

A G E N D A

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METRO

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MEETING: METRO POLICY ADVISORY COMMITTEE

DATE: January 11, 2006
DAY: Wednesday, 5:00-7:00 p.m.
PLACE: Metro Council Chamber/Annex

NO	AGENDA ITEM	PRESENTER	ACTION	TIME
	CALL TO ORDER	Hoffman		
1	SELF INTRODUCTIONS, ONE MINUTE LOCAL UPDATES & ANNOUNCEMENTS	All		5 min.
2	CITIZEN COMMUNICATIONS FOR NON-AGENDA ITEMS			5 min.
3	CONSENT AGENDA <ul style="list-style-type: none">December 14, 2005	Hoffman	Decision	5 min.
4	COUNCIL UPDATE	Hosticka	Update	5 min.
5	ELECTION OF OFFICERS	Hoffman	Decision	20 min.
6	HOUSING CHOICE TASK FORCE PRELIMINARY RECOMMENDATIONS	Task Force Members	Information	30 min.
7	NEW LOOK WORK PROGRAM	McArthur	Discussion	30 min.
8	MPAC/JPACT JOINT MEETING ISSUES DISCUSSION	Burkholder	Discussion	20 min.

UPCOMING MEETINGS:

MPAC: January 25, 2006 & February 8, 2006
MPAC Coordinating Committee, Room 270: February 8, 2006

For agenda and schedule information, call Kim Bardes at 503-797-1537. e-mail: bardes@metro.dst.or.us
MPAC normally meets the second and fourth Wednesday of the month.
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METRO POLICY ADVISORY COMMITTEE MEETING RECORD

December 14, 2005 – 5:00 p.m.

Metro Regional Center, Council Chambers

Committee Members Present: Chuck Becker, Nathalie Darcy, Andy Duyck, Dave Fuller, Jack Hoffman, Tom Hughes, Richard Kidd, Charlotte Lehan, Diane Linn, Alice Norris, Wilda Parks, Chris Smith, Erik Sten

Committee Members Absent: Ken Allen, Richard Burke, Rob Drake, Bernie Giusto, Martha Schrader, Larry Smith, Steve Stuart (Multnomah Co. Special Districts – vacant, Governing Body of School District –vacant)

Alternates Present: Paul Savas, Lane Shetterly

Also Present: Hal Bergsma, City of Beaverton; Beverly Bookin, CREEC; Bob Clay, City of Portland; Gary Clifford, Multnomah County; Valerie Counts, City of Hillsboro; Danielle Cowan, City of Wilsonville; Shirley Craddick; Brent Curtis, Washington County; Kay Durtschi, MTAC; Meg Fernekees, DLCD; Jon Holan, City of Forest Grove; Gil Kelley, City of Portland; Stephan Lashbrook, City of Lake Oswego; Leeanne MacColl, League of Women Voters; Fred Miller, Blue Ribbon Committee; Laura Oppenheimer, Oregonian; Pat Ribellia, City of Hillsboro; Andrea Vannelli, Washington County; David Zagel, TriMet

Metro Elected Officials Present: Liaisons –Susan McLain, Council District 4; Robert Liberty, Council District 6 others in audience: David Bragdon, Metro Council President

Metro Staff Present: Kim Bardes, Andy Cotugno, Chris Deffebach, Jim Desmond, Robin McArthur, Ken Ray

1. SELF-INTRODUCTIONS, ONE MINUTE LOCAL UPDATES & ANNOUNCEMENTS

Jack Hoffman, MPAC Chair, called the meeting to order at 5:06 p.m. Chair Hoffman asked those present to introduce themselves and to give updates or announcements as pertained to their jurisdiction.

2. CITIZEN COMMUNICATIONS FOR NON-AGENDA ITEMS

There was none.

4. COUNCIL UPDATE

Councilor Susan McLain said that the Council was working on the Metro budget. She said that the Council would be looking at the following projects as they relate to the Metro budget: the New Look, value capture, economic develop, performance measures as they relate to the Urban Growth Boundary (UGB) work, housing issues and concept planning for UGB areas newly brought in, and Nature in Neighborhoods, to name a few. She said that the Councilor's were aware that they can't do it all and they were reviewing those issues and trying to make some decisions on what projects to include in the budget for the next fiscal year. She said that they were also working on a Natural Areas Bond Measure for 2006.

Councilor Robert Liberty said that after the last discussion at MPAC about windfall tax he realized that people at MPAC felt anxiety about moving too fast. He said that he would not be looking for action on

this item in 2006, which would give the Council, MPAC, and possible partners time to think about it. He said that March 2007 would be the next logical time to put it on the ballot. He said that it was his impression that MPAC members were interested but needed time to get details and think about it.

5. BLUE RIBBON COMMITTEE ON OPEN SPACES

Fred Miller, Blue Ribbon Committee Chair, reviewed the formation of the committee, the process they undertook, and the committee results, all of which were included in the packet and form part of the record.

Mayor Chuck Becker, City of Gresham, asked if the 5% for capital projects would require a match.

Mr. Miller said yes. He said that there was some flexibility on how that was developed because if they were talking about a fringe group, for example, the match may well be with people power and some money. There was a way to get a one-for-one match and be innovative on how that was counted.

Diane Linn, Multnomah County Commissioner, thought the Blue Ribbon Committee report was pretty thoughtful. She said that Multnomah County would be putting forward a library bond next fall. She said it would be important to discuss how to balance the burden across jurisdictions. She said that the schools issues were still up in the air, and she did not anticipate getting support for those this spring, and they did not know how the issue would fare on the regional front. She said that the report was good but with many other things being considered on the ballot there would need to be a discussion on how it all would impact the average family/home.

