

# OREGON

Department of  
Land Conservation  
& Development



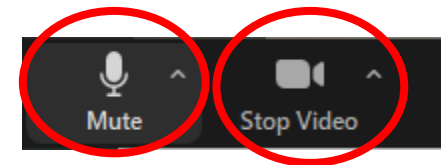
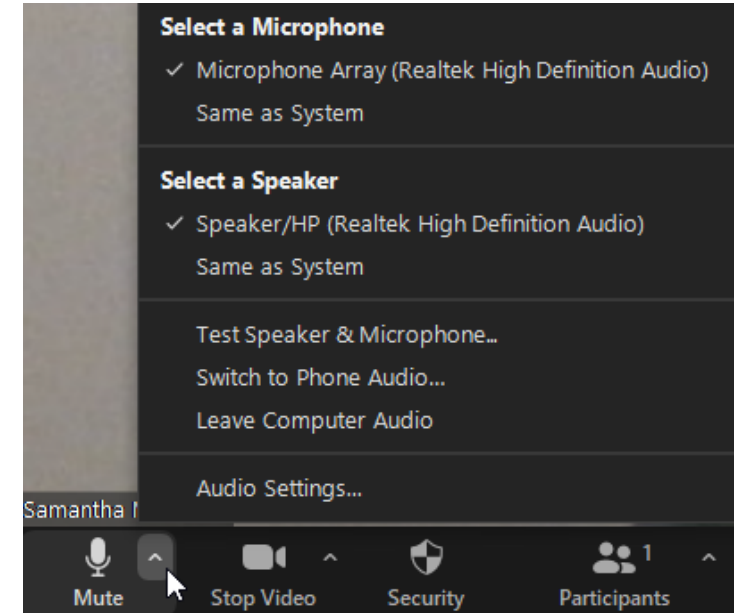
## Housing Capacity Work Group

Work Group Meeting 2

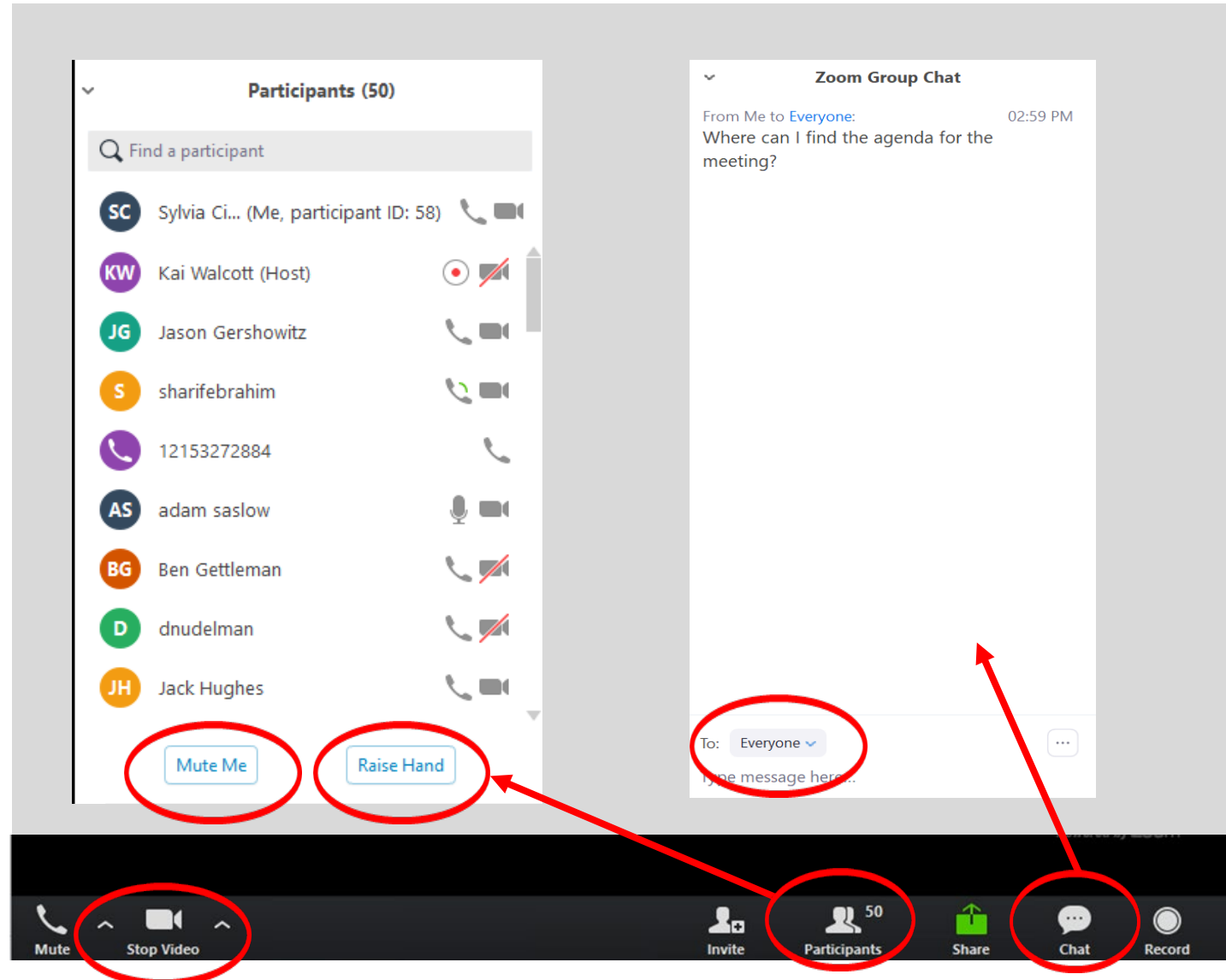
May 23, 2022

# Zoom Meeting Tips

- Please see below webinar instructions and tips below:
  - If you have not already **connected your audio**, click on the arrow next to the microphone icon, then click “Join Computer Audio” or “Switch to Phone Audio” to connect your computer speakers or to view the conference line information.
  - Please **keep yourself on mute** when not speaking. To mute and unmute, either select microphone icon, or use your personal phone.
  - **Use video** if possible, to promote face to face communication. Click the video icon to turn on your webinar camera.



# Zoom Meeting Tips



- To raise your hand by phone, press \*9.
- To unmute yourself by phone, press \*6.

