HB 2003 Advisory Committee Meeting 3: RHNA Version 2 Considerations

June 22, 2020

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Revisions to the RHNA Methodology

Evolving Housing Planning and Implementation Framework in Oregon

New with HB 2003, pending research:

Regional Housing Needs Analysis

Project housing need by income and allocate it to local jurisdictions, with attention to equitable distribution of affordable housing

In place today:

Land Use and Comp Plan

Ensure adequate supply of land to accommodate growth (as projected by RNHA, if adopted), given local buildable land inventory

Newly required with HB 2003:

Housing Production Strategy

Identify local actions to support production of and access to needed housing (as projected by the RHNA, if adopted)

Process for Developing the RHNA

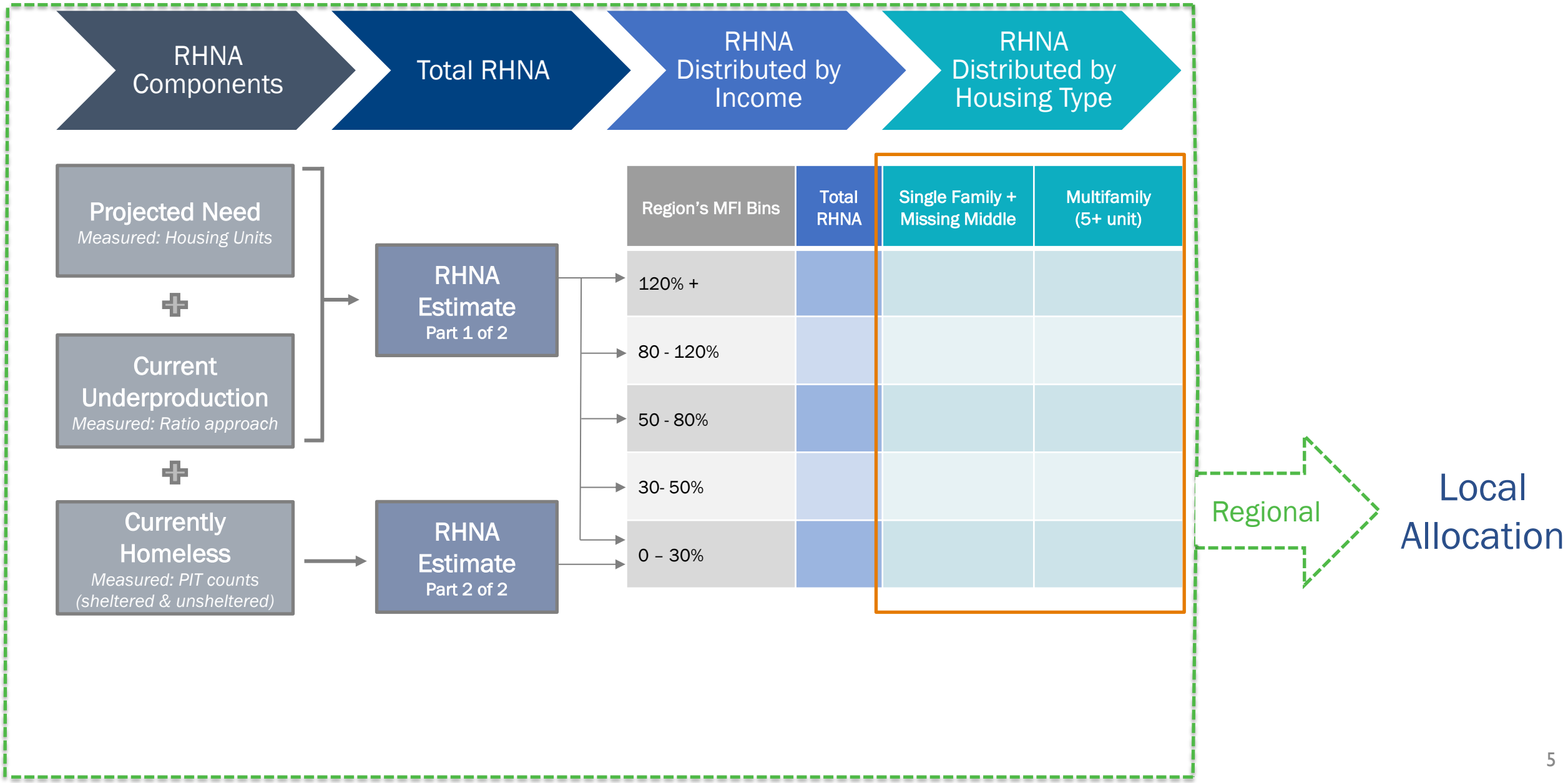
We are here

The project team developed a "best shot" RHNA approach for the purpose of testing methodology and exploring needed changes with stakeholders

The project team refined the results of v.1

DLCD makes recommendations to the legislature about whether to implement the RHNA statewide implementation.