Mr. Miller said that they would have to look at and consider how they related to each other. He said that the committee did not have all the answers to all those ballot questions and they also couldn't know how people felt about all those issues, which was why they had toned down their proposal. He said that the committee now felt that they had a recommendation that they felt was doable.

Mayor Charlotte Lehan, City of Wilsonville, asked about buttes and/or areas that did not make the cut.

Mr. Miller said that the committee had consciously added something in there for the east buttes.

Mayor Becker asked if that area was now designated as public land, private land, or foundation land and he wondered if that would that continue as in use or if it were not incorporated would it be included in the acquisition?

Mr. Desmond said he was rather reluctant to talk about a specific property owner in a public meeting but that property was owned by the boy scouts. He said that there was some interest in converting that property to another use via a preserved area or, as a last resort, a subdivision. That was a conversation that Metro needed to have with the private owners. He said that land was the last completely undeveloped large butte close in. He said it would be very high priced and the acreage would be approximately 200 acres of undeveloped land there. The camp itself was about 2/3rds of that acreage. He said that there had been offers for that land that were public and as high as \$350,000 per acre.

Councilor Liberty said that while these were new target areas, was there a commitment to the old target areas?

Mr. Desmond reviewed the large map in the back of the room. The map defined main target areas from the last bond measure as well as new target areas. He also showed the sites that Metro had purchased via the last bond measure. He pointed out areas of interest to Metro for the currently proposed bond measure.

Fred Miller asked if local jurisdictions would prepare their projects.

Jim Desmond said yes and that Metro staff had been meeting with all the park directors and some of the city managers, and there would be a letter from Metro that would be going out asking for the local projects by March 1st. Metro Councilors would be available to go to local meetings. He said that Metro set out guidelines which were much broader than those set out in 1995. He said that there had been a lot of feedback from the local jurisdictions requesting more flexibility. He said that there were workshops already set up and a number of public meetings would be planned. He distributed a handout of a schedule for those meetings, and that is attached for the record.

Ken Ray, Metro Senior Public Affairs Coordinator, said that Metro staff was scheduling invitations for each of the Metro Councilors to go before city councils. He said that Public Affairs was trying to arrange for one or more Metro Councilor to visit local city council meetings, and encouraged MPAC members to contact him if they were interested in scheduling such a visit. He said that Metro would be working closely with local park providers as well.

Chair Hoffman reviewed upcoming important dates for the bond measure.

6. NEW LOOK AT 2040 WORK PROGRAM

Robin McArthur, Metro Regional Planning Director, and Chris Deffebach, Metro Long Range Planning Manager, distributed two handouts, which are attached and form part of the record. Ms. McArthur then reviewed the handouts for the MPAC members.

Mr. Duyck asked about the time frame for the New Look and when they thought it would be complete.

Ms. Deffebach said that they had been talking about having the analysis and inventory done by the summer. Then to engage people through outreach efforts in the fall, and by the end of the year hopefully have a finished regional vision for the long term for the priority areas, and a list of actions that could go to the legislature. Then there would be a list of implementation actions for 2007. Then as they were working on urban expansion they would have a short list of areas to look at.

Mr. Duyck said that Washington County's only concern was that it did not get dragged out for years.

Ms. Deffebach said that was a very consistent point that Metro staff had heard from various partners they had spoken with. People wanted to take a look at the urbanization process.

Mr. Duyck asked if it was a tri-county study or if it was just for Washington County.

Ms. Deffebach said she thought it would support the other counties.

Mr. Duyck said there had been concern early on only because Washington County was different only in that there were large chunks of land entering the UGB and therefore more edge issues.

Ms. Deffebach said that there was also growth from cities outside the UGB towards the UGB.

Mayor Tom Hughes, City of Hillsboro, said that he had discovered during the last year that term limits resembled being diagnosed with a long term wasting disease. He said he had a burning desire before he left office to set long term goals about hard edges and extreme limits of where they would like to expand. He said that there needed to be a better and more formalized dialogue with the farm community. He said that they needed to move forward with a discussion on the fertile triangle out by Banks, White Plains, Forest Grove and Hillsboro with those that share the area and especially with the agricultural community. He said that the City of Hillsboro was happy to work with Metro, but that they may have to move sooner independently.

Ms. McArthur said that Metro would go ahead and finalize the work program and grant application and forward that ASAP with DLCD. She said that they were ready to establish the policy committee to lead this whole thing.

Chris Smith, Citizen – Multnomah County, said that they should actively envision the economic development along with the framework of the plan in order to get a better overall result.

Chair Hoffman said this would come back to MPAC many times in 2006.

3. CONSENT AGENDA

Meeting Summary for November 30, 2005:

Motion:	Andy Duyck, Washington County Commission, with a second from, Nathalie Darcy, Washington County Citizen, and Mayor Becker, City of Gresham, moved to adopt the consent agenda without revisions.
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Vote:	The motion passed unanimously.
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7. MPAC SCHEDULE/WORK PLAN 2006-2007

Chair Hoffman referred to two documents that had been distributed: 1) Tentative List of 2006 MPAC Work Program Issues, and 2) MPAC Tentative 2006 Agenda Items. Those documents are attached and form part of the record. He reviewed both documents for the MPAC members.

Chair Hoffman suggested that perhaps there should be a joint meeting with MPAC and the state appointed committee for the Big Look.

Lane Shetterly, Land Conservation Development Commission (LCDC), said that the state was interested in the coordination of the New Look, just as Metro and MPAC were interested in the Big Look. He said that there was a lot of common interests and resources, as well as a lot at stake. He said that he suspected they would need more than one opportunity to meet and discuss these issues.

Mayor Kidd asked if he had a time frame for the task force to be formed.

Mr. Shetterly said that he was optimistic that it would be in early January.

Andy Cotugno, Metro Planning Director, said that interfacing with the state from the Metro perspective they often dealt with rule making, while Metro had to deal more with urban form issues about where to

grow. He asked if the state's Big Look would deal with urban form issues as opposed to rules and requirements.

Mr. Shetterly said that the charge was not just to evaluate roles and goals, but to look at the effectiveness of the program, to evaluate inside and outside urban growth boundary issues, as well as issues at the fringe. He said there were broad policy considerations. He said that Metro was not the group that would be granting rules so much as setting policy to be implemented through isolated changes and rulemaking down the road by LCDC. He said that he thought the Big Look would go right to heart of the fundamental questions about the relationship between the UGB and resource lands and how those tensions were managed.

Mayor Lehan said that in the last UGB process she had felt that the process had been driven by real estate developers and commercial realtors. She said that she appreciated Council President Bragdon's piece in today's paper about not confusing real estate development with economic development. She said that she felt MPAC had been heavy on the real estate side instead of the economic development side.

Mr. Shetterly said that the task force was being assembled with sincere regard to geography around the state as well as the interests coming to the group. The criteria around the table for consideration of the members of the Big Look task force was that each member come to it with a level of experience and knowledge of the land use program, but not with an agenda. He said they would have to be open to facts and reasoned arguments. The members would not be chosen on the basis of representation or association.

Chair Hoffman said that this topic would be coming back to MPAC in '06. He continued review of the two handouts.

There was discussion about affordable housing and the pressure to make strides in that area while housing prices were rising and money was hard to come by.

There was also discussion on Big Box retail. It was agreed that more discussion on this topic was needed at MPAC and that information also needed to be shared on a regional basis.

Gil Kelley, City of Portland, advised the members to be sure to reserve enough time for the most important pieces of the work plan. He said it was more important to be proactive on the agenda rather than reactive. He said that the three topics he considered most important for MPAC to discuss were: 1) the state's Big Look efforts, 2) Metro's New Look, and 3) the affordable housing piece.

Mayor Lehan said that Wilsonville had a pre-MPAC meeting with Clackamas County and they had jointly settled on a very similar list as that outlined by Gil Kelley above.

Mr. Cotugno said that Metro staff could not staff all the stuff on the list. He suggested that other MPAC and MTAC members could help move some topics along. He said it would be useful to have JPACT, MPAC, and MTAC to get together on occasion and combine their knowledge and creative skills on some topics.

Commissioner Linn said that Metro couldn't afford to have all MPAC members in the room and not narrow discussion items.

Wilda Parks, Clackamas County Citizen, said that two or three times she had heard the word "proactive" but she said that she didn't feel like MPAC had been proactive in past – just reactive. She said that when

Wilsonville, Clackamas County, Oregon City, and others had their pre-MPAC meeting recently that was one of her first questions. She said that she didn't know of any committees that MPAC had where they work to develop that kind of stuff and then bring it back to MPAC. She said she thought that that would be a good way to get a lot accomplished. She said it also seemed that it would be easy to get a written report and tell members to review it instead of spending time at the table discussing everything. The time at the table should be reserved to discuss the big issues.

Chair Hoffman said that maybe the members should prioritize those issues they consider most important and emphasize what they want to spend real time on rather than adding items. He asked the members to email their lists or suggestions to the MPAC Coordinator, Kim Bardes. He said that MPAC was the group that could initiate changes in region.

Tom Hughes said he agreed with Mr. Kelley's comments but that he would expand it a little. He said that they should take every effort collectively and advise Metro on how the Big Look would be shaped. He said that at the next session of the legislature there would be immediate things that would need to be addressed as a result of what did and did not happen at the last session of the legislature. He said that what did happen in the courts – removal of the sub-regional effort – should be addressed in the next round at the legislator. He said that there were a number of things that the Metro Council had talked about regarding a legislative package, and he said he felt that MPAC should dedicate time to give input on what a legislative package should include.

Chair Hoffman asked members to send any further ideas or suggestions or prioritizations to Kim Bardes so that a comprehensive list could be put together and then MPAC could talk about what was most important to them as a group to have on the work plan for 2006.

8. NOMINATIONS COMMITTEE REPORT

Chair Hoffman reported on the nominations committee suggestions for officers for the next three years: Richard Kidd for 2006 Chair, Dave Fuller as 1st Vice Chair, and Martha Schrader as 2nd Vice Chair. He said that a vote on that would take place at the first meeting of January.

There being no further business, Chair Hoffman adjourned the meeting at 7:11 p.m.

Respectfully submitted,

Kim Bardes
MPAC Coordinator

ATTACHMENTS TO THE RECORD FOR DECEMBER 14, 2005

The following have been included as part of the official public record:

AGENDA ITEM	DOCUMENT DATE	DOCUMENT DESCRIPTION	DOCUMENT NO.
#5 Blue Ribbon Cmte	12/14/05	Public Forums on Proposed 2006 Natural Areas Bond Measure	121405-MPAC-01
#6 New Look	December 2005	Draft, New Look Work Program	121405-MPAC-02
#6 New Look	December 2005	A New Look at Regional Choices, Updating the Metro region's long- range plan	121405-MPAC-03
#7 MPAC Work Plan	12/14/05	Tentative List of 2006 MPAC Work Program Issues	121405-MPAC-04
#7 MPAC Work Plan	12/14/05	MPAC Tentative 2006 Agenda Items	121405-MPAC-05