# Agenda

- Welcome and Agenda Overview (*10 min*)
- Work Group Update (*5 min*)
- Discussion – Context, Breakout Groups, Report Back
  - Housing Type and Mix (*60 min*)
  - *BREAK* (*10 min*)
  - Buildable Lands Inventory (*70 min*)
- Final Thoughts and Next Steps (*25 min*)



# Working Group Members

Please set virtual “tent card”: Name - Organization

Name	Organization or Occupation
Brian McDowell	Business Oregon (ex-officio)
Lucia Ramirez	Oregon Department of Transportation (ex-officio)
Rian Hooff	Oregon Department of Environmental Quality (ex-officio)
Al Johnson	Retired Land Use Attorney
Allan Lazo	Fair Housing Council
Bill Van Vliet	Network of Oregon Affordable Housing
BreAnne Gale   Brian Rankin	City of Bend
Brian Latta	City of Dallas
Chris Faulkner	Clean Water Services
Dave Hunnicut	Oregon Property Owners Association
Emily Reiman	DevNW
Garet Prior	Wilsonville Alliance for Inclusive Community
Heather O'Donnell	City of Eugene
Jeffrey Adams	City of Cannon Beach
Jeremy Rogers	Oregon REALTORS

Name	Organization or Occupation
Jim McCauley   Ariel Nelson	League of Oregon Cities
Jonathan Trutt	Home Forward
Justin Peterson	Oregon Cascades West Council of Governments
Kaarin Knudson	Eugene - Better Housing Together
Kathy Wilde	Oregon Housing Land Advocates
Mary Anne Cooper	Oregon Farm Bureau
Mary Kyle McCurdy	1000 Friends of Oregon
Matt Lawyer	Marion County Board of Commissioners
Michael Burdick	Association of Oregon Counties
Peggy Lynch	League of Women Voters of Oregon
Peter Gutowsky	Deschutes County Community Development
Samantha Bayer	Oregon Home Builders Association
Stacie Sanders	Housing Oregon
Ted Reid   Anneliese Kohler	Metro Regional Government
Yiping Fang	Portland State University

# Meeting Guidelines



Fully participate in  
Work Group meetings



Come prepared for  
meetings



Participate in an open  
and mutually  
respectful way



Balance of speaking  
time



Serve as a liaison to  
your larger community  
of interest



Act in good faith

# Meeting Outcome

*Facilitate discussion intended to solicit feedback, proposals, and ideas to address issues related to **housing mix** and **buildable lands inventories***

# Update and Context Reminder



# Reminder on Legislative Direction (HB 5202)

DLCD directed to facilitate discussion on housing capacity (including a work group), with a focus on:

- How **land within Urban Growth Boundaries (UGBs) can be better utilized** to increase housing types and units, including the reduction of restrictive or outdated zoning regulations and the appropriate conversion of commercial and employment uses to residential use.
- How the **process and level of data necessary to establish the need** for UGB adjustments can be streamlined, while considering the protection of resource lands.
- How the **regulatory review** of UGB adjustments can be streamlined, while considering the protection of resource lands.
- How to fund **additional capacity in cities below 10,000** to plan for and work to facilitate the development of housing in their communities.

# Housing Capacity Work Group Role

**Charter complete! (included in materials)**

1. **Advise DLCD staff** on issues specific to housing capacity as implemented through the Housing Capacity Analysis (HCA) and related statute and administrative rule;
2. **Provide diverse perspectives and share knowledge and experiences** working with Housing Capacity Analyses and Goal 10, and constructively critique staff's direction and proposals (*it is not intended to seek consensus*);
3. Consider and, to the greatest extent practical, **integrate the diverse perspectives, knowledge, and experiences from the Housing Needs Work Group** and stakeholder engagement process.

# Roles and Responsibilities

## Housing Needs Work Group

### Core Recommendations

*On the incorporation of a RHNA into state and local planning programs.*

- **Finalizing Methodology** – agency(ies) responsible, process for revisions, and frequency
- **Implementation Pathways** – housing needs projection vs housing production index
- **Measuring Production** – Tracking market rate and affordable production

### Conditions for Success

*Achieving production, affordability, and equitable outcomes*

- **Accountability** – Responsibility of state, regional, and local gov't to respond to unmet need
- **Funding** – Investment in infrastructure and housing production
- **Administrative Capacity** – Needed state, regional, and local capacity to implement legislative direction on housing

## Housing Capacity Work Group

### Housing Capacity Recommendations

*On regional housing needs and land supply issues.*

- **Efficiency Measures** – increasing supply within the UGB
- **Process and Data** – Streamlining the establishment of need for UGB adjustments
- **Regulatory Review** – Streamlining the review of UGB adjustments
- **Small Cities** – Increasing capacity in cities below 10,000

# Reminder on Issues

## Housing Capacity Analysis



1. Translating housing need (OHNA) to housing types/mix
2. Buildable Lands Inventory
3. Efficiency Measures
4. Urban Growth Boundary review process
5. (Throughout) Building capacity in cities below 10,000 population

# About Today's Discussion

## Legislative Timeline and Process Implications

**Today's Discussion:** Context, break-out groups, and report back for two topics

- Current statutory framework
- Identified issue(s)
- Ideas to prompt discussion

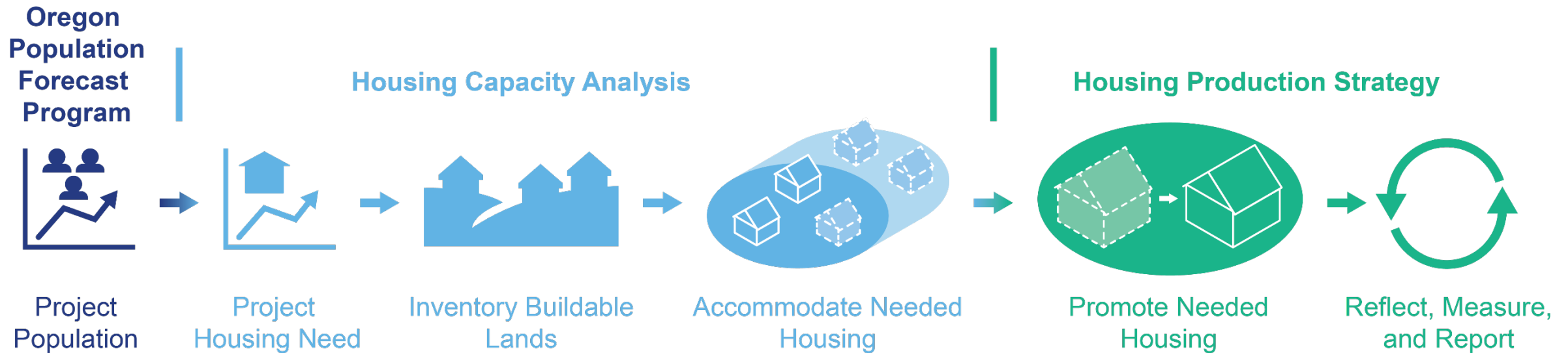
**Note on expectations:** *We do not expect working group members to articulate well-developed policy proposals on the fly, but we encourage sharing ideas and refinement, either in today's discussion or later. Please direct feedback to the project team.*

# Future Housing Mix



# Reminder – Goal 10

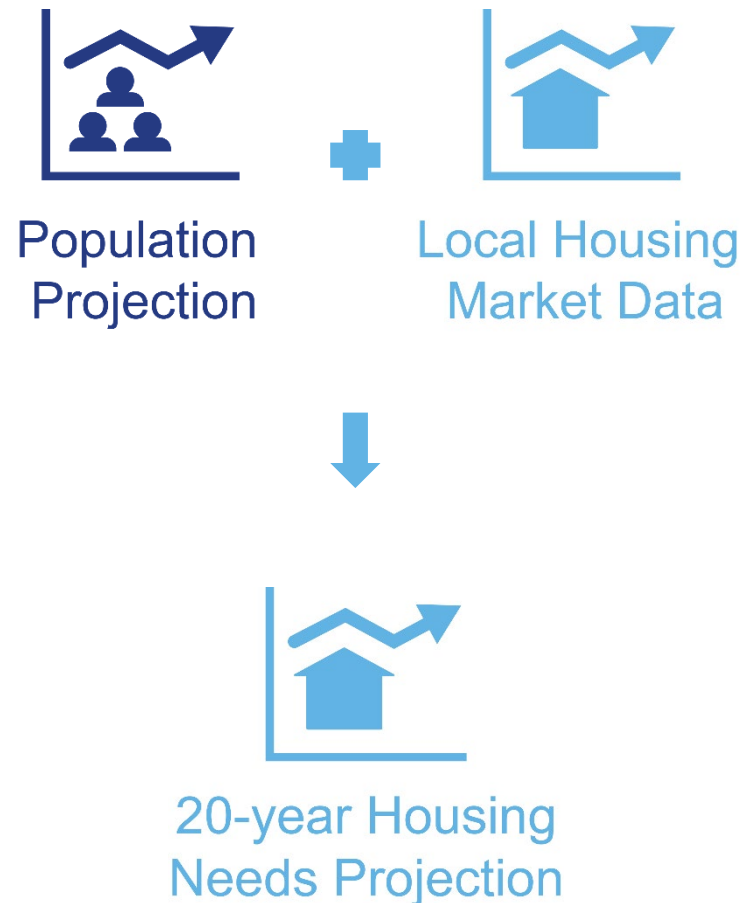
*“To provide for the housing needs of citizens of the state. Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.”*



**Metro Cities – 6 years**

**Non-Metro Cities – 8 years**

# Housing Needs Projection



**Population Projection** – PSU Population Research Center or Metro (ORS 190.520)

**Local Market Data** – To inform projected need and capacity assumptions (ORS 197.296(5))

- Actual production & trends (number, density, average mix)
- Market factors
- Production on buildable lands

**20-Year Housing Needs Projection** – By “type and density range” (ORS 197.296 and 197.303(2))

**Note: Housing Needs Work Group and the Oregon Housing Needs Analysis (OHNA)**

# “Needed Housing”

**ORS 197.303(1)** – “... “needed housing” means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes... “Needed housing” includes the following housing types:

- Attached and detached single-family housing and multiple family housing for both owner and renter occupancy
- Government assisted housing
- Mobile home or manufactured dwelling parks
- Manufactured homes on individual lots planned and zoned for single-family residential use
- Housing for farmworkers.

# Factors Affecting Need

**“Needed Housing” ORS 197.303 (2)** – “For the purpose of estimating housing needs... a local government shall use the population projections... and shall consider and adopt findings related to changes in each of the following factors since the last [housing capacity analysis] and the projected future changes in these factors over a 20-year planning period:

- a) Household sizes
- b) Household demographics
- c) Household incomes
- d) Vacancy rates
- e) Housing costs.

**ORS 197.296 (5)(a)** – “... the determination of housing capacity must be based on data relating to land within the urban growth boundary that has been collected since the last [housing capacity analysis]. The data shall include:

- A. The **number, density and average mix** of housing types of urban residential development **that have actually occurred**
- B. **Trends in density and average mix** of housing types of urban residential development
- C. **Market factors** that may substantially impact future urban residential development
- D. The **number, density and average mix** of housing types that have occurred **on the buildable lands**

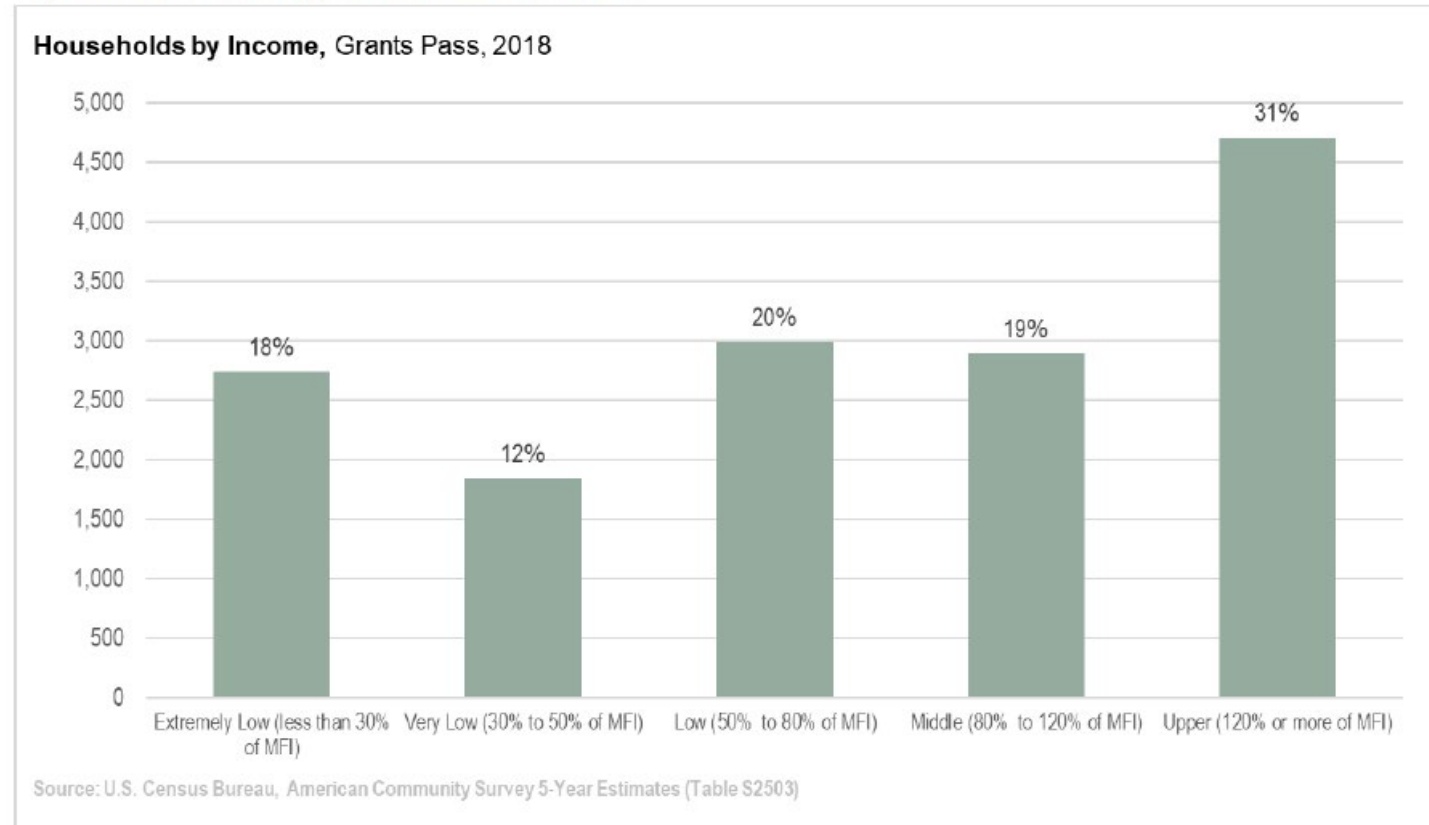
# Identified Issue

**Intent of Goal 10 and Implementing Statute** – Plan for future housing types and characteristics “*commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density*” and rooted in realistic market and subsidized affordable conditions.

**In Practice** – Future housing mix often resembles past development trends, bifurcates between single- and multi-family housing, and is mismatched to household needs. Changes to mix are possible but inertial.

# Example – Grants Pass

Figure 3: Households by Income Level, 2014-2018



Grants Pass has a significant share of lower income and cost burdened households

Cost Burden (2018, 5-year ACS)	Grants Pass city, Oregon		
	Estimate	Percentage	Margin of Error
Total:	15,158		±457
Owner-occupied housing units:	7,764		±503
Total 30 percent or more	2000	26%	
Renter-occupied housing units:	7,394		±519
Total 30 percent or more	4,191	57%	
Both tenure 30 percent or more	6,191	41%	



# Example – Grants Pass

The median home price is unaffordable to most Grants Pass households

Figure 10: Median Home Sales Price Trends in Selected Markets

	Oct-18	Oct-19	Oct-20	Annual Change %
Grants Pass	\$273,000	\$294,000	\$324,000	8.9%
Medford	\$283,000	\$285,000	\$312,000	5.0%
Ashland	\$457,000	\$451,000	\$469,000	1.3%
Roseburg	\$210,000	\$223,000	\$239,000	6.7%
Klamath Falls	\$175,000	\$187,000	\$205,000	8.2%

Source: Zillow.com; analysis by FCS 10/28/20

And new construction is not getting less expensive (NAHB, 2019 – national)

Example courtesy of FCS Group

Figure 9: Grants Pass Affordable Housing Analysis

<b>Josephine County Median Family Income Level (2018)*</b>		\$53,600
<b>Available Monthly Rent or Payment (@30% of income level)</b>		<b>Lower-end      Upper-End</b>
Upper (120% or more of MFI)	\$1,608	or more
Middle (80% to 120% of MFI)	\$1,072	\$1,608
Low (50% to 80% of MFI)	\$670	\$1,072
Very Low (30% to 50% of MFI)	\$402	\$670
Extremely Low (less than 30% of MFI)	\$402	or less
<b>Approximate Attainable Home Price**</b>		<b>Lower-end      Upper-End</b>
Upper (120% or more of MFI)	\$426,000	or more
Middle (80% to 120% of MFI)	\$284,000	\$426,000
Low (50% to 80% of MFI)	\$177,000	\$284,000
Very Low (30% to 50% of MFI)	\$106,000	\$177,000
Extremely Low (less than 30% of MFI)	\$106,000	or less

I. Sale Price Breakdown	Average	Share of Price
A. Finished Lot Cost (including financing cost)	\$89,540	18.5%
B. Total Construction Cost	\$296,652	61.1%
C. Financing Cost	\$8,160	1.7%
D. Overhead and General Expenses	\$23,683	4.9%
E. Marketing Cost	\$4,895	1.0%
F. Sales Commission	\$18,105	3.7%
G. Profit	\$44,092	9.1%
<b>Total Sales Price</b>	<b>\$485,128</b>	<b>100.0%</b>

# Example – Grants Pass

**Current Mix  
(all housing)**

Figure 8: Existing Housing Mix, City of Grants Pass

	Owner-Occupied Dwelling Units	Renter-Occupied Dwelling Units	Vacant Units	Total Dwelling Units
Housing Tenure Distribution:	<b>48.4%</b>	<b>46.1%</b>	<b>5.6%</b>	<b>100.0%</b>
Housing Type Distribution				
Single Family Detached	89.4%	42.6%	70.7%	66.8%
Townhomes / Plexes	2.1%	31.9%	19.9%	16.8%
Multi family (5+ units)	0.5%	22.1%	9.1%	10.9%
Mfg. home/other	8.0%	3.5%	0.3%	5.5%
Total	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

U.S. Census Bureau, American Community Survey 2013-2018 5-Year Estimates (Tables B25032 and CP04).