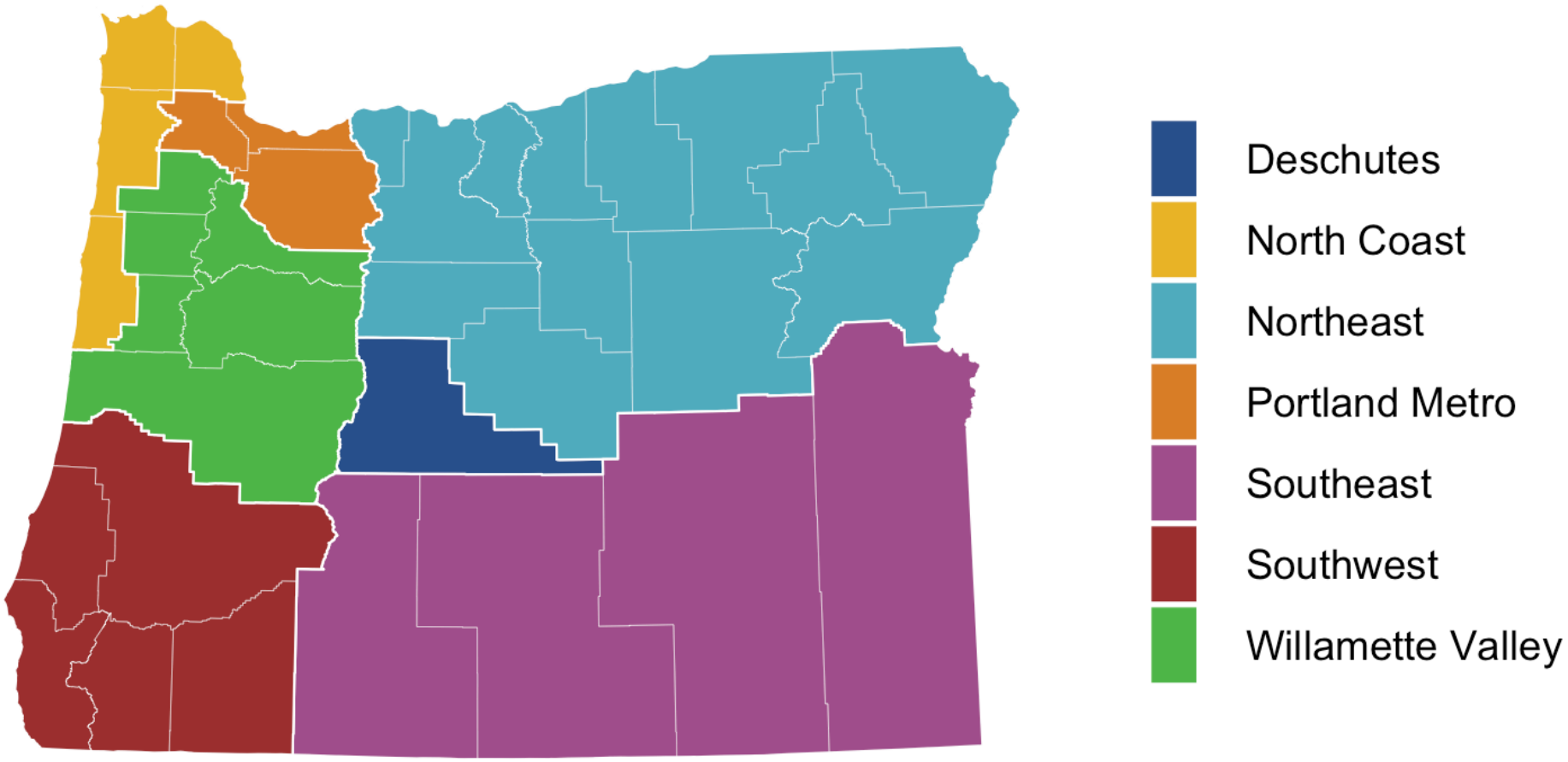
Reminder: What We did in RHNA Version 1



Priority Feedback We Heard from Stakeholders

- Use revised regions
- Limit growth outside of UGBs
- Revise income distribution to reflect household size
- Revise estimates of homelessness
- Revise the allocation process
  - Focus housing for underproduction and people experiencing homelessness within UGBs
  - Allow for flexibility in the allocation methods
  - Allow for different allocations by region
  - Consider wages in the allocation methodology
- Focus on equity issues

Regions for Version 2



We considered the linkages between the Salem area and the Portland Metro Region.