Housing Choice Task Force (HCTF) Work Update Presented to the Metro Policy Advisory Committee

Meeting
Wednesday, January 11, 2006

By:

Land Use Policies – Hal Bergsma and Tom Cusack
Regional Funding – Margaret Bax
Pilot Project – Bill Ashworth and Councilor Robert Liberty

Content:

- Questions and options suggested to Metro Council for consideration
- Land Use Policies Solution Team work summary
- Regional Funding Solution Team work summary
- Pilot Project Solution Team work summary

Questions and Options Suggested to Metro Council for Consideration

Questions:

1. Are there comments on the solutions proposed by the HCTF “Solution Teams” in the following pages?
2. Are there barriers to the proposed solutions that must be addressed?
3. How can the proposed solutions be improved?
4. Are there comments on the housing-related issues and opportunities in the pilot project jurisdiction – Wilsonville?

Options Suggested:

1. Councilors can direct HCTF and staff to conduct additional research in any particular area related to the proposed solutions.
2. Councilors can discuss the most viable solutions on the proposed list.

Solutions Developed by Land Use Solution Team

SOLUTIONS		Major players	Next steps	Timeframe	Budget Implications	HCTF Vote
A	Regional progress					
1	<i>Metro should:</i> Conduct a biannual survey focused on housing supply increases and preservation for housing types , including affordable housing, found in Regional framework plan. Use housing funders to reduce local regulatory burden, by providing most of the supply data to local governments for <i>optional</i> additions. Amend functional plan requirement for annual reporting to replace reports on consideration of strategies (process oriented) to this <i>results</i> oriented report on housing supply. Incorporate the results of the housing supply survey into a comparative local housing score that will be used as a factor in the allocation of regional funds.	Housing funders (HUD, Oregon Housing, Oregon Department of Human Services, HUD entitlement communities, local housing authorities, Metro, cities and counties	<ul style="list-style-type: none"> • Draft changes to Title 7 • Work with housing funders to collect data • Develop options for ranking local performance compared to others 	Jan – June '06, ongoing Metro program	Metro: As before need to allocate staff for processing survey and developing ranking criteria. Staff resource need could reduce after first report cycle, once system details are developed, and initial housing supply inventory is known. Cities & counties: staff to review and supplement survey (biannual) Funders: provide data to Metro every other year	8
B	Regional policies					
2	<i>Metro should:</i> Include language in Metro codes to use UGB expansion decisions to negotiate voluntary landowner commitments to provide workforce housing.	Metro, landowners and developers in potential expansion areas	<ul style="list-style-type: none"> • Draft changes to RFP, UGMFP 	Jan – March '06	Metro: staff time to develop code language and adopt	4
3	<i>Metro and regional partners should:</i> Pursue possibility of removing prohibition on inclusionary zoning from state law, at least for the Portland metropolitan area specifically in UGB expansion areas.	Metro, regional partners, state legislature, housing advocates	<ul style="list-style-type: none"> • Assess legal authorities • Develop 2007 legislative agenda 	Jan – Dec '06	Metro: staff time to assess legal issues, develop legislative position, coordinate with Housing Alliance	14
C	Recommendations for Metro to consider in 2040 New Look					
4	Update Metro's regional parking ratio requirements to consider lower minimums, maximums, and locations where they apply. Parking management requirements could also be implemented in centers to raise the money needed for community improvements such as structured parking, urban plazas, and improvements to create more pedestrian friendly streets. Consider regional requirements to implement parking management in centers as part of Functional Plan compliance. To reduce parking demand, support an element of the Regional Travel Option Program focused on marketing use of alternative transportation modes to small employers, developers, landlords and businesses, especially in centers and along corridors	Metro, cities and counties, businesses, developers, landowners		Jan '06 – June '07 (Regional Travel Options program ongoing)	Metro: staff time included as part of New Look (Regional Travel Options program presently staffed) Cities and counties: staff time to provide local expertise and technical assistance	7
5	Plan for complete communities that include housing for people of varying income levels and household type. Development in centers, along corridors, and	Metro, cities and counties, developers,		Same as 4	Same as 4	5

SOLUTIONS		Major players	Next steps	Timeframe	Budget Implications	HCTF Vote
	other transit-friendly locations should include amenities for families with children and residents of all incomes. In centers, corridors, and other locations where there has been substantial public investment in transit,	landowners				
6	Evaluate ways to encourage development of affordable housing in , centers, corridors and other transit-friendly locations . Consider implementation actions such as (1) changing zoning in corridors to encourage more housing development; and (4) increasing building height limits to allow for higher density housing .	Metro, cities and counties, developers, landowners, Fannie Mae and HUD, OHCS, affordable housing advocates		Same as 4	Same as 4	4
7	Evaluate opportunities to implement form-based codes in place of design standards to reduce cost of building housing, especially in centers and corridors.	Metro, cities and counties		Same as 4	Same as 4	4
D Process-related						
8	Cities and counties should provide expedited review for a) homeownership housing for households at 100% MHI and below, and b) rental housing for households at 60% MHI and below . Apply regional criteria to identify what projects would qualify for an expedited review process. Metro should work with cities and counties to assess existing regulatory review process to determine how qualifying projects can be flagged for an expedited process. Encourage designation of a specific person as the “go-to contact” for these projects. Emphasis should be placed on assisting affordable housing developers in preparing complete applications.	Cities and counties	<ul style="list-style-type: none"> Develop scope of project Meet with cities and counties to determine needs Proposal for Metro assistance if necessary 	July '06 – June '07	Metro: staff time to develop regional criteria, help cities and counties determine needs for staff to assist qualified projects, potentially dedicate one staff person. Cities and counties: staff time to assist qualified projects in pre-application process	7
9	Metro should conduct and maintain an inventory of publicly owned land located in transit-friendly locations that could be used for affordable housing, particularly to identify opportunity areas in centers in specific communities.	Metro, cities and counties, public agencies	<ul style="list-style-type: none"> Assess cost of developing inventory Determine criteria for producing inventory 	July '06 – June '07	Metro: staff time to develop inventory and work with communities	2

**Land Use Solution Team - Recommended Solutions
November 16, 2005**

The Land Use Solution Team has identified the following solutions to help decrease the cost of affordable housing and increase the supply. The solutions are divided into three categories: regional progress, regional policies, and design-related.

