Hillsboro	IN231CD02400	140
Oak Street village	IS206AA01700	58
Q2 Apartments	IN235DA00300	66
Reeds Crossing 1c	IS2140003500	221
Reed's Crossing Town Center North Mixed-Use	IS211CB09500 IS211CB09600 IS211CB09700	256
Reeds Crossing phase 2	IS2110001800	485
River Bend No. 2	IS216A000802	26
<b>Total Approved Units</b>		<b>2,982</b>
<b>Platted Lots</b>		<b>412</b>
<b>Total Approved and Platted Units</b>		<b>3,394</b>

**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.

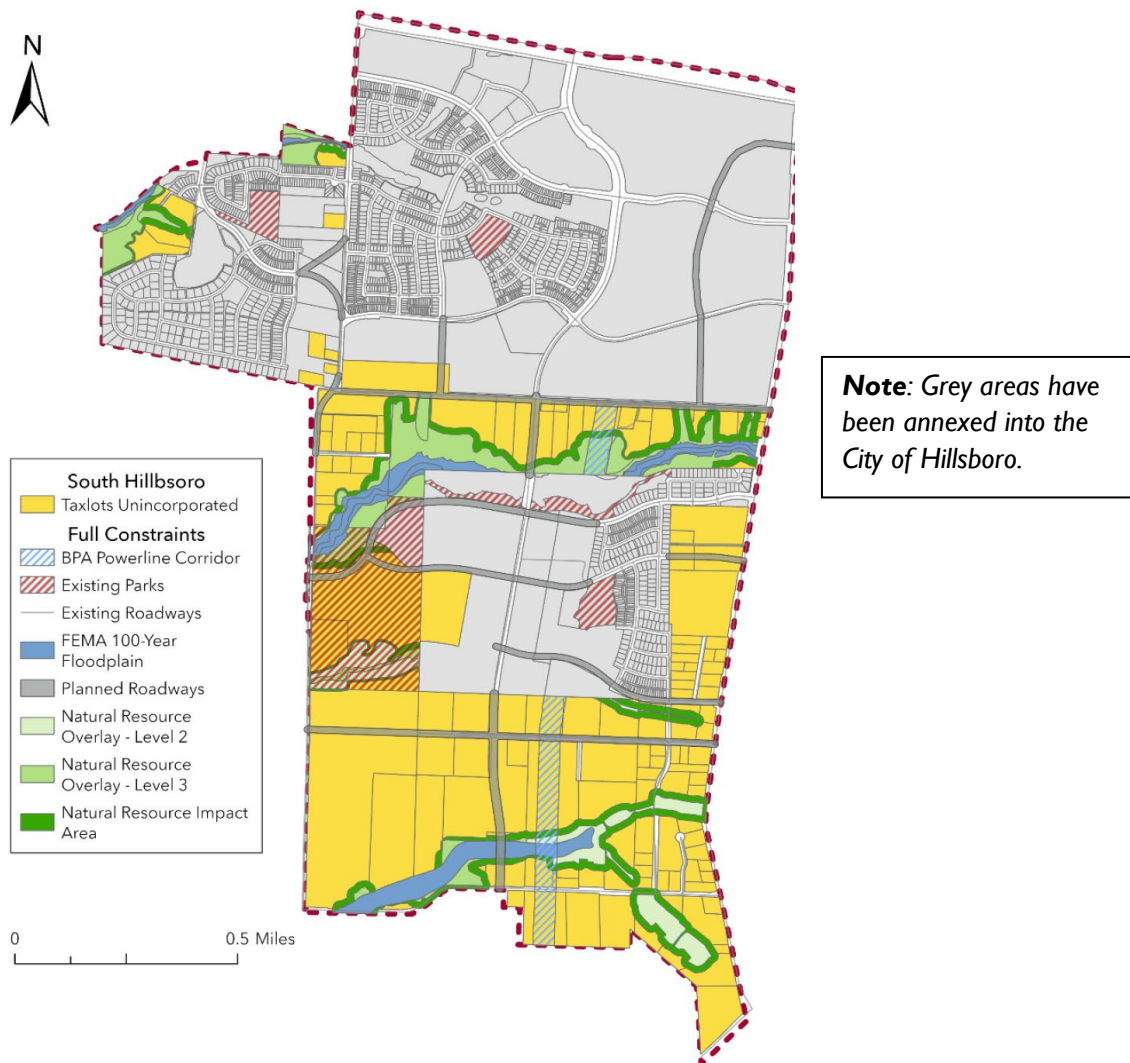
This report relies on the ECONorthwest study for these areas, as shown in Table 19 and Table 20. Figure 33 identifies these expansion areas. Figure 34 and Figure 35 are detailed maps of South Hillsboro and Witch Hazel Village South, respectively.