We choose not to make regional adjustments for that because the policy context in the Portland Metro Region is unique within Oregon.

Limiting growth outside of UGBs

- Underproduction and units for people experiencing homelessness allocated only inside UGBs
- Only future need would be allocated outside of UGBs, based only on population forecast from PSU

Limiting allocation outside of UGBs to future population

	Units distributed outside of UGB		
Region	Version 1	Version 2	Difference
Deschutes	10,119	7,261	(2,858)
Metro	7,345	2,038	(5,307)
Northeast	4,190	3,990	(200)
Northern Coast	2,968	1,428	(1,540)
Southeast	105	175	70
Southwest	7,660	1,975	(5,685)
Willamette Valley	12,460	2,519	(9,942)
TOTAL	44,848	19,387	(25,461)

Household size income adjustment factor

Revise Income Distribution to Reflect Household Size

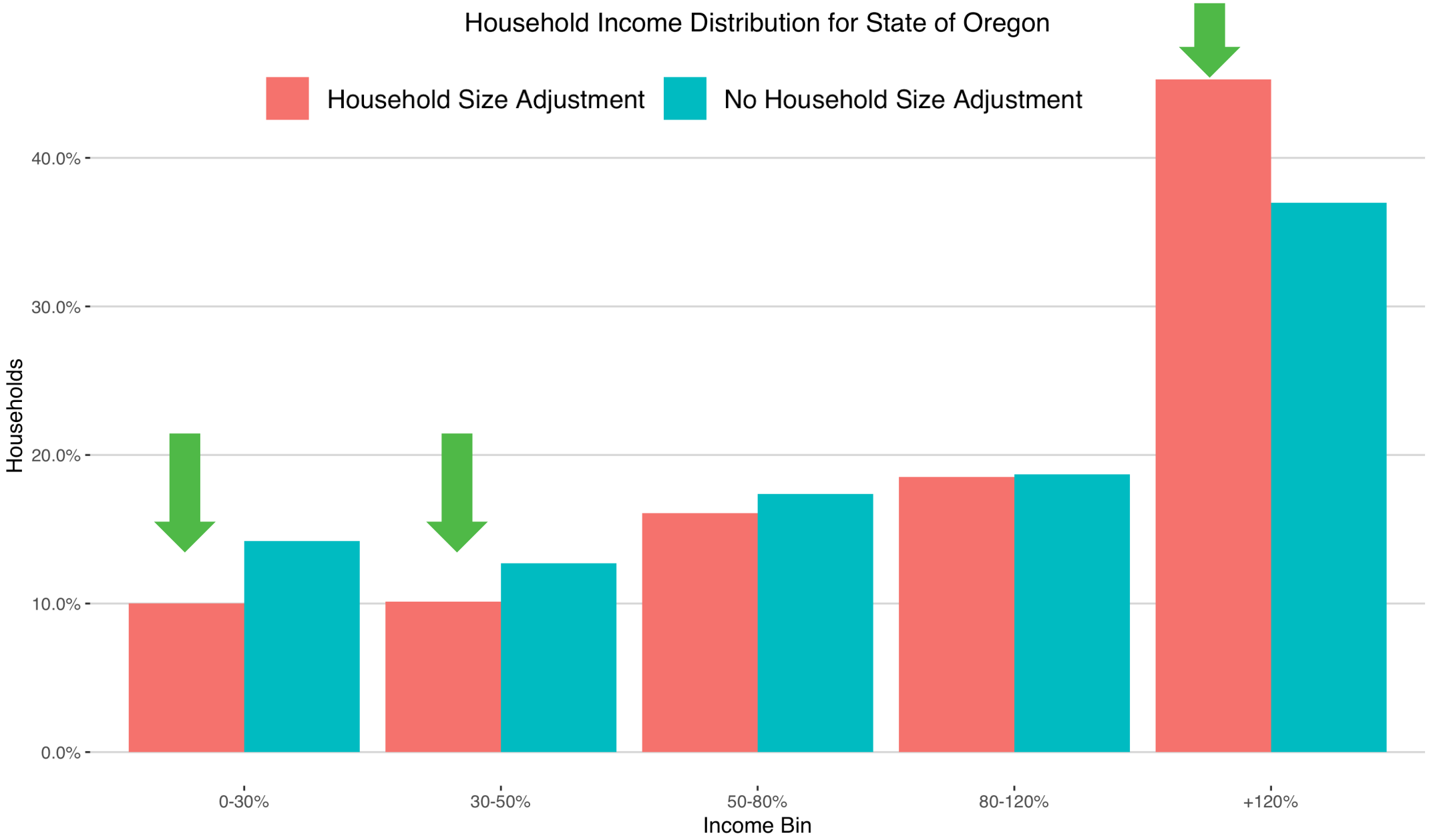
- Household incomes adjusted per HUD guidance based on household size?