Figure 13: Housing Need by Tenure & Housing Type

	Owner-Occupied Dwelling Units	Renter-Occupied Dwelling Units	Vacant Units	Total Dwelling Units	Projected 20-Year Need (Units)
Housing Tenure Distribution:	<b>44.0%</b>	<b>50.4%</b>	<b>5.6%</b>	<b>100.0%</b>	<b>4,055</b>
Housing Type Distribution					
Single Family Detached	86.0%	40.0%	61.4%	61.4%	2,502
Townhomes / Plexes	3.0%	32.0%	18.5%	18.5%	749
Multi family (5+ units)	0.5%	25.0%	13.6%	13.6%	551
Mfg. home/other	10.0%	3.0%	6.3%	6.3%	254
Total	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>4,055</b>
Group quarters (pop)					<b>227</b>

U.S. Census Bureau, American Community Survey 5-Year Estimates (Tables B25032 and CP04) & previous tables

**Future Mix (new  
construction)**

# Ideas to Prompt Discussion

- Clarify existing statute to **broaden housing types** (e.g. middle housing) and **characteristics** (e.g. accessibility) planned for
- Clarify existing statute to consider **housing feasibility affordable to a given income**, including past production and market trends
- Direct DLCDC/LCDC to provide **safe harbor feasibility assumptions** for housing type affordability, capacity, and characteristics (e.g. size, accessibility) through rulemaking
- Cities continue to plan housing types according to local policy priorities/preferences in light of clarified statute and feasibility constraints

# Discussion Questions

## Break-out Groups (~4 people; 30 minutes)

**What we want to learn** – How to plan for housing types and characteristics in a manner that is responsive to need and rooted in realistic conditions.

**Note:** Implementation of an OHNA would provide number and affordability of units

1. The current statutory framework does not sufficiently plan for housing types “commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density”. With the implementation of an OHNA, cities will receive housing needs projections including the total number of units and their affordability thresholds. **How should cities best translate these projections into housing types and characteristics** (e.g. size, accessibility, etc.) and how can that be implemented through changes to statute and administrative rule?
2. In the current framework, past production serves as the main proxy for future market feasibility. This is an important factor in rooting future projections in reality, but it also has the effect of inhibiting the ability to plan for a variety of housing types. How would you propose **clarifying feasibility in market-rate and subsidized affordable development scenarios for different housing types and characteristics**?

# Report Back

**Break**  
*(10 minutes)*

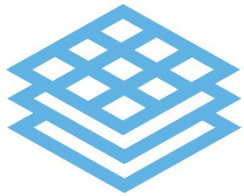


# Buildable Lands Inventory (BLI)

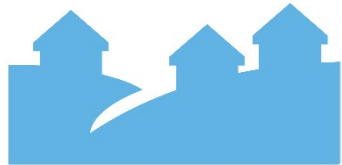
# Buildable Lands Inventory



Assumed Density  
of Future Development



Buildable Lands  
Inventory



Capacity of Land  
for Housing

## The “20-year land supply” – ORS 197.296

“A local government shall demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands... for 20 years”

**Buildable Lands Inventory (BLI)** – Jurisdiction must produce a map showing buildable lands, including (ORS 197.296(4)):

- Vacant
- Partially vacant
- Mixed-use
- Infill and redevelopment

# Remove Constrained Lands



## OAR 660, Division 008

- Natural Hazards (Goal 7)
- Natural Resource Protections (Goals 5, 6, 15, 16, 17 & 18)
- Has slopes of 25 percent or greater
- Is within the 100-year floodplain
- Cannot be provided with public facilities

## OAR 660, Division 038

Includes specific safe-harbor assumptions for constraints

# Estimate Future Capacity



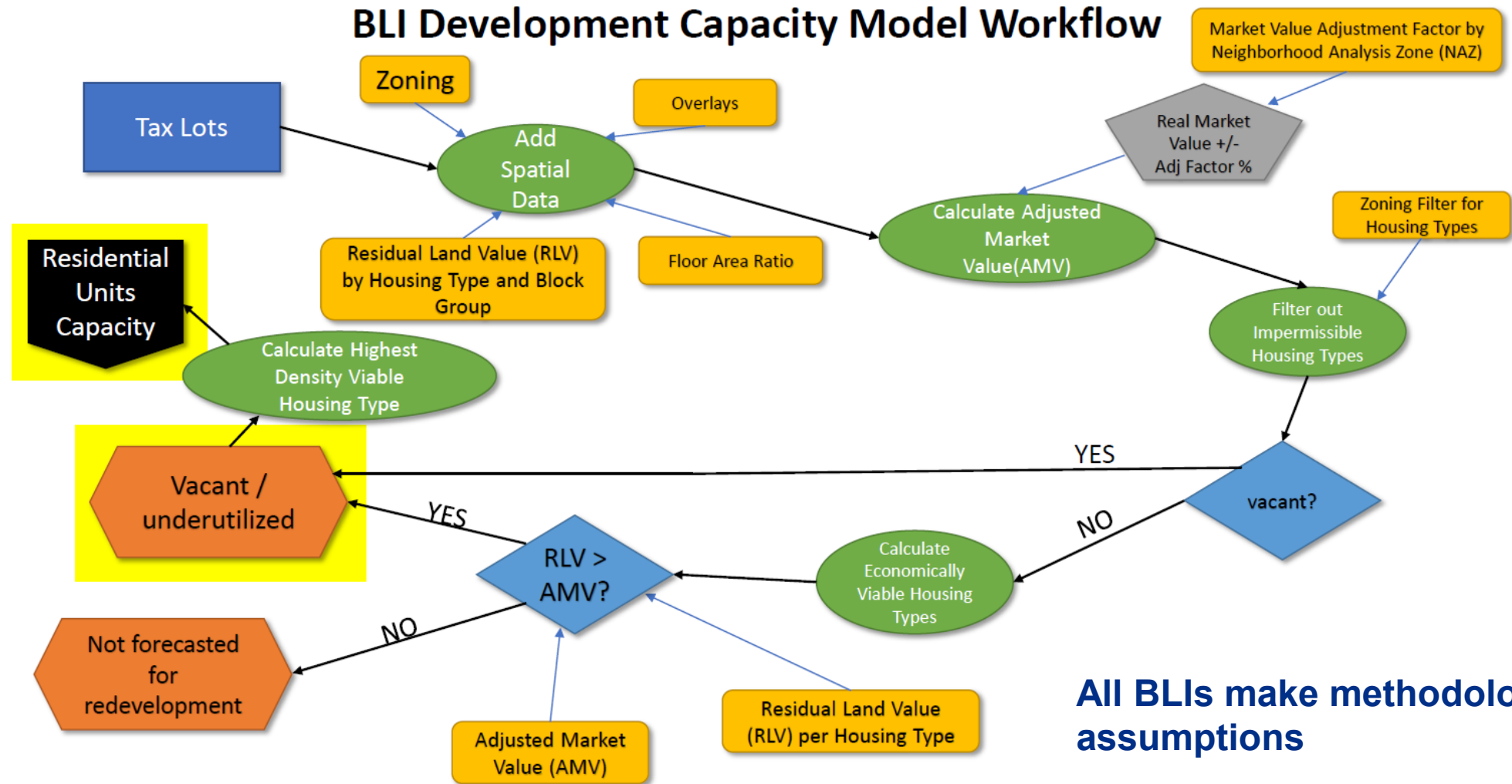
Image Courtesy of the Statesman Journal

**ORS 197.296 (5)(a)** – “... the determination of housing capacity must be based on data relating to land within the urban growth boundary that has been collected since the last [housing capacity analysis]. The data shall include:

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- B. **Trends in density and average mix** of housing types of urban residential development
- C. **Market factors** that may substantially impact future urban residential development
- D. The **number, density and average mix** of housing types that have occurred **on the buildable lands**

**Accuracy is critically important... and fraught.**

# Accuracy Increases Analytical Complexity

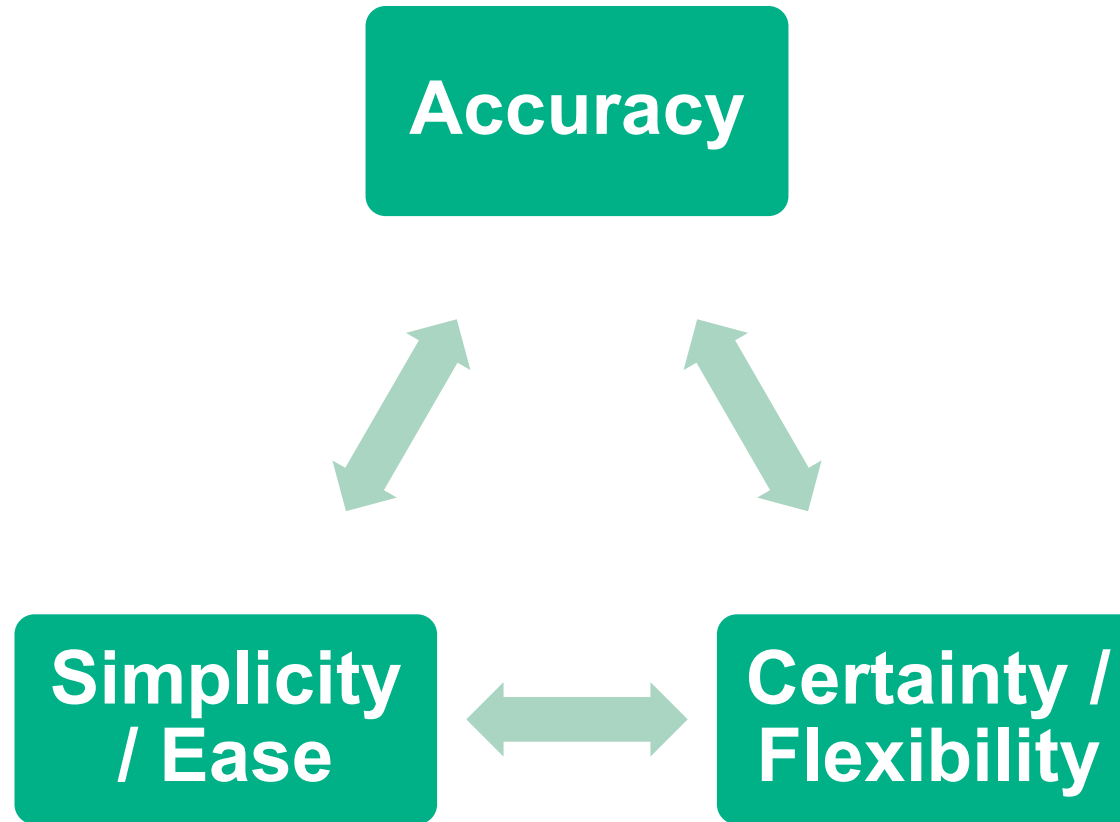


**All BLIs make methodological assumptions**

**Some are more complex than others**

# Problem - Tension Between Goals

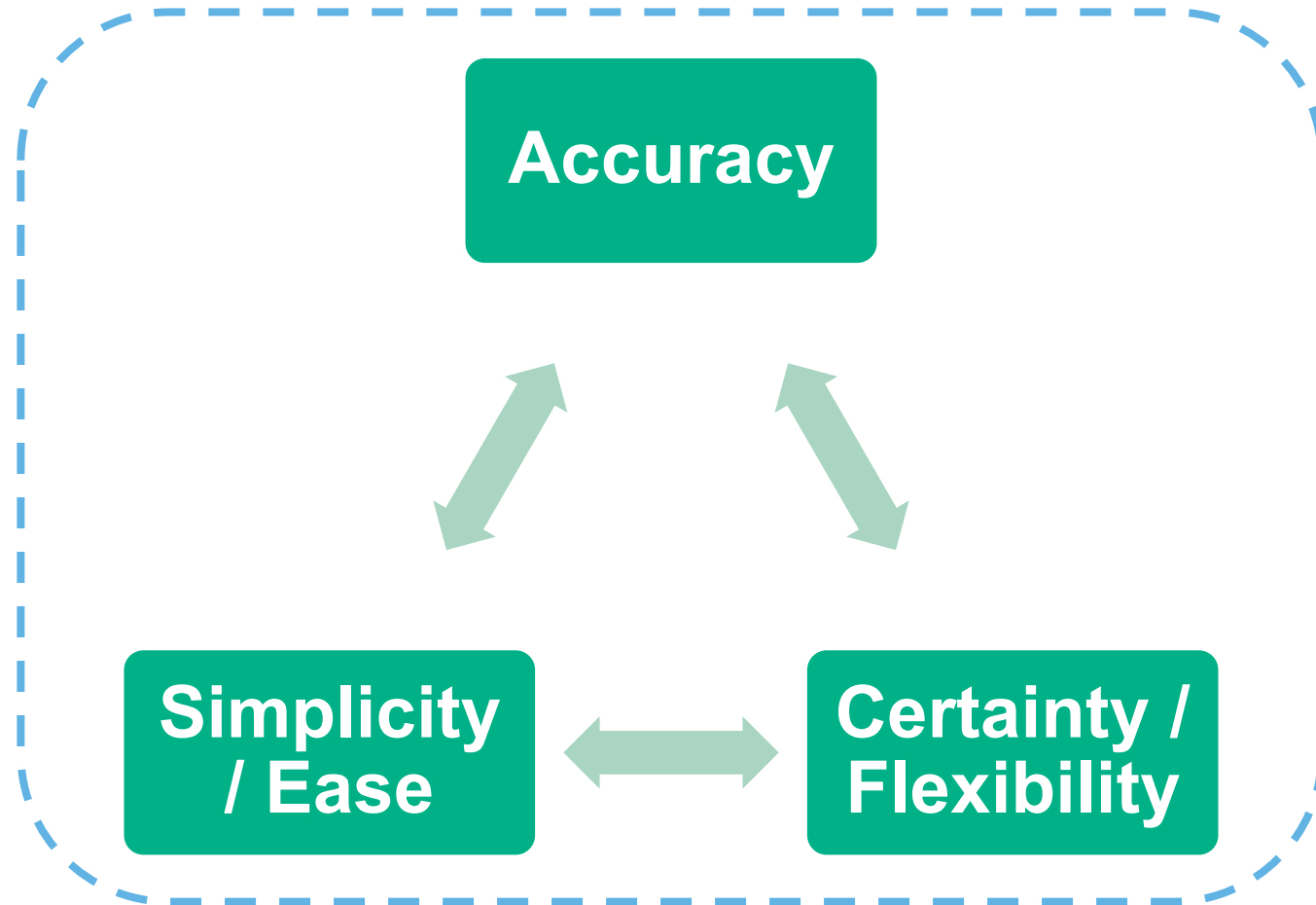
Technical  
analysis with  
policy  
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(UGB adjustment  
and efficiency  
measures)





# Problem - Tension Between Goals

Technical  
analysis with  
policy  
implications  
(UGB adjustment  
and efficiency  
measures)



Local  
Political  
Priorities &  
Dynamics

# Example – Medford (2021)

Exhibit 6. Residential Land by Development Status, Medford UGB, 2020

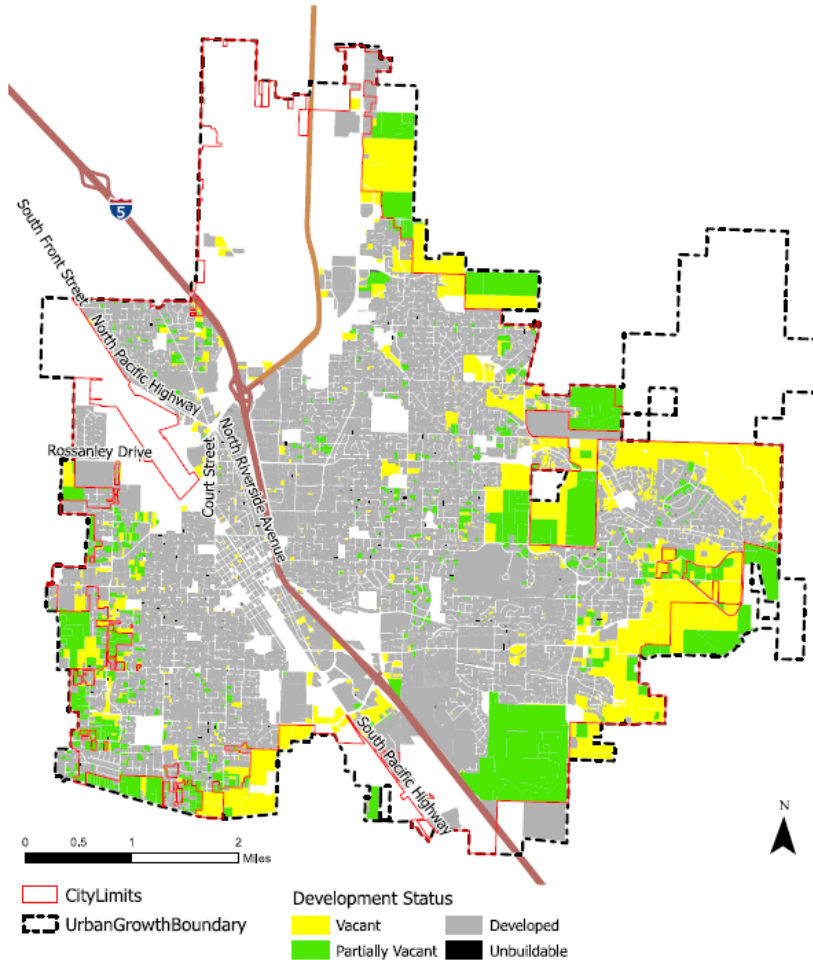
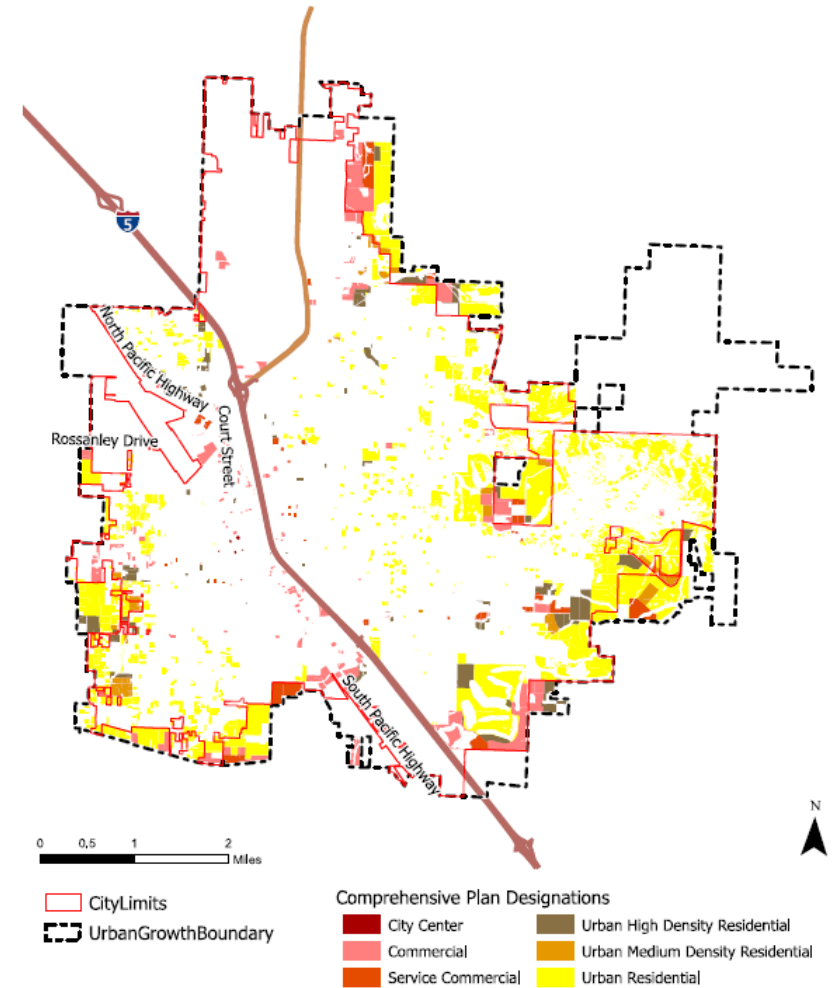