**Figure 33. Hillsboro Expansion Area Yield Study Reference Map (Source: ECONorthwest, Labels by MIG)**



**Figure 34. South Hillsboro Unincorporated Area (Source: ECONorthwest)**

Source: City of Hillsboro GIS

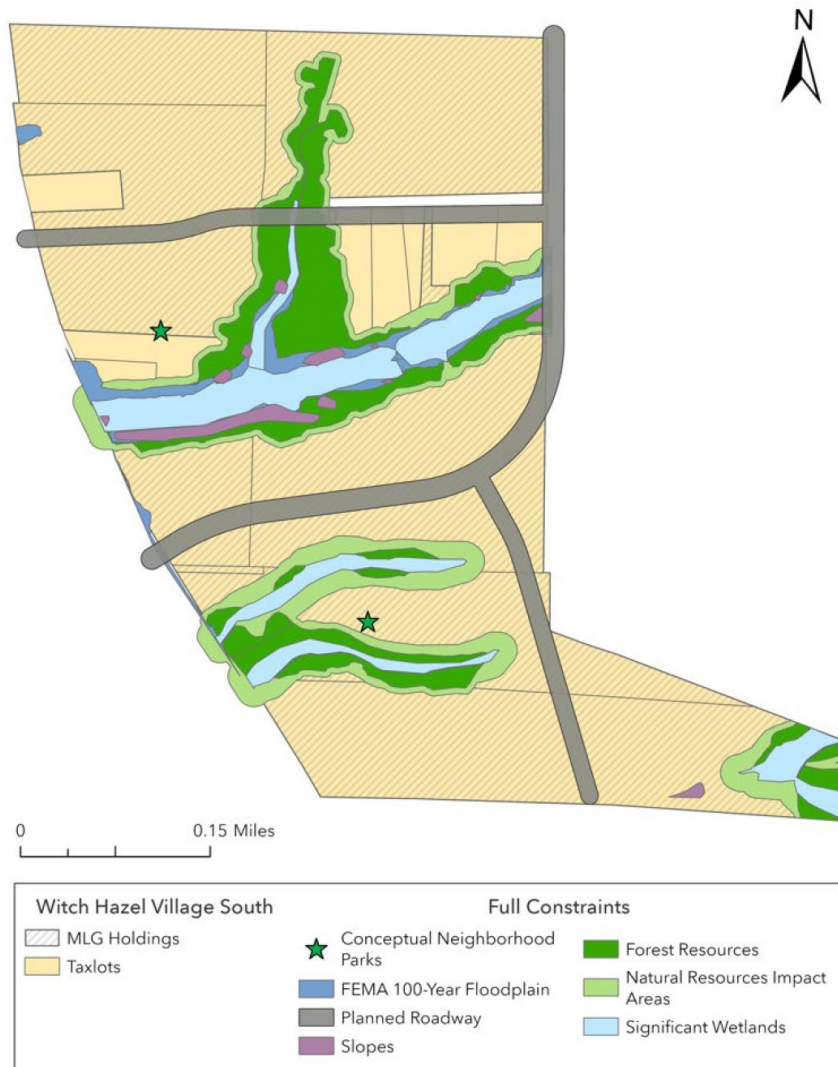
**Table 19. Estimated Dwelling Unit Yield, South Hillsboro Unincorporated Areas (Source: ECONorthwest)**

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
<b>Total</b>	<b>214</b>	<b>1,632</b>		<b>224</b>	<b>2,393</b>		<b>2,012</b>



**Figure 35. Witch Hazel Village South Detail (Source: ECONorthwest)**

Source: City of Hillsboro GIS

**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
<b>Total</b>	<b>63</b>	<b>810</b>		<b>64</b>	<b>1,154</b>		<b>1,068</b>

## 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).<sup>11</sup>

Table 21 shows the assumed density for the City's zoning. This information is based on the Hillsboro Community Development Code (CDC).<sup>12</sup>

**Table 21. Unit Capacity on Residential and Mixed-Use Land**

<b>Zoning</b>	<b>Density Notes</b>	<b>Assumption for BLI</b>
<b>R-10</b>	Generally 10,000 sf single detached lots, but other housing types allowed.	5 du/ac
<b>R-8.5</b>	Generally 8,500 sf single detached lots, but other housing types allowed	6 du/ac
<b>R-7</b>	Generally 7,000 sf single detached lots, but other housing types allowed	7 du/ac
<b>R-6</b>	Generally 6,000 sf single detached lots, but other housing types allowed	8 du/ac
<b>R-4.5</b>	Generally 4,500 sf single detached lots, but other housing units allowed.	9 du/ac
<b>MR-1</b>	11-16 du/ac per code (townhouses higher).	16 du/ac
<b>MR-2</b>	17-21.25 du/ac per code.	21.25 du/ac
<b>MR-3</b>	23-28.5 du/ac per code	28.5 du/ac
<b>SCR-LD</b>	9-14 du/ac	14 du/ac
<b>SCR-MD</b>	18-23 du/ac per code, up to 36 du/ac in a PUD.	20 du/ac
<b>SCR-HD</b>	24-30 du/ac per code. Up to 45 du/ac in a PUD.	30 du/ac
<b>SCR-OTC</b>	6-12 du/ac	12 du/ac
<b>SCR-DNC</b>	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.
<b>SCC-DT</b>		70 du/ac
<b>SCC-MM</b>		30 du/ac
<b>SCC-SC</b>		30 du/ac
<b>MU-N</b>	Differing requirements for Local/Collector frontage vs Arterial frontage. Differing	20 du/ac

<sup>11</sup> [https://library.qcode.us/lib/hillsboro\\_or/pub/municipal\\_code/item/chapter\\_12](https://library.qcode.us/lib/hillsboro_or/pub/municipal_code/item/chapter_12)

<sup>12</sup> [https://library.qcode.us/lib/hillsboro\\_or/pub/municipal\\_code/item/chapter\\_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.	
<b>MU-C</b>	12 du/ac in mixed use buildings, 23 in residential-only buildings.	15 du/ac
<b>MU-VTC</b>	Specific South Hillsboro mins/maxes per 12.24.360-2. About 20 du/ac for single detached otherwise.	20 du/ac
<b>SCR-V</b>	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.
<b>UC-RM</b>	24-43 du/ac	30 du/ac
<b>UC-MU</b>	43 du/ac min, no max	70 du/ac
<b>UC-AC</b>	43 du/ac min, no max	45 du/ac
<b>UC-NC</b>	30 du/ac min, no max	35 du/ac
<b>UC-OR</b>	30 du/ac min, no max	35 du/ac
<b>UC-RP</b>	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
<b>Residential Land</b>		<b>883</b>	<b>611</b>	<b>484</b>	<b>3,115</b>
Vacant	57	185	156	117	1,368
Partially Vacant	414	382	289	162	1,335
Platted	412	44	39	39	412
<b>Mixed Use Land</b>		<b>378</b>	<b>227</b>	<b>195</b>	<b>2,652</b>
Vacant	119	72	72	34	953
Partially Vacant	228	134	114	36	1525
Redevelopable	31	22	9	9	174
<b>Total</b>	<b>1,261</b>	<b>838</b>	<b>680</b>	<b>397</b>	<b>5,767</b>
<b>Approved Development</b>					<b>2,982</b>
<b>Expansion Areas (South Hillsboro Unincorporated and Witch Hazel Village South)</b>					<b>3,080</b>
<b>Middle Housing Infill</b>					<b>680</b>
<b>Total Units</b>					<b>12,509</b>