- Adjusting household income would align with OHCS unit affordability policy

- Adjustment factors for household size and unit type
  - 1 person = 70% AMI
  - 2 person = 80% AMI
  - 3 person= 90% AMI
  - 4 person = 100% AMI
  - 5 person = 108% AMI

Studio = 70% AMI
One Bedroom = 75% of AMI
Two Bedroom = 90% of AMI
Three Bedroom = 104% of AMI
Unit adjustment factors only apply to apartments

Household Size Adjustment Factor -- Skews Incomes Higher



Revised Estimates of People Experiencing Homelessness

People experiencing homelessness not observed in PIT or Census Data

	McKinney Vento Number of Children*	Average Child Per Household	Additional Homeless Households
North Coast	1,348	1.6	832
Portland Metro	6,184	1.7	3,638
Willamette Valley	5,176	1.7	3,099
Southwest	3,675	1.7	2,124
Deschutes	372	1.6	230
Northeast	825	1.9	439
Southeast	668	2.0	332
Total	**18,248**		**10,694**

*This is the number of students who are "doubled up" or live in "motel/hotel"

Mckinney Vento data counts the number children in various categories of homelessness. Sheltered and Unsheltered are already in the PIT count, therefore only students doubled up and living in motel/hotels are included.

McKinney Vento overcrowding household count will be added to the estimate of homelessness in all regions as they are different populations.

RHNA Unit Totals: Underproduction + Homelessness+ Future Need

Preliminary RHNA Unit Totals by Region

Region	Underproduction	PIT Homeless HHs	MV HH Overcrowding	Future Need	Total Units
Deschutes	4,837	965	230	49,856	55,887
Metro	59,488	7,053	3,630	223,783	293,953
Northeast	-	461	438	15,312	16,211
Northern Coast	295	1,478	831	13,378	15,982
Southeast	-	206	332	289	827
Southwest	10,287	2,459	2,119	32,804	47,670
Willamette Valley	35,913	5,882	3,091	100,053	144,938

Region	Current Stock of Housing	Estimate of New RHNA Units	% of Current Stock of Housing
Deschutes	91,040	55,887	61%
Metro	775,565	293,953	38%
Northeast	110,906	16,211	15%
Northern Coast	94,907	15,982	17%
Southeast	54,219	827	2%
Southwest	230,053	47,670	21%
Willamette Valley	452,053	144,938	32%

Changes to the Allocation Methodology

Allocating units by income target in each region

Future need

- Based on the current distribution of household income *(adjusted by number of people in the HH)*

Underproduction

- Calculates where there is a difference in the number of households compared to the number of units affordable at each income level
- Uses cost burdening as a proxy to identify current gap by income

Unit Income Targets by Component – Underproduction vs. Future Need

region	Income Target	Future Need	Underproduction
Deschutes	0-30%	10%	22%
Deschutes	30-50%	10%	21%
Deschutes	50-80%	14%	22%
Deschutes	80-120%	20%	25%
Deschutes	120%+	46%	9%
Metro	0-30%	10%	24%
Metro	30-50%	10%	24%
Metro	50-80%	15%	29%
Metro	80-120%	18%	16%
Metro	120%+	47%	7%
Northeast	0-30%	8%	24%
Northeast	30-50%	10%	25%
Northeast	50-80%	15%	23%
Northeast	80-120%	19%	17%
Northeast	120%+	48%	11%

Version 2 Example: Methodology Changes

Current Underproduction
Measured: Ratio approach

Inside UGBs Only

Region's MFI Bins	Total RHNA	Single Family + Missing Middle	Multifamily (5+ unit)
120% +	7%	X	X
80 - 120%	16%	X	X
50 - 80%	29%	X	X
30- 50%	24%	X	X
0 – 30%	24%	X	X

Local Allocation

50% Current Population

50% Current Jobs

+

Currently Homeless
PIT counts (sheltered & unsheltered) + MV overcrowding data

Inside UGBs Only

Region's MFI Bins	Total RHNA	Single Family + Missing Middle	Multifamily (5+ unit)
120% +			
80 - 120%			
50 - 80%			
30- 50%			?
0 – 30%	100%		X

Local Allocation

50% Current Population

50% Current Jobs

+

Projected Need
Measured: PSU Forecast (converted to Households)

Statewide

Region's MFI Bins	Total RHNA	Single Family + Missing Middle	Multifamily (5+ unit)
120% +	40%	X	X
80 - 120%	19%	X	X
50 - 80%	17%	X	X
30- 50%	12%	X	X
0 – 30%	14%	X	X

Local Allocation

50% Population Growth

50% Current Jobs

Changing inputs to local allocation impacts number of units

Version 1 = 50% current jobs, 25% current population, 25% population growth

Version 2= Underproduction and Homelessness (50% current jobs, 50% current population)
Future Need (50% current jobs, 50% population growth)

UGB	Version 1	Version 2	Change %
Beaverton	13,150	14,845	13%
Bend UGB	33,670	39,014	16%
Eugene UGB	24,043	29,309	22%
Gresham	11,377	11,118	-2%
Hillsboro	17,940	20,269	13%
Hood River UGB	1,186	1,519	28%
Portland	123,433	132,267	7%
Roseburg UGB	3,806	4,951	30%
Salem/Keizer UGB	37,940	41,429	9%
Tigard	10,633	12,315	16%
West Linn	2,005	1,705	-15%

Preliminary local allocation results for Version 2

Region's MFI Bins	Total RHNA	Single Family + Missing Middle	Multifamily (5+ unit)
120% +	29%	9,854	2,351
80 - 120%	18%	5,396	2,062
50 - 80%	18%	6,448	1,183
30- 50%	13%	2,059	3,663
0 – 30%	22%	2,918	6,202

Willamette Valley Region
Salem/Keizer

42,136 total units

Region's MFI Bins	Total RHNA	Single Family + Missing Middle	Multifamily (5+ unit)
120% +	36%	4,712	694
80 - 120%	15%	1,651	638
50 - 80%	18%	1,659	1,052
30- 50%	11%	867	830
0 – 30%	20%	1,218	1,742

Southwest Region
Medford

15,065 total units

Region's MFI Bins	Total RHNA	Single Family + Missing Middle	Multifamily (5+ unit)
120% +	38%	35,870	14,626
80 - 120%	17%	11,464	11,186
50 - 80%	17%	9,233	13,971
30- 50%	12%	8,953	7,152
0 – 30%	16%	4,892	16,314