A. Regional progress

1. Housing supply survey

An accurate assessment of the region's progress toward achieving affordable housing goals is an important piece of the regional affordable housing strategy. Such an assessment has been difficult to conduct so far. Title 7 of Metro's Urban Growth Management Functional Plan requires cities and counties to report progress towards the voluntary affordable housing production goals. However, the requirement is focused on "inputs," or policy decisions, rather than on "outputs" – actual numbers of affordable units that are built or preserved for a specified contract period so they remain affordable AND available to lower income tenants. The reporting requirement has been difficult for cities and counties to comply with and correspondingly frustrating for Metro staff. A new reporting system that focuses on results and not process, and that includes increases and preservation of housing types important to the regional framework plan can help solve these problems.

Including a community's housing score as a criteria in the allocation of regional funds could help spur awareness and acknowledgment that housing needs are a key aspect of maintaining and nurturing great communities in the urban area. Metro allocates funds for transportation, community enhancement grants, restoration grants, and potentially may develop a plan to raise money for concept planning in new urban areas. For example, Metro serves as the MPO for the region, allocating federal transportation dollars to specific projects on a competitive basis using a qualitative approach. However, some items provide a project with extra points, such as a green streets component. An affordable housing score could serve a similar purpose. Metropolitan Transportation Improvement Projects funds are allocated on a competitive basis every two years. The next funding cycle begins in 2006.

Solutions and actions:

- a. *Recommendation to Metro:* Develop and implement a biannual local government survey of housing supply increases by specific types of housing (e.g., meets voluntary housing production goals, accessory dwelling units, housing in centers, etc.). Amend Title 7 annual reporting compliance to replace reports on consideration of strategies to this results oriented report on housing supply.
- b. *Recommendation to Metro:* Develop a method to incorporate the results of the housing supply survey into a community housing score that can be used as a factor in the allocation of regional funds.

B. Regional policies

2. UGB expansion decisions; and

3. Removing restriction on inclusionary zoning

ORS 197.999(1) requires Metro to review the supply of residential land within the UGB at least every five years in order to maintain a 20-year supply of buildable land for residential development. The Metro Data Resource Center calculates the supply by comparing the regional population and housing unit forecast with the zoned land capacity from 25 cities and the urbanized portions of three counties. In the event that a deficit exists, ORS 197.296 and the Metro Code allow Metro to increase the size of the UGB or adopt policies to increase capacity of lands within the current boundary. State Goal 14 and Metro Code 3.01.020 provide rules on the establishment and changes to urban growth boundaries and the requirements of state law that must be addressed prior to expansion of the UGB. Metro has the authority to place certain conditions on land that is brought inside the UGB, as well as prescribing requirements for the comprehensive planning that occurs after the land is brought inside.

Based on the parameters of existing state laws that limit requirements Metro can place on land to be brought within the UGB, a solution that would provide guidance to Metro to negotiate voluntary agreements with landowners to provide affordable housing is proposed. This solution provides more specific guidance than is currently in Metro's code, but it does not result in a predictable outcome. In addition, concerns have been raised about how such an agreement would be enforced over time since there is a substantial time lag between a decision to expand the UGB and actual development. One approach that would result in more certain results is the application of inclusionary zoning in UGB expansion areas, this is currently prohibited by state law. This may be particularly appropriate in expansion areas since Metro has set a precedent of treating these places differently through recent legislation that applies a higher level of fish and wildlife habitat protection to newly added areas than within the existing UGB.

Solutions and actions:

- a. *Recommendation for Metro:* Include language in Metro codes to use UGB expansion decisions to negotiate voluntary landowner commitments to provide workforce housing. (Draft language is included in Appendix A.)
- b. *Recommendation for Metro and regional partners:* Pursue possibility of removing prohibition on inclusionary zoning from state law, at least for the Portland metropolitan area specifically in UGB expansion areas. (For example, inclusionary zoning could require 20% of new units to be for workforce housing, as identified in Metro's Housing Needs Analysis, for rental at 80% or less MFI or for homeownership at or below 120% MFI).

Following is the draft changes to Metro code to reflect the above solution:

A. Add the following policies to the Regional Framework Plan:

1.3 Housing and Affordable Housing

It is the policy of the Metro Council to:

- 1.3.1 Encourage affordable housing opportunities in the region by:
 - f. Seeking voluntary agreements from owners of land added to the UGB to devote a portion of residential capacity to workforce housing as

- determined by the Housing Needs Analysis completed as part of the UGB expansion process.
- g. Giving priority in regional funding for concept planning pursuant to Title 11 of the Urban Growth Management Plan and for transportation improvements in the Metropolitan Transportation Improvement Plan to those areas added to the UGB whose owners have devoted a portion of residential capacity to workforce housing as determined by the Housing Needs Analysis completed as part of the UGB expansion process.

1.9 Urban Growth Boundary

It is the policy of the Metro Council to:

1.9.12 Use the choice of land to include within the UGB as an opportunity to seek agreements with landowners to devote a portion of residential capacity to workforce housing as determined by the Housing Needs Analysis completed as part of the UGB expansion process.

B. Revise the Urban Growth Management Functional Plan as follows:

Title 11 (Planning for New Urban Areas)

3.07.1120: Comprehensive plan amendments shall include:

- C. A demonstration that the types, mix and density of housing allowed in zones in which residential development is permitted are consistent with the types, mix and density of housing needed to accommodate workforce and life-cycle housing as determined by the Housing Needs Analysis completed as part of the UGB expansion process.

C. Recommendations for Metro to consider in 2040 New Look

4. Parking

Description of problem: A set ratio of parking spots per unit is required of all new development. The ratio varies depending on location and use, but typically the minimum is not less than 1:1. Metro sets maximum parking ratios, not minimums, and many cities and counties have instituted Metro's maximum as their minimum ratio. A substantial amount of land is required to fulfill parking needs, especially for surface parking. However, structured parking adds a significant expense to any development, which increases the cost of housing. Structured parking, while expensive, allows more land to be used for housing, commercial, and office development. It also allows achievement of the level of density necessary to create thriving urban centers. Free on-street parking encourages the use of cars for more trips.

Solutions and actions:

- a. *Recommendation to be considered in the 2040 New Look/RTP Update:* Update Metro's regional parking ratio requirements to consider lower minimums, maximums, and locations where they apply.

- b. *Recommendation to be considered in the 2040 New Look/Centers Program:* Parking management requirements could also be implemented in centers to raise the money needed for community improvements such as structured parking, urban plazas, and improvements to create more pedestrian friendly streets. Consider regional requirements to implement parking management in centers as part of Functional Plan compliance.
- c. *Recommendation for Metro:* Participate in the TGM-funded City of Beaverton/City of Hillsboro Parking Solutions Strategy study, which has a goal of decreasing the demand for and more efficiently using the supply of parking in the downtown areas of the two cities. The Metro Regional Travel Options and Transit Oriented Development/Centers programs may be able to assist in this project. Use the results to identify lessons that can be used throughout the region.
- d. *Recommendation for Metro:* Support the Regional Travel Options program in considering a program element focused on marketing travel options to small employers, developers, landlords and businesses in centers and along corridors, thereby reducing parking demand and increasing the feasibility of higher density development in those areas.

5. Planning complete communities that include housing for people of varying income and household type

Description of problem: Residents of affordable housing are better served if they have good access to jobs, shopping, and transportation. Without nearby amenities such as schools, parks, playgrounds, and appropriate shopping, residents are required to spend additional scarce dollars on transportation. Substantial housing development, some of it affordable, is occurring in centers and transit-friendly locations, however much of the amenities being provided are not aimed at low- and moderate-income residents. For example, in the Pearl District (otherwise called the River District), there are about 3,000 units of housing (out of a little over 6,000) affordable to households at less than 80% MFI, as of 2005. Most of the rental units are not large enough to be suitable for families (only 162 have 2 bedrooms), in an area with an exceptional elementary school. However, there are few amenities in the Pearl that serve children (e.g., no daycare, no playground), and there are no mid-range grocery stores in the area. Housing in transit-friendly locations also becomes more affordable due to the decrease in transportation costs required to travel between home, work, shopping, and recreational opportunities.

Solutions and actions:

- a. *Recommendation to be considered in the 2040 New Look:* Plan for complete communities that include housing for people of varying income levels and household type. Development in centers, along corridors, and in other transit-friendly locations should include amenities for families with children and residents of all incomes. These amenities include mid-range grocery stores (e.g., Fred Meyer, Safeway, WinCo), playgrounds and parks, schools, and daycare centers.
- b. *Recommendation for pilot project or future effort:* Inventory publicly owned land located in transit-friendly locations that could be used for affordable housing, particularly to identify opportunity areas in centers. Review Coalition for a Livable Future equity atlas to identify the spatial distribution of resources and help identify potential locations for affordable housing.
- c. *Recommendation to Oregon Housing and Community Services:* Consider revising the qualified allocation plan (at least for the Metro region allocation) to distribute tax credits

using more of a “scorecard” approach that provides extra points for meeting criteria such as those in the State’s Quality Development Objectives.

- d. *Recommendation for Metro:* Research implementation of the Location Efficient Mortgage as currently offered in Portland metropolitan region, work with HUD to determine if there is a possibility of expanding the program to allow more families to live in transit-friendly neighborhoods.

6. Affordable housing in centers, corridors and transit-friendly locations

Metro’s 2040 Growth Concept, adopted in 1995, defines the form of regional growth and development for the Portland metropolitan region. The concept consists of a series of design types that describe the level of density and type of development expected in specific areas. Most growth was designated to occur in centers, however a substantial amount was also expected in corridors. Corridors are meant to be located along high-quality transit lines, to feature a good pedestrian environment, and to allow for higher density development. However, Metro designated over 400 miles of corridors, which have a mix of transit levels of service and land use designations. Metro will be reconsidering the role of corridors, how they support development in centers, and how they can help accommodate more housing and employment to meet regional growth projections. This work will be a part of Metro’s New Look at 2040, to occur over the next year. Initial studies of the potential in corridors have found that a substantial amount of housing could be provided in these areas. Centers and corridors could serve as good locations for affordable housing as well, especially since by definition they are meant to provide good access to transit and a pedestrian-friendly environment in locations that are likely to be less expensive to develop in than centers.