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
<b>Residential Land</b>	<b>883</b>	<b>611</b>	<b>484</b>	<b>318</b>	<b>1,885</b>	<b>792</b>	<b>438</b>	<b>3,115</b>
<i>Vacant</i>	57	185	156	117	581	463	324	1,368
<i>Partially Vacant</i>	414	382	289	162	893	328	114	1,335
<i>Platted</i>	412	44	39	39	412	0	0	412
<b>Mixed Use Land</b>	<b>378</b>	<b>227</b>	<b>195</b>	<b>79</b>	<b>243</b>	<b>1,125</b>	<b>1,284</b>	<b>2,652</b>
<i>Vacant</i>	119	72	72	34	105	359	489	953
<i>Partially Vacant</i>	228	134	114	36	112	711	702	1,525
<i>Redevelopable</i>	31	22	9	9	27	55	93	174
<b>Approved Development</b>					<b>600</b>	<b>551</b>	<b>1,831</b>	<b>2,982</b>
Expansion Areas (S Hillsboro Unincorporated and Witch Hazel Village South)					<b>1,718</b>	<b>863</b>	<b>499</b>	<b>3,080</b>
<b>Middle Housing Infill</b>			n/a		<b>0</b>	<b>680</b>	<b>0</b>	<b>680</b>
<b>TOTAL</b>					<b>4,447</b>	<b>4,011</b>	<b>4,052</b>	<b>12,509</b>

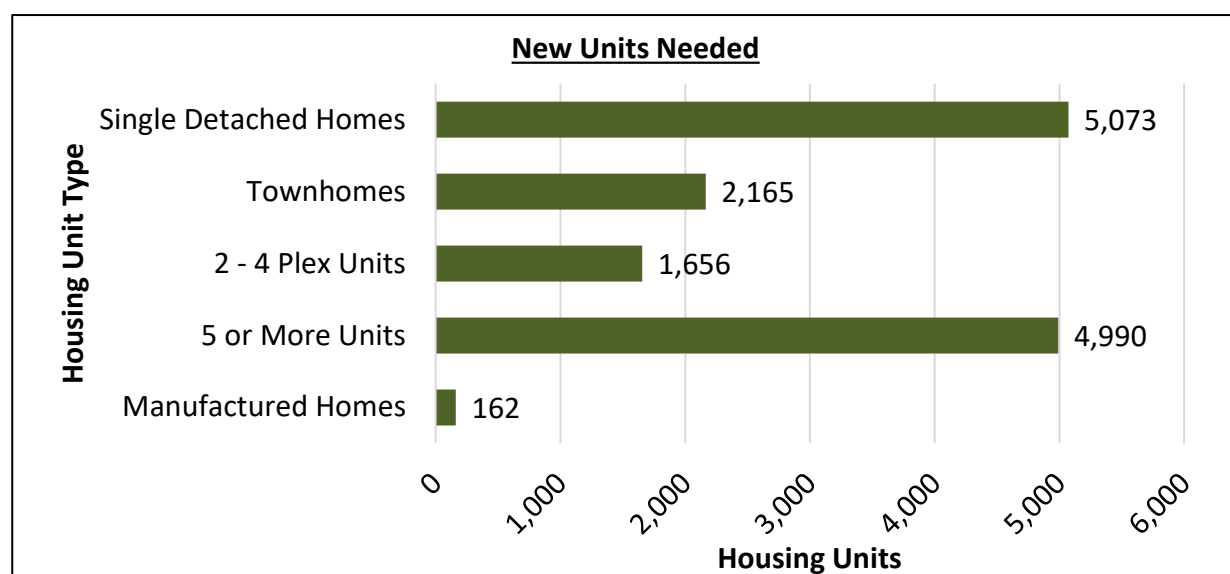
Source: MIG

- 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									
Unit Type:	Single Detached	Single Attached	Multi-Family			Manuf. home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
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

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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

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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

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## **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

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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