Metro Region
Portland

133,661 total units

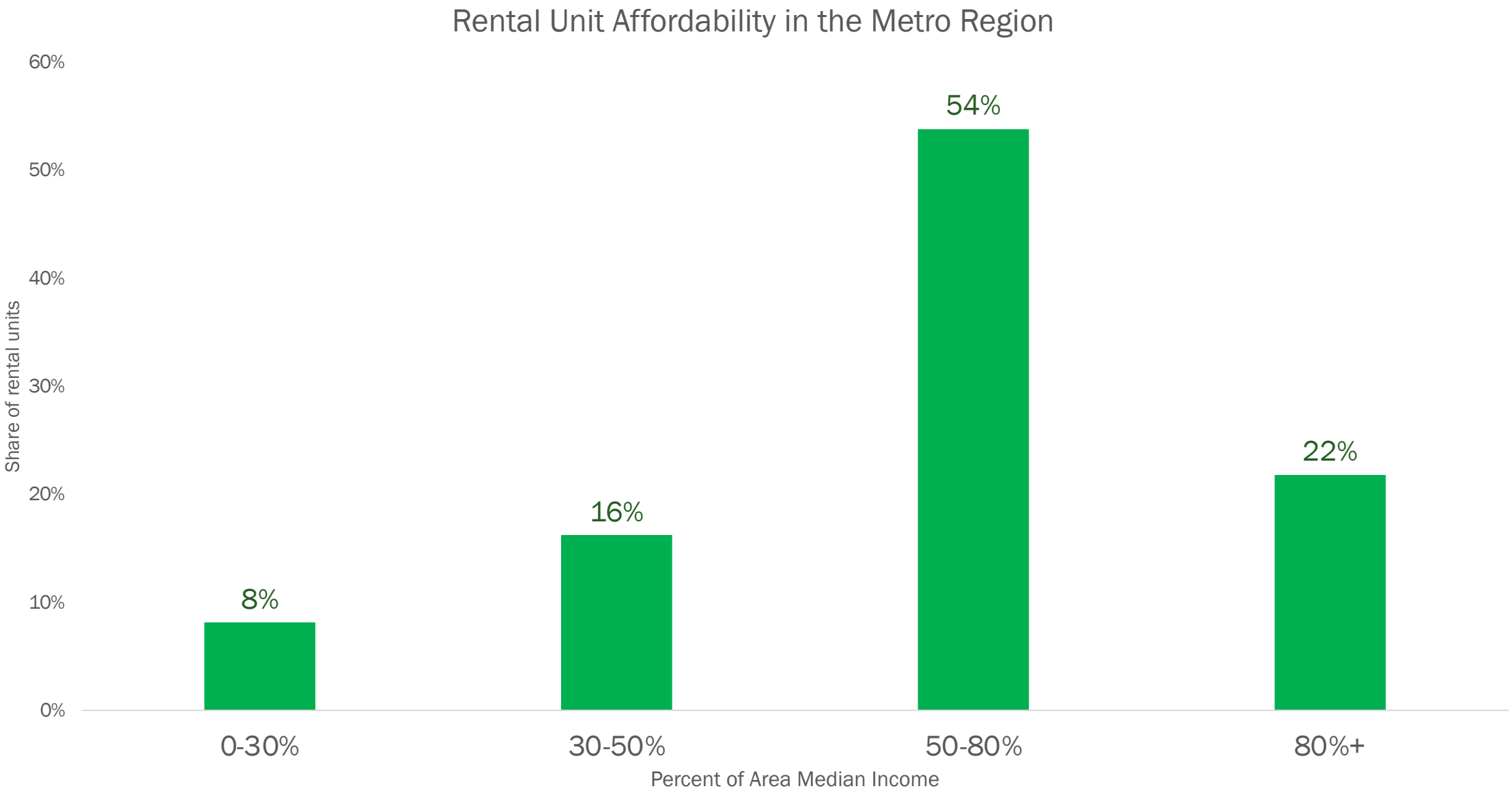
Region's MFI Bins	Total RHNA	Single Family + Missing Middle	Multifamily (5+ unit)
120% +	45%	558	55
80 - 120%	18%	247	0
50 - 80%	14%	188	0
30- 50%	9%	133	0
0 – 30%	14%	106	91

Northeast
Hood River

1,377 total units

Equitable Distribution of Publicly Supported Housing

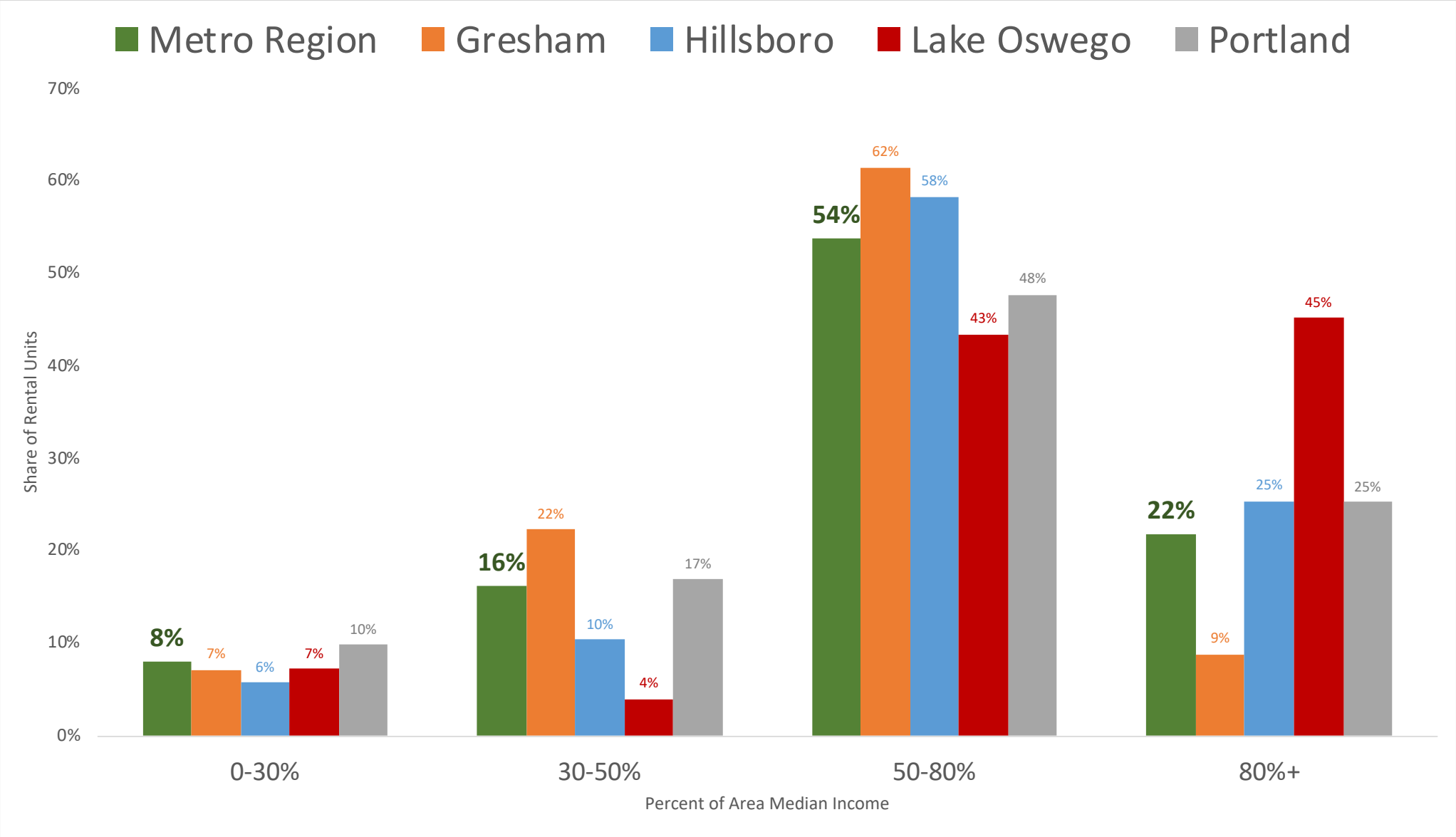
Distribution of Rental Units by Income in the Metro Region