Exhibit 9. Unconstrained Vacant and Partially Vacant Residential Land (excluding land in required open space), Medford UGB, 2020



# Example – Medford (2021)

Variable	Housing Mix
Needed new dwelling units (2021-2041)	8,668
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	55%
Total new single-family detached DU	4,767
Single-family attached	
Percent single-family attached DU	7%
Total new single-family attached DU	607
Duplex, Triplex, Quadplex	
Percent duplex, triplex, quadplex	13%
Total new duplex, triplex, quadplex	1,127
Multifamily (5+ units)	
Percent multifamily (5+ units)	25%
Total new multifamily (5+ units)	2,167
<b>Total new dwelling units (2021-2041)</b>	<b>8,668</b>



Housing Type	Plan Designations					TOTAL
	Urban Residential	Urban Medium Density Residential	Urban High Density Residential	Stewart Meadows PUD	Commercial *	
<b>Dwelling Units</b>						
Single-family detached	4,246	433	87	1	-	4,767
Single-family attached	173	173	261	-	-	607
Duplex, triplex, quadplex	173	381	348	90	135	1,127
Multifamily (5+ units)	43	173	1,024	88	839	2,167
<b>Total</b>	<b>4,635</b>	<b>1,160</b>	<b>1,720</b>	<b>179</b>	<b>974</b>	<b>8,668</b>
<b>Percent of Units</b>						
Single-family detached	49%	5%	1%	0%	0%	55%
Single-family attached	2%	2%	3%	0%	0%	7%
Duplex, triplex, quadplex	2%	4%	4%	1%	2%	13%
Multifamily (5+ units)	0%	2%	12%	1%	10%	25%
<b>Total</b>	<b>53%</b>	<b>13%</b>	<b>20%</b>	<b>2%</b>	<b>11%</b>	<b>100%</b>



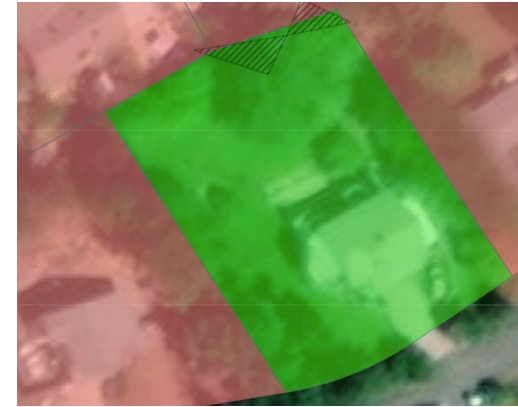
Plan Designation	Total Unconstrained Buildable Acres	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
Urban Residential	2,369	5.2	12,317
Urban Medium Density Residential	129	11.1	1,432
Urban High Density Residential	272	13.1	3,561
Stewart Meadows PUD	n/a	n/a	179
Commercial *	46	32.6	1,489
<b>Total</b>	<b>2,815</b>	<b>6.7</b>	<b>18,978</b>



Plan Designation	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)	Land Sufficiency (Acres)
Urban Residential	12,317	4,635	7,682	1,477
Urban Medium Density Residential	1,432	1,160	272	25
Urban High Density Residential	3,561	1,720	1,841	141
Stewart Meadows PUD	179	179	0	0
Commercial *	1,489	974	515	16
<b>Total</b>	<b>18,978</b>	<b>8,668</b>	<b>10,310</b>	<b>1,658</b>

# Accuracy & Local Political Dynamics

(example: Partially vacant lands - City of Medford)



Nuance: Partially vacant land is challenging to characterize due to variables affecting developability (e.g. size, existing structures, shape, constraints, etc.)

Local political dynamics can create pressure, depending on desired policy outcome

# Ideas to Prompt Discussion

- Direct DLCD/LCDC to **articulate and refine additional reasonable safe harbor methodological options for BLIs** through rulemaking, including for constrained lands, infill and redevelopment assumptions, partially vacant assumptions, and public service availability
- Clarify in statute that the **20-year planning period “resets” if a Housing Capacity Analysis is remanded**
- Enable a “buyer’s remorse” option in administrative rule facilitating a **UGB swap for undeveloped land unlikely to develop** in the future
- Amend statute to base ***whether* measures to accommodate needed housing are required to alternative metrics** that do not require significant analysis (e.g. growth rate, cost burden, etc.) and clarify **BLIs address *how much* capacity is needed**



# Discussion Questions

## Break-out Groups (~4 people; 40 minutes)

**What we want to learn** – How to address the tension between accuracy, simplicity, and certainty and the local political dynamics that affect the analysis.

1. Our legislative direction requires reconciling a few conflicting goals. On one hand, we want to ensure that BLIs **more accurately reflect development capability** and avoid including “phantom capacity”, and achieving this accuracy generally requires increasing complexity of analysis. On the other hand, we also want to **reduce local analytical burden and increase certainty** that BLIs will not be challenged. What ways would you suggest reconciling these dynamics?
2. In almost any local context, there will be pressure on the methodological assumptions of BLIs due to the policy implications of the analysis (i.e. whether a city adopts efficiency measures and adjusts a UGB). How would you suggest **reducing local political pressure and increasing the certainty of policy outcomes**?

# Report Back

# **Additional Questions & Discussion**



# Next Steps - Future Meetings

Meeting	Topic	Date	Time
Meeting 1	Introduction, Context, and Roles	Thursday, May 5	1-3 pm
Meeting 2	Housing Mix and Buildable Lands	Monday, May 23	9am - 12pm
Meeting 3	Efficiency Measures and UGB Need	Thursday, Jun 30	1-4 pm
Meeting 4	Process Streamlining and Capacity	Tuesday, Jul 26	1-4 pm
Meeting 5	Report Back and Additional Feedback	Wednesday, Aug 31	2-4 pm
Meeting 6	Review Draft Recommendations	Monday, Sep 26	9-11 am
Joint Meeting with RHNA Work Group	Wrap-up, Next Steps, and Legislative Transition	Thursday, Oct 20	1-3 pm



**DLCD**

Department of  
Land Conservation  
& Development

Work Group Meeting 2

May 23, 2022

**Thank you**