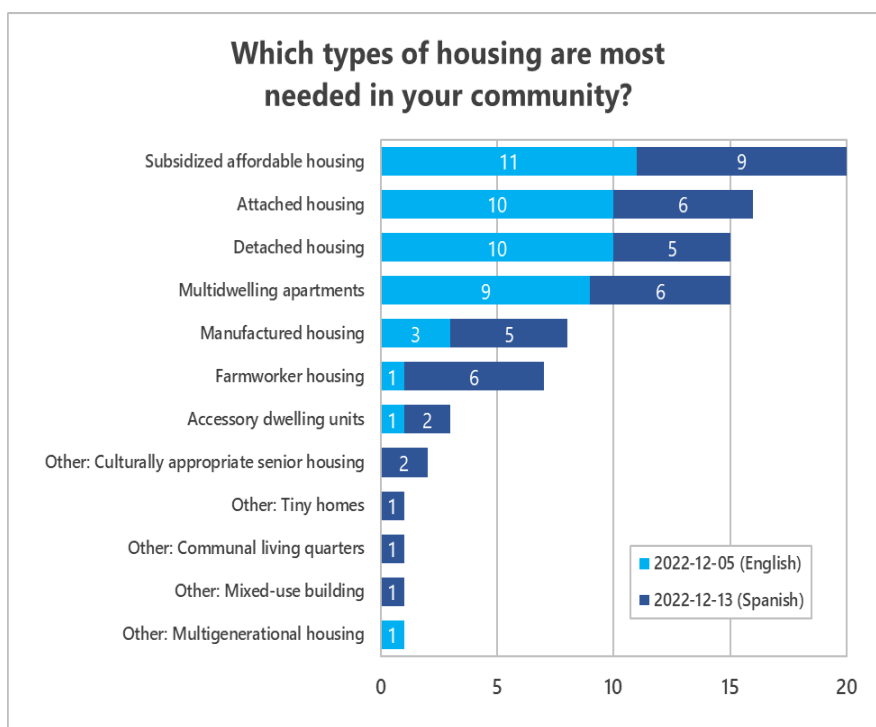
The City contracted with two community-based organizations beginning in the fall of 2022 to provide an opportunity for English and a Spanish-language BIPOC focus groups (each 12 to 15 community members) to receive valuable input on current and future housing needed in Hillsboro. The role of the HMC focus 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?

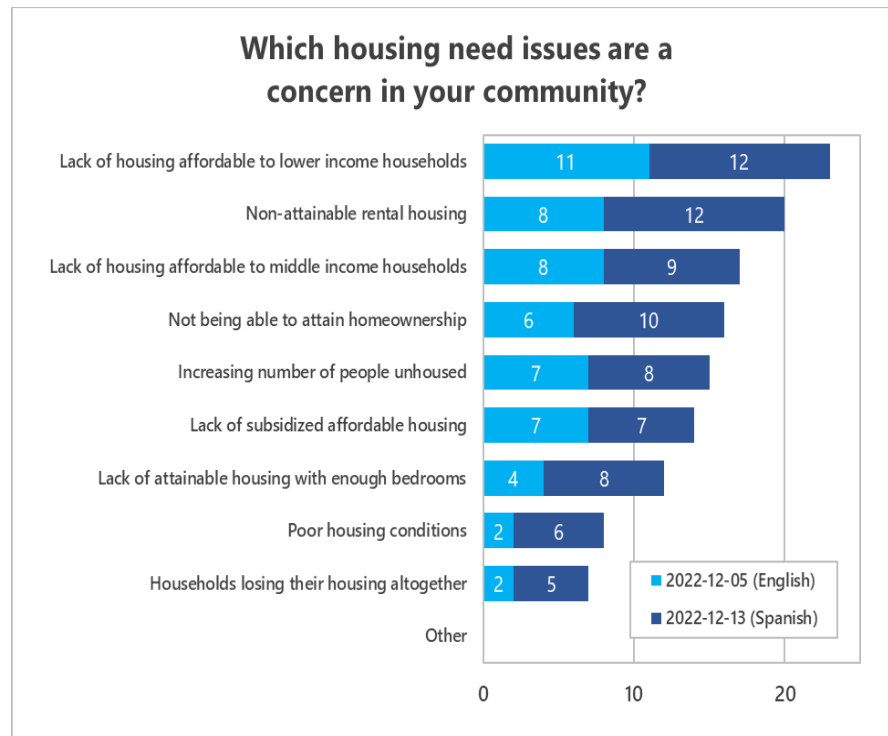
### Meeting #1 Poll Summary

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.

#### Meeting #2 with BIPOC Group (April 27, 2023)

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

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**"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

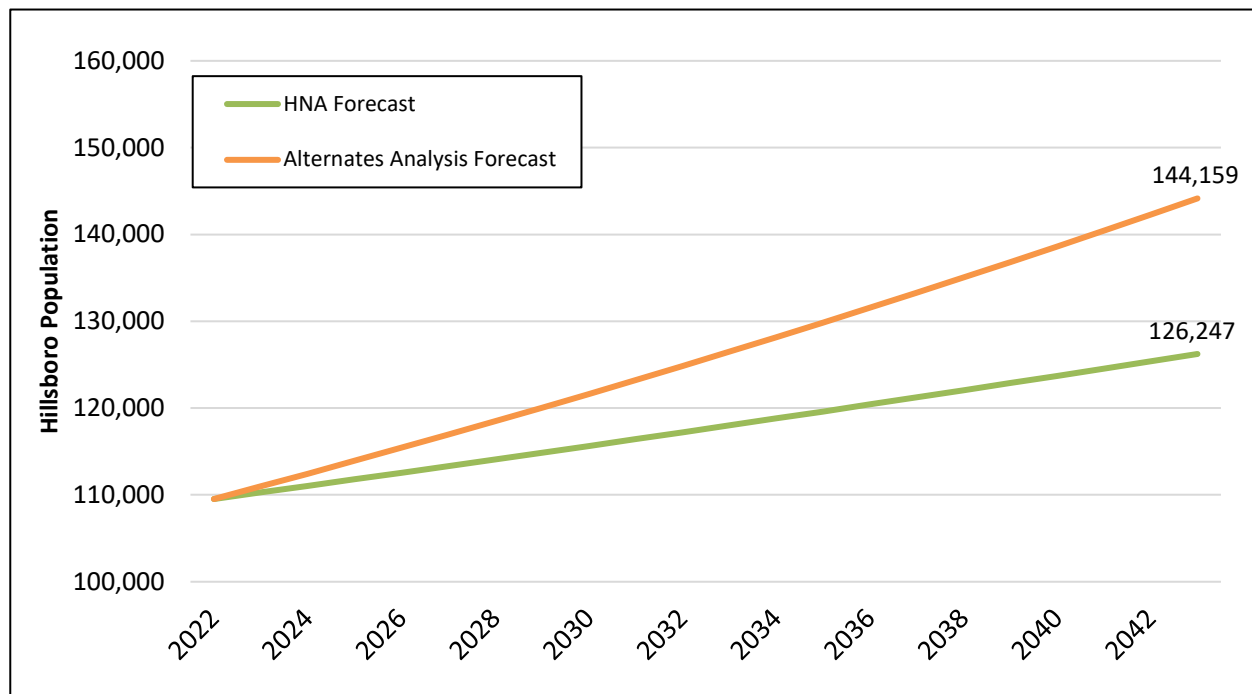
Metro has a forecast growth rate of 0.7% per year for Hillsboro, while the average household size is projected to fall to 2.3 persons per household from the current 2.6 persons. The smaller household size means that more households will be needed to accommodate the same population.

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
<b>TOTAL:</b>		<b>9,211</b>	<b>8,984</b>	<b>18,195</b>	<b>100%</b>	

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.

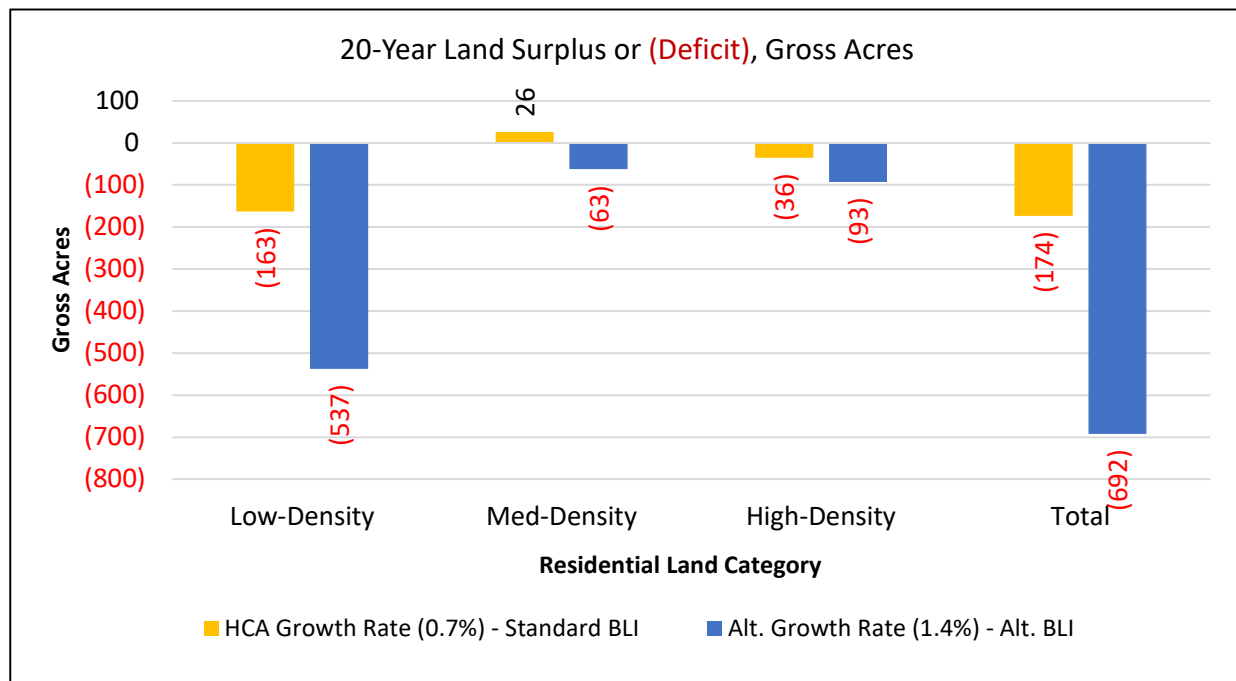
**Figure B-3: Comparison of Need and Supply - Alternative Analysis BLI and Growth Forecast**

WITHIN CITY LIMITS		SUPPLY		DEMAND			
Zone & Plan Category	Typical Housing Type	Buildable Land Inventory (Unit Capacity)	Growth Rate (1.4%)				
			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.<sup>13</sup> 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

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<sup>13</sup> 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**

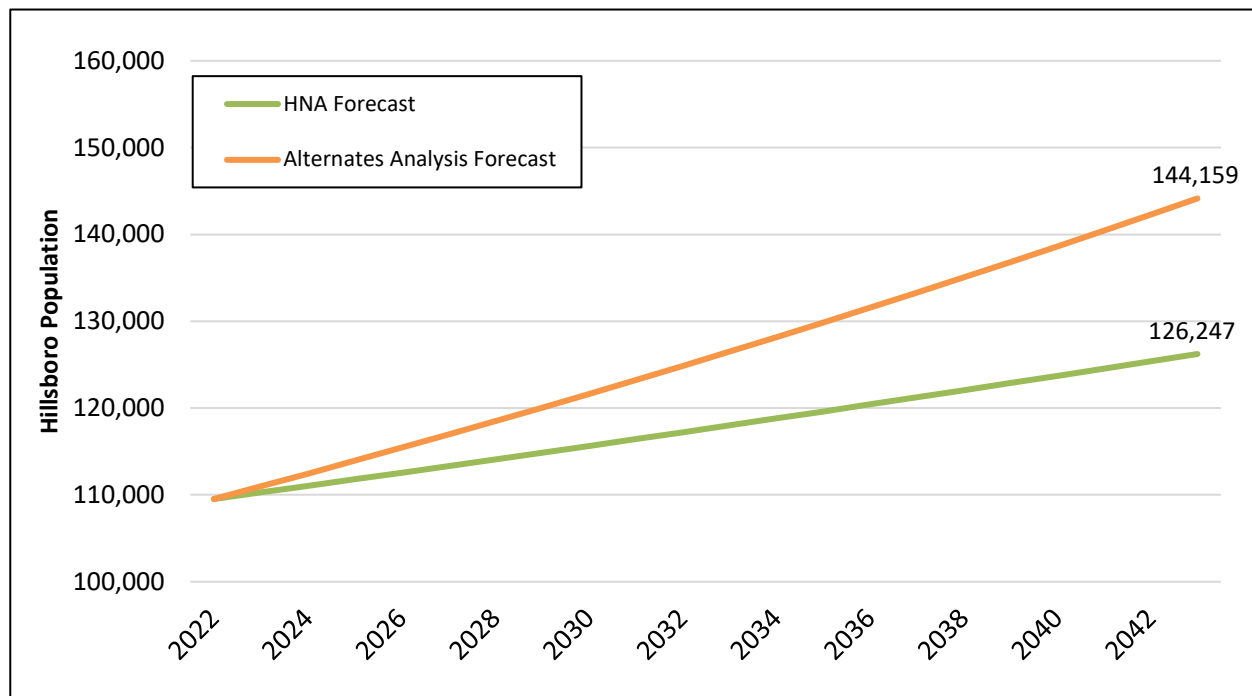
	2022	HNA FORECAST				ALTERNATIVE ANALYSIS FORECAST			
		2043	Growth	% Growth	Annual Rate	2043	Growth	% Growth	Annual Rate
Total Population:	109,532	126,247	16,715	15%	0.7%	144,159	34,627	32%	1.3%
Avg. HH Size*	2.64	2.30				2.45			
Households:	40,970	54,229	13,259	32%	1.3%	58,171	17,201	42%	1.7%
Housing 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
<b>TOTAL:</b>		<b>9,211</b>	<b>8,984</b>	<b>18,195</b>	<b>100%</b>	

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
<b>Residential Land</b>	<b>805</b>	<b>540.6</b>	<b>406.4</b>	<b>292.6</b>	<b>1,335</b>	<b>601</b>	<b>434</b>	<b>2,370</b>
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
<b>Mixed Use Land</b>	<b>274</b>	<b>177.6</b>	<b>145.7</b>	<b>74.8</b>	<b>177</b>	<b>1062</b>	<b>1248</b>	<b>2,487</b>
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
<b>Approved Development</b>					<b>600</b>	<b>551</b>	<b>1,831</b>	<b>2,982</b>
<b>Expansion Areas (South Hillsboro Unincorporated and Witch Hazel Village South)</b>					<b>1,718</b>	<b>863</b>	<b>499</b>	<b>3,080</b>
<b>Middle Housing Infill</b>					<b>0</b>	<b>680</b>	<b>0</b>	<b>680</b>
<b>Total</b>					<b>3,829</b>	<b>3,757</b>	<b>4,012</b>	<b>11,599</b>

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.

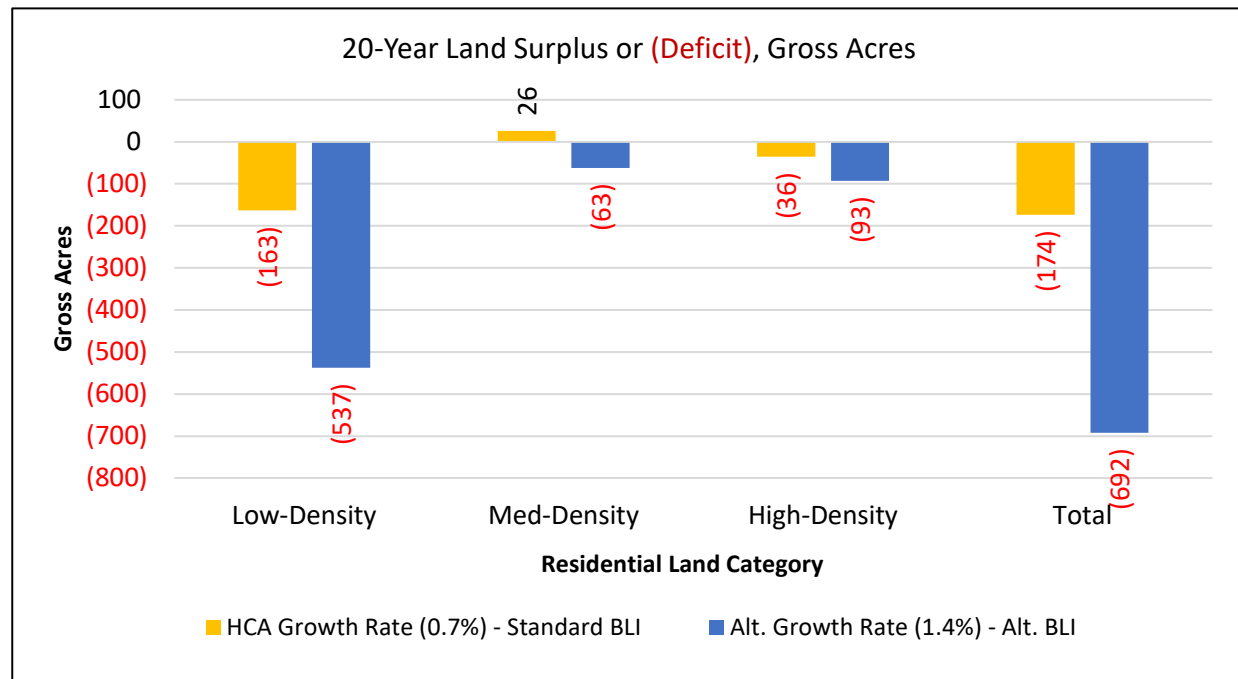
**Figure B-9. Comparison of Forecasted Need and Supply - Alternative Analysis BLI and Growth Forecast**

WITHIN CITY LIMITS		SUPPLY		NEED			
Zone & Plan Category	Typical Housing Type	Buildable Land Inventory (Unit Capacity)	New Unit Need (2040)	Avg. Density (units/ac)	Growth Rate (1.4%)		
					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.I – Alternative Analysis Buildable Lands Inventory (BLI)

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## Introduction

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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

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- **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....”<sup>14</sup>

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.