Source: CHAS 2012-2016

Distribution of Rental Units by Income in the Metro Region

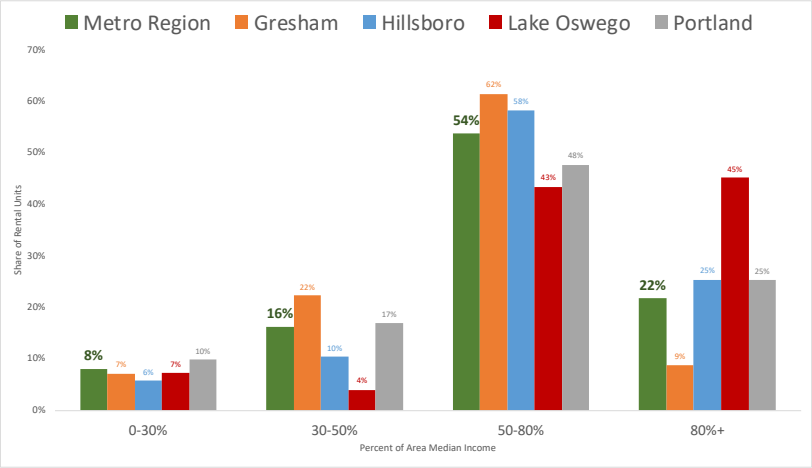
Distribution of rental unit affordability relative to Metro Region average



Source: CHAS 2012-2016

Equitable Distribution of Housing by Income

The distribution of all housing impacts the equitable distribution of publicly supported housing



Current distribution within a region

Most equitable distribution

Approaches to allocation of units to local jurisdictions

Allocation Approach A

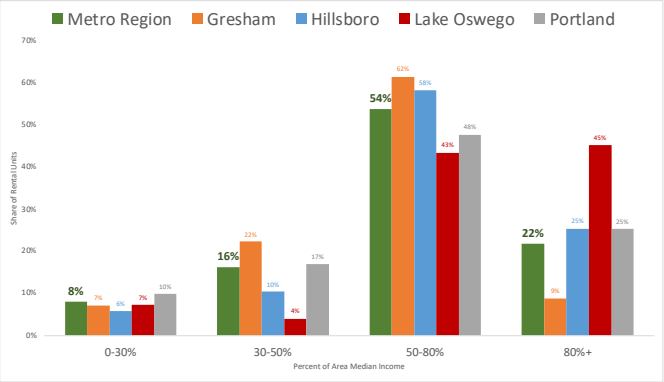
- Uniform approach in all regions and for each city in a region (Version 1)
  - Units are allocated based on weighting factors (population, jobs, etc.)

Allocation Approach B

- Different local allocation within a region
  - The income distribution could vary for each city within the region
  - The unit type distribution could vary for each city within a region
  - *Unit affordability and type would sum to the regional control total*

Allocating Underproduction: Equitable Distribution of Housing by Income

Allocation Approach A



All Cities in a region

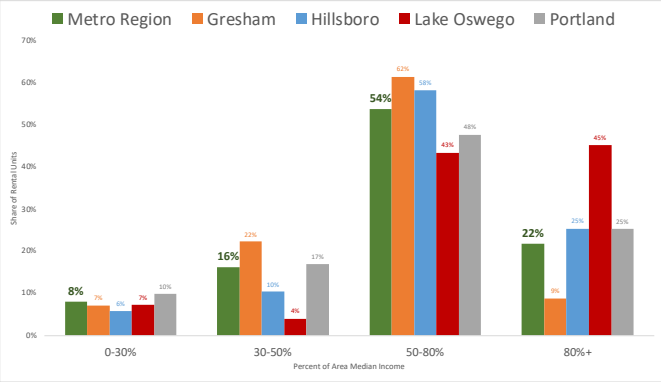
Region's MFI Bins	Total RHNA
120% +	7%
80 - 120%	17%
50 - 80%	29%
30- 50%	24%
0 – 30%	24%

Current distribution within a region

Equal distribution of underproduction units within the *region*

Most equitable distribution

Allocating Underproduction: Equitable Distribution of Housing by Income



Allocation Approach A

All Cities in a region

Region's MFI Bins	Total RHNA
120% +	7%
80 - 120%	17%
50 - 80%	29%
30- 50%	24%
0 – 30%	24%

Allocation Approach B

City X:

Less affordable than *region* average

Region's MFI Bins	Total RHNA
120% +	0%
80 - 120%	0%
50 - 80%	20%
30- 50%	40%
0 – 30%	40%

City Y:

More affordable than *region* average

Region's MFI Bins	Total RHNA
120% +	25%
80 - 120%	25%
50 - 80%	20%
30- 50%	15%
0 – 30%	15%

Current distribution within a region

Equal distribution of underproduction units within the *region*

Changing distribution based on *local* variable input

Most equitable distribution

Potential Methodology for Allocation Approach B: Local Wage Distribution

Comparing the average wage of residents vs. employees of cities in the Metro Region

City	Residents	Employees	Difference $	Difference %
Happy Valley	$76,338	$37,886	$38,452	50%
Sherwood	$74,149	$42,477	$31,672	57%
West Linn	$75,419	$47,767	$27,652	63%
North Plains	$61,326	$43,190	$18,136	70%
Troutdale	$48,114	$41,138	$6,976	86%
Lake Oswego	$83,386	$71,405	$11,981	86%
Oregon City	$53,194	$46,444	$6,750	87%
Beaverton	$54,582	$54,755	-$173	100%
Tualatin	$57,251	$58,080	-$829	101%
Tigard	$54,509	$56,151	-$1,642	103%
Forest Grove	$42,766	$44,191	-$1,425	103%
Milwaukie	$50,546	$54,815	-$4,269	108%
Gresham	$41,498	$47,734	-$6,236	115%
Portland	$52,227	$61,276	-$9,049	117%
Wilsonville	$54,410	$64,462	-$10,052	118%
Hillsboro	$55,160	$87,559	-$32,399	159%

What are the implications and unintended consequences of incorporating this information into the allocation?

Discussion

- What is an equitable distribution of publicly supported housing?
- What do you think it means?

Working definition in the RHNA:

- "Equitable" operationalized as: jurisdictions should plan to accommodate ALL households who need units that are affordable (distribution is equitable when people who need a unit get one that is affordable).

- In practice, this means that all new units needed to accommodate households under 80% of MFI (and in some communities, 100 or 120%) must be publicly supported, through some combination of affordable housing finance sources, vouchers, incentives, and local funding sources.

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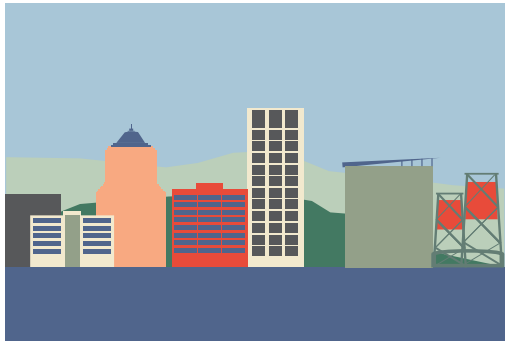
Eugene



Portland

Seattle

Boise