Solutions and actions:

- a. *Recommendation to be considered in the 2040 New Look/Centers Program:* Evaluate opportunities to encourage development of affordable housing in centers and corridors.
- b. *Recommendation to cities and counties:* Re-evaluate zoning in corridors and assess potential of encouraging more housing. Public investments to improve streetscapes and educate property owners on benefits of changing land use could play an important role in the revitalization of corridors.

7. Form-based codes

Design requirements for housing can aid in neighborhood compatibility, and may influence the quality of materials and the durability of structures. However, prescribing materials to be used can substantially increase the cost of housing, thereby reducing affordability. Design requirements that focus on urban form rather than specific materials can achieve many of the same goals while allowing developers flexibility in materials and some elements of design. An example of how design requirements increase housing cost is two recent projects completed by HOST Development; a house in the New Columbia neighborhood costs \$10-15,000 more than the same house constructed nearby without the same design standards.

Solutions and actions:

- a. *Recommendation to be considered in the 2040 New Look/Centers Program:* Evaluate opportunities to implement form-based codes in place of design standards to reduce cost of building housing, especially in centers and corridors.

D. Design-related solutions

8. Expedited review process

Navigating the permit process to develop housing can be difficult, time-consuming, and often confusing. Smaller, non-profit developers often build housing that is affordable at lower incomes. Frequently such housing is built on sites with constraints that require additional design or environmental review. The extra time required to go through the process and potential required amendments to a proposal may increase land holding costs, increase the cost of architectural designs, and increase the financing costs, and in addition increase the level of uncertainty, which impacts the ability of some developers (especially smaller non-profits) to provide affordable housing.

Solutions and actions:

- a. *Recommendation for cities and counties:* Provide expedited review for a) homeownership housing for households at 100% MHI and below, and b) rental housing for households at 60% MHI and below. Apply regional criteria to identify what projects would qualify for an expedited review process. Identify key components of an expedited review process tailored to local concerns.
- b. *Recommendation for Metro:* Work with cities and counties to assess existing regulatory review process to determine how qualifying projects can be flagged for an expedited process. Encourage designation of a specific person as the “go-to contact” for these projects. Emphasis should be placed on assisting affordable housing developers in preparing complete applications, since the State 120 day rule mandates prompt review once an application is determined to be complete.
- c. *Recommendation for Metro:* Develop in-house expertise or work with other experts (e.g., Portland Housing Development Center) to expand programs to provide technical assistance to cities that are too small to designate a person to shepherd qualifying projects through the process.

9. Inventory of publicly owned land located in transit-friendly locations

Land in the vicinity of centers and corridors could serve as good locations for affordable work force housing affordable housing, since they provide good access to transit and are linked to bicycle-friendly and pedestrian-friendly environment.

**Regional Funding Solution Team - Recommended Solutions
November 16, 2005**

The Metro Council charged the Housing Choice Task Force (HCTF) with identifying regional solutions to increase the supply of affordable housing in the Metropolitan region. The Regional Funding Solution Team (Funding Team) was formed by the HCTF to identify a funding mechanism for affordable housing options within the Metro region. The goal of the Funding Team was to identify an initial \$10 million funding source for initiating the first phase of a permanent regional affordable housing program. A second phase of a permanent regional affordable housing program would resemble a Real Estate Transfer Fee (RETF) or a Document Recording Fee. These funding mechanisms are not mutually exclusive in that implementation of the RETF and/or the Document Recording Fee would include an extensive state-wide project that would undoubtedly take at least two years to implement.

Funding Source Recommendation

After analyzing various funding mechanisms the Funding Team identified the following options for recommendation:

- A Construction Excise Tax generating a revenue stream of \$850,000 for 20 years.
 - Could be in a form of a \$10 million Revenue Bond spent over three years, funded by this construction excise tax
- A Real Estate Transfer Fee (RETF) or a Document Recording Fee that would provide a substantial and permanent source of funding.

Construction Excise Tax

A construction excise tax would provide a limited amount of short-term funding.

The Metro Council passed Resolution No. 05-3626A to establish the Expansion Area Planning Fund Committee. The committee was charged with analyzing funding mechanism options for comprehensive and concept planning in the Metro Region. One of the issues being examined is whether this funding mechanism should include a portion or additional percentage for affordable housing related projects. If included this construction excise tax could generate approximately \$850,000 a year that would either fund a \$10 million revenue bond debt or provide an \$850,000 revenue stream.

In order to implement such a system *regionally*, the Metro Council would need to pass an ordinance such as a similar ordinance approved in 1994. Following the Council's passage of the tax, but prior to the public vote on the issue (which was scheduled for May 16, 1995) the ordinance instituting a construction excise tax was repealed. Similar resistance can be anticipated if the construction excise tax were proposed for affordable housing.

Description: A construction excise tax is a tax on *new* residential and commercial/industrial construction on a square foot basis, which also includes the addition of square footage to existing buildings. A construction excise tax would not apply to a remodeling project that does not alter the use of the building. Exempted from the tax could be governments and tax-exempt organizations that provide housing and other social services to low-income families. In addition, single-family homes that sell under a specified price range could be eligible for a rebate or tax deduction. Net revenues for the tax could be dedicated to funding the repayment of a bond issuance or could be earmarked for affordable housing needs.

Real Estate Transfer Fee (RETF) and Document -Recording Fee

The Real Estate Transfer Fee (RETF) and document-recording fee would provide a substantial and long-term revenue stream for an affordable housing fund. New RETFs and document-recording fees are currently not allowed under state law and would require authorization by statewide legislation to be used as a funding mechanism.

In early 2005 the Regional Blue Ribbon Committee on Housing Resource Development identified a RETF as the preferred source of funding for affordable housing development. The Funding Team will rely on the Housing Alliance to strategically pursue the expansion of the RETF/document-recording fee through:

- Broad local jurisdictional support of an effort to lift the preemption of the fees.
- A strong and workable proposal for the collection and oversight of funds.
- Coalition building efforts that looks beyond the affordable housing community.

Description: A **real estate transfer fee or RETF** is a fee on the sale of real property. Typically states and localities charge the buyer and/or seller of real property a fee based on a percentage of the sale value of the property, a flat deed registration fee, or a combination of both. In some states, the RETF is called a documentary stamp fee, though generally certain categories of transactions are exempt from the application of a RETF. Examples include transfers between spouses or between parents and children, transfers to government entities or transfers of businesses owned 100% by a guarantor, for example.

A **document-recording fee** is implemented on the recording of transfers of real property within the Urban Growth Boundary. Currently the fee is limited for use by the county clerk to cover expenses. An additional \$10 per document fee is charged and collected at the time of recording, 5% of which goes to the county, 5% goes to the county clerk, and 90% to the "county assessment and taxation fund.

Uses of the Regional Fund

Capital Project Recommendation: Land Banking/ Land Acquisition

The single biggest issue facing affordable housing production is the cost and availability of vacant land available to prospective developers. Land near jobs, in central city areas, and areas that are already highly developed is often too expensive for many affordable housing projects. Land banking and acquisition can be used to strategically address job/housing imbalance and housing affordability. Key parcels that are available for immediate or mid-term development (the land can be held for 3-5 years or longer) are secured for affordable housing development. Land banking can result in considerable savings to a jurisdiction seeking to ensure an adequate supply of land for affordable and workforce housing.

Land banking and acquisition includes:

- The preservation/retention of affordable housing developments.
- The rehabilitation/retention of affordable housing developments.
- The acquisition of unimproved parcels for future development.
- The acquisition of parcels for immediate development.

Funds for land banking and acquisition would be available through matching grants to local jurisdictions, for profit and non-profit developers, and affordable housing organizations. A regional fund that supports land acquisition frees up other funds to be used for construction.

Details of HCTF Preliminary Draft Recommended Solutions

There are many of examples of projects that a land banking/land acquisition fund could finance. The following list provides a few examples of parcels that could be purchased through a Regional Fund:

- Frog Ponds area in Wilsonville.
- Parcels in the Downtown Regional Center in Beaverton.
- Northeast corner of Hall Blvd. and Sussex, in Beaverton, for 6 and 8 units.
- Two parcels in Washington County, one north of Farmington and one south of Farmington for 16 homes.
- Land just west of the Merlo LRT station currently owned by Tri-Met, for 130 homes.

Pilot Project Solution Team – Preliminary Recommendations

December 2, 2005

The Pilot Project Solution Team worked with representatives of the City of Wilsonville Council and staff to identify 21 opportunity sites for affordable work force housing and elderly housing. A housing market summary was developed with the output of the Housing and Land Needs Model developed by the Oregon Department of Housing and Community Services¹. The housing deficit was allotted to the sites. The issues below were recommended for future discussion:

Priority sites:

- SMART site. City of Wilsonville is the landowner.
- Commuter Rail site. The landowners are the City and Washington County.
- Post Office site. The federal government is the owner.
- Villebois site. The landowner is Costa Pacific Communities
- Frog Pond area. There are multiple owners of the tax lots, including the Wilsonville-West Linn School District.

Potential Policies:

- Preservation strategies for existing affordable rentals, such as a condo conversion ordinance such as the city receiving advance notification of condo conversions, as existing tenants do.
- Public agencies could use better positioning in the housing market, rather than beginning involvement after affordable areas are threatened. Efforts could also be made to notify affordable housing developers when land is available.

Preliminary list of lessons Learned:

1. Identifying and inventorying of opportunity sites for work force affordable housing

Metro should assisting local governments to identify opportunities in their jurisdictions, such as developing inventory of opportunity sites for affordable work force housing. Major players include Metro, cities and counties, Oregon HCS Dept, state and federal legislatures, landowners. Budget implications for Metro include staff time to assist local governments to develop opportunity sites.

2. Teach local governments how to negotiate its expectation for contributions towards work force and affordable housing development in their jurisdictions

Some local governments do not have the resources for negotiating what they expect from their contributions to a housing project. For example, determination of land value expectations for public land donated for affordable housing development or property tax exemption could be a very complicated task for local staff, as circumstances vary from one jurisdiction to another. Metro should provide related technical assistance to local governments.

¹ The model show current housing deficit of 995 units for households in 0%-60% median family income (Metro Title 7 housing needs for 2017 was 1,797 units for households in <50% median family income).

3. Conducting housing needs analysis for local government using the Housing and Land Need Model of the Oregon Department of Housing and Community Services

This application of the state model does not address the regional affordable housing goal in the Metro code (Urban Growth Management Functional Plan –Title 7) to encourage a more equitable regional distribution of the benefits and burdens of growth. Since the housing needs produced by the model are based on the existing population characteristics, the application of the model to a local jurisdiction with few low income residents will reveal little need to create homes for future low income residents. Most of the burden of creating low income housing thus falls on local jurisdictions who already have large low income populations. The HCTF does not support the continuation of these pockets of poverty. A possible solution is to conduct a separate projection of population and employment for a local government that takes into account current and future development effort of the jurisdiction, and then use the projected data as input into the state model. The result would be a housing need information that includes the need of current and projected population and employees. This issue would need to be resolved before the Solution Team's conclusions could be applied to other local jurisdictions.

Materials for Agenda Item No. 7, New Look Work Program and Agenda Item No. 8, MPAC/JPACT Joint Meeting Issues Discussion will be presented at the meeting.