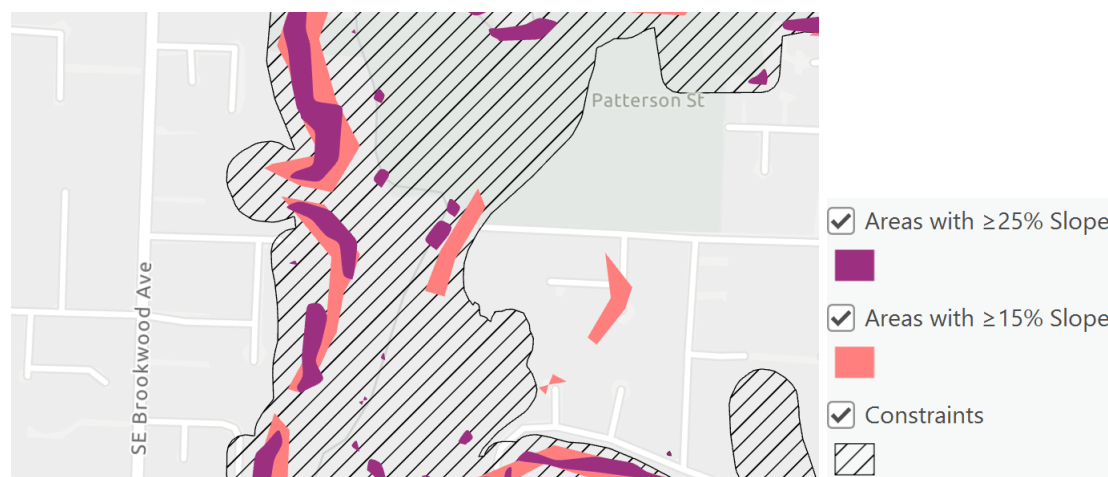
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<sup>14</sup> Oregon Fire Code (OFC) 503.2.7 as amended by the City of Hillsboro Municipal Code 11.28.010, OFC D103.2

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.



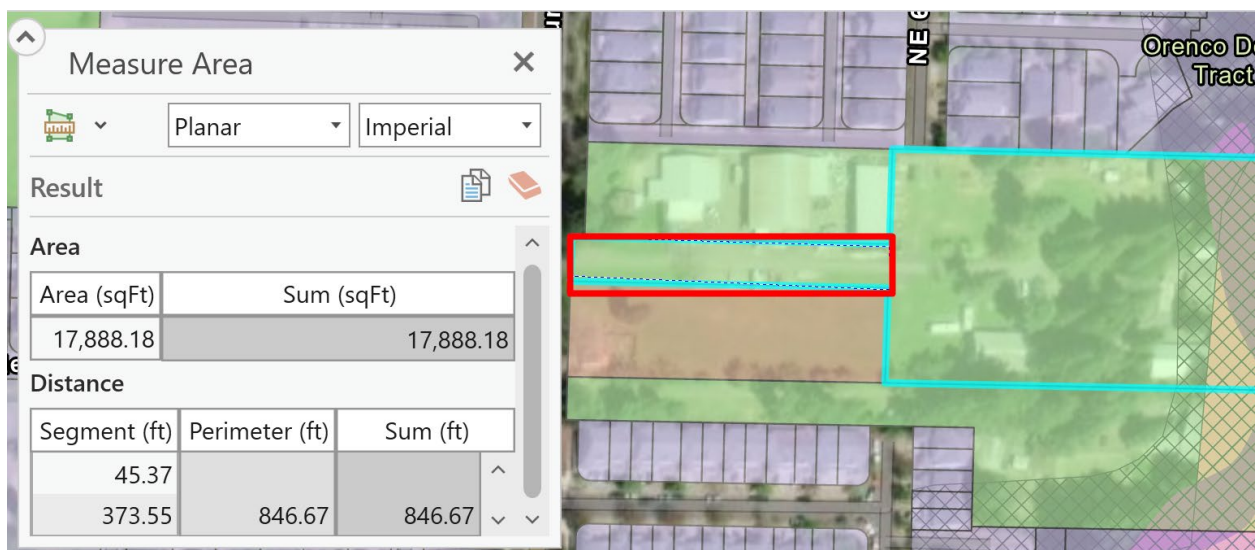
## Partially Vacant Definition

- **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.

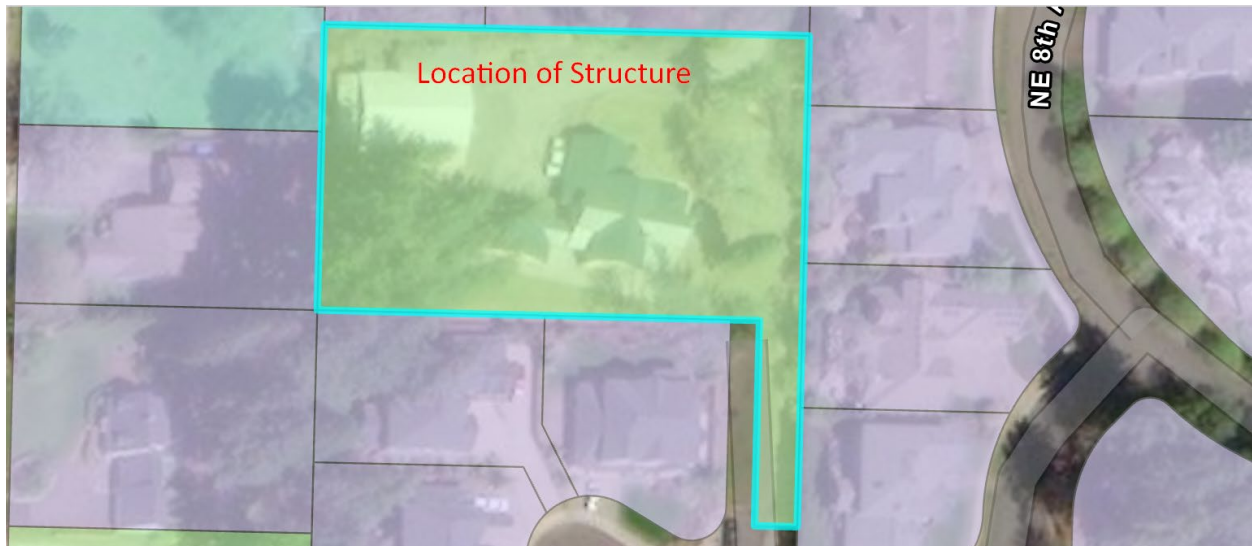


## Location of Structures/Access Issues

- **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.

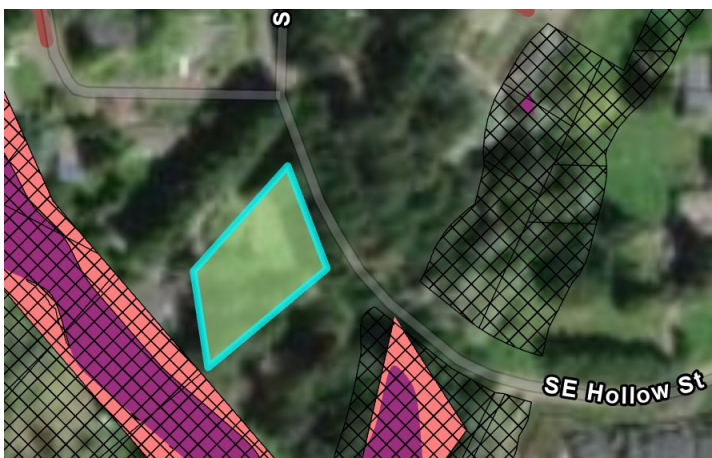
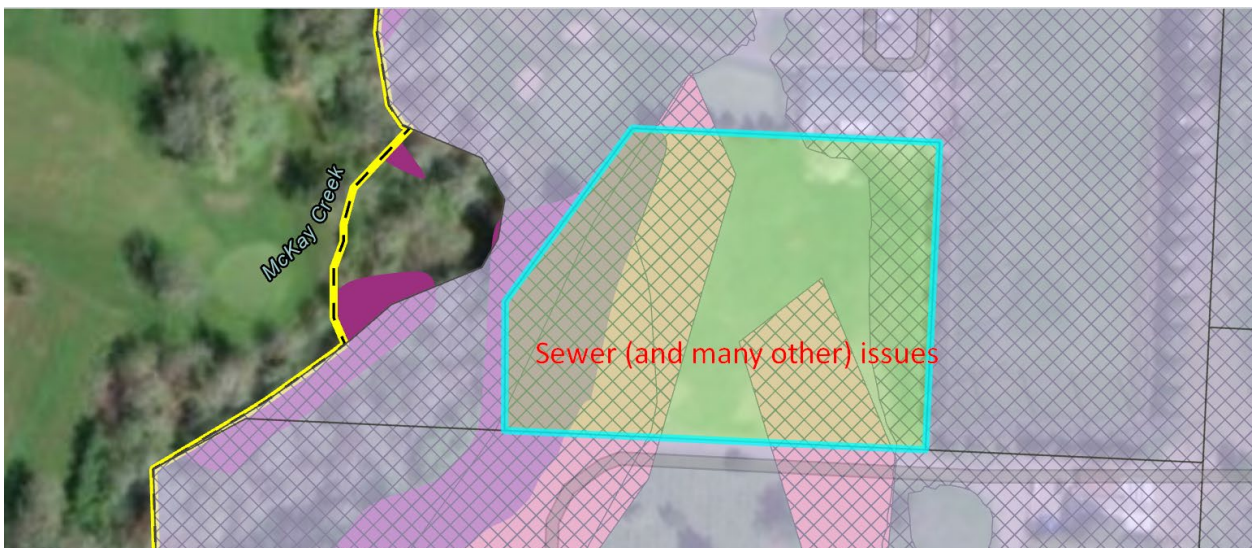


### Sanitary Sewer Availability

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- **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.







## 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
<b>Residential Land</b>	<b>805</b>	<b>540.6</b>	<b>406.4</b>	<b>292.6</b>	<b>1,335</b>	<b>601</b>	<b>434</b>	<b>2,370</b>
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
<b>Mixed Use Land</b>	<b>274</b>	<b>177.6</b>	<b>145.7</b>	<b>74.8</b>	<b>177</b>	<b>1062</b>	<b>1248</b>	<b>2,487</b>
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
<b>Approved Development</b>					<b>600</b>	<b>551</b>	<b>1,831</b>	<b>2,982</b>
<b>Expansion Areas (South Hillsboro Unincorporated and Witch Hazel Village South)</b>					<b>1,718</b>	<b>863</b>	<b>499</b>	<b>3,080</b>
<b>Middle Housing Infill</b>					<b>0</b>	<b>680</b>	<b>0</b>	<b>680</b>
<b>Total</b>					<b>3,829</b>	<b>3,757</b>	<b>4,012</b>	<b>11,599</b>