

A G E N D A

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METRO

Agenda

MEETING: METRO COUNCIL REGULAR MEETING
DATE: April 20, 2006
DAY: Thursday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. CONSENT AGENDA

3.1 Consideration of Minutes for the April 13, 2006 Metro Council Regular Meeting.

4. ORDINANCES – SECOND READING

4.1 **Ordinance No. 06-1114**, An Ordinance Confirming the Re-Adoption of Metro Code 7.03 (Investment Policy) McLain

4.2 **Ordinance No. 06-1117**, For The Purpose of Dedicating a Metro Open Spaces Property in the Tryon Creek Linkages Target Area. Newman

5. RESOLUTIONS

5.1 **Resolution No. 06-3688**, For the purpose of Granting an Easement to Washington County Department of Land Use and Transportation for Non-Park Use through Metro Property in the Jackson Bottom Dairy/McKay Creeks Target Area. McLain

5.2 **Resolution No. 06-3677A**, For the Purpose of Accepting the Regional Housing Choice Implementation Strategy recommended by the Housing Choice Task Force Appointed by the Metro Council. Burkholder/
Liberty

6. EXECUTIVE SESSION HELD PURSUANT TO ORS 192.660(1)(e). DELIBERATIONS WITH PERSONS DESIGNATED TO NEGOTIATE REAL PROPERTY TRANSACTIONS.

- ## ADJOURN

<p>Clackamas, Multnomah and Washington counties, and Vancouver, Wash. Channel 11 -- Community Access Network www.yourtv.org -- (503) 629-8534 2 p.m. Thursday, April 20 (live)</p>	<p>Portland Channel 30 (CityNet 30) -- Portland Community Media www.pcmtnv.org -- (503) 288-1515 8:30 p.m. Sunday, April 23 2 p.m. Monday, April 24</p>
<p>Gresham Channel 30 -- MCTV www.mctv.org -- (503) 491-7636 2 p.m. Monday, April 24</p>	<p>Washington County Channel 30 -- TVC-TV www.tvctv.org -- (503) 629-8534 11 p.m. Saturday, April 22 11 p.m. Sunday, April 23 6 a.m. Tuesday, April 25 4 p.m. Wednesday, April 26</p>
<p>Oregon City, Gladstone Channel 28 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.</p>	<p>West Linn Channel 30 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.</p>

Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, (503) 797-1542. Public hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Clerk of the Council to be considered included in the decision record. Documents can be submitted by e-mail, fax or mail or in person to the Clerk of the Council. For additional information about testifying before the Metro Council please go to the Metro website www.metro-region.org and click on public comment opportunities. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AN ORDINANCE	)	ORDINANCE NO. 06-1114
CONFIRMING THE RE-ADOPTION OF METRO)	
CODE 7.03 (INVESTMENT POLICY)	)	Introduced by Michael Jordan, Chief Operating Office in concurrence with Council President Bragdon

WHEREAS, Metro Code Section 7.03 contains the investment policy which applies to all cash-related assets held by Metro; and

WHEREAS, the Investment Advisory Board reviews and approves the Investment Policy for submission to Metro Council; and

WHEREAS, the Investment Advisory Board recommends re-adoption of the Investment Policy; and

WHEREAS, the Investment Advisory Board proposes no change to the Investment Policy; and

WHEREAS, the Investment Manager proposes no change to the Investment Policy; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

That Metro Code Chapter 7.03 is re-adopted as attached hereto in Exhibit A.

ADOPTED by the Metro Council this _____ day of _____, 2006.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

CHAPTER 7.03

INVESTMENT POLICY**

SECTIONS	TITLE
7.03.010	Scope
7.03.020	General Objectives
7.03.030	Standards of Care
7.03.040	Safekeeping and Custody
7.03.050	Suitable and Authorized Investments
7.03.060	Investment Parameters
7.03.070	Reporting
7.03.080	Policy Adoption and Re-Adoption
7.03.090	List of Documents Used in Conjunction with this Policy

**Former Chapter 2.06 (readopted April 9, 1998; amended December 10, 1998; readopted April 15, 1999; readopted April 27, 2000; readopted December 11, 2001; readopted October 3, 2002; renumbered by Ordinance No. 02-976, Sec. 1; readopted June 12, 2003; amended and readopted April 7, 2005, by Ordinance No. 05-1075).

7.03.010 Scope

These investment policies apply to all cash-related assets included within the scope of Metro's audited financial statements and held directly by Metro.

Other than bond proceeds or other segregated revenues, the total of funds pooled for investments ranges from \$60 million to \$100 million with an average of \$80 million. Funds held and invested by trustees or fiscal agents are excluded from these policies; however, such funds are subject to the regulations established by the state of Oregon.

Funds of Metro will be invested in compliance with the provisions of ORS 294.035 to 294.048; ORS 294.125 to 294.145; ORS 294.810; and other applicable statutes. Investments will be in accordance with these policies and written administrative procedures. Investment of any tax-exempt borrowing proceeds and of any debt service funds will comply with the 1986 Tax Reform Act provisions and any subsequent amendments thereto.

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(Ordinance No. 90-365. Amended by Ordinance No. 97-684, Sec. 1; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075.)

7.03.020 General Objectives

Due to Metro's fiduciary responsibility, safety of capital and availability of funds to meet payment requirements are the overriding objectives of the investment program. Investment yield targets are secondary.

(a) Safety. Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio and security of funds and investments. The objective will be to mitigate credit risk and interest rate risk.

(1) Credit Risk. Metro will minimize credit risk, the risk of loss due to the financial failure of the security issuer or backer, by:

- Limiting exposure to poor credits and concentrating the investments in the safest types of securities.
- Pre-qualifying the financial institutions, broker/dealers, and advisers with which Metro will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized. For securities not backed by the full faith and credit of the federal government, diversification is required in order that potential losses on individual securities would not exceed the income generated from the remainder of the portfolio.
- Actively monitoring the investment portfolio holdings for ratings changes, changing economic/market conditions, etc.

(2) Interest Rate Risk. Metro will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need

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to sell securities on the open market prior to maturity.

- Investing operating funds primarily in shorter-term securities or short-term investment pools.

(b) Liquidity. The investment officer shall assure that funds are constantly available to meet immediate payment requirements, including payroll, accounts payable and debt service.

(c) Yield. The investment portfolio shall be designed with the objective of regularly exceeding the average return on 90-day U.S. Treasury Bills. The investment program shall seek to augment returns above this level, consistent with risk limitations described in this policy and prudent investment principles.

This policy shall not preclude the sale of securities prior to their maturity in order to improve the quality, net yield, or maturity characteristic of the portfolio.

(d) Legality. Funds will be deposited and invested in accordance with statutes, ordinances and policies governing Metro.

Ordinance No. 87-228, Sec. 3. Amended by Ordinance No. 90-365; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075.)

7.03.030 Standards of Care

(a) Prudence. The standard of prudence to be applied by the investment officer shall be the "prudent investor" rule: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

(b) Delegation of Authority. The Chief Operating Officer is the investment officer of Metro. The authority for investing Metro funds is vested with the investment officer, who, in turn, designates the investment manager to manage the day-to-day operations of Metro's investment portfolio, place purchase orders and sell orders with dealers and financial institutions, and prepare reports as required.

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(c) Investment Advisory Board (IAB). There shall be an investment advisory board composed of five (5) members.

- (1) Terms of Service. The term of service for citizens appointed to the IAB shall be three (3) calendar years. The term of appointment shall be staggered so that not more than two (2) members' terms expire in any calendar year.
- (2) Appointment. The investment officer shall recommend to the Council for confirmation the names of persons for appointment to the IAB.
- (3) Duties. The IAB shall meet quarterly. The IAB will serve as a forum for discussion and act in an advisory capacity for investment strategies, banking relationships, the legality and probity of investment activities and the establishment of written procedures for the investment operations.

(d) Quarterly Reports. At each quarterly meeting, a report reflecting the status of the portfolio will be submitted for review and comment by at least three (3) members of the IAB. Discussion and comment on the report will be noted in minutes of the meeting. If concurrence is not obtained, notification will be given to the investment officer, including comments by the IAB.

(e) Monitoring the Portfolio. The investment manager will routinely monitor the contents of the portfolio comparing the holdings to the markets, relative values of competing instruments, changes in credit quality, and benchmarks. If there are advantageous transactions, the portfolio may be adjusted accordingly.

(f) Indemnity Clause. Metro shall indemnify the investment officer, chief financial officer, investment manager, staff and the IAB members from personal liability for losses that might occur pursuant to administering this investment policy.

The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported to the council as soon as practicable.

(g) Accounting Method. Metro shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained
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in the pronouncements of authoritative bodies, including, but not necessarily limited to, the American Institute of Certified Public Accountants (AICPA); the Financial Accounting Standards Board (FASB); and the Government Accounting Standards Board (GASB).

(Ordinance No. 05-1075.)

7.03.040 Safekeeping and Custody

(a) Authorized Financial Dealers and Institutions. The investment officer shall maintain a listing of all authorized dealers and financial institutions that are approved for investment purposes. Financial institutions must have a branch in Oregon. Any firm is eligible to apply to provide investment services to Metro and will be added to the list if the selection criteria are met. Additions or deletions to the list will be made by the investment officer and reviewed by the IAB. At the request of the investment officer, the firms performing investment services for Metro shall provide their most recent financial statements or Consolidated Report of Condition (call report) for review. Further, there should be in place proof as to all the necessary credentials and licenses held by employees of the broker/dealers who will have contact with Metro, as specified by but not necessarily limited to the National Association of Securities Dealers (NASD), Securities and Exchange Commission (SEC), etc. At minimum, the investment officer and the IAB shall conduct an annual evaluation of each firm's qualifications to determine whether it should be on the authorized list.

Securities dealers not affiliated with a Qualified Financial Institution, as defined in ORS 294.035, will be required to have headquarters located in the states of Oregon, Washington or Idaho and, if not headquartered in the state of Oregon, to have an office located in Oregon. Notwithstanding the above, securities dealers who are classified as primary dealers with the New York Federal Reserve Bank are also eligible.

(b) Internal Controls. The investment officer shall maintain a system of written internal controls, which shall be reviewed annually by the IAB and the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation or imprudent actions.

Metro's independent auditor at least annually shall audit investments according to generally accepted auditing standards and this ordinance.

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(c) Delivery vs. Payment. All securities purchased pursuant to this investment policy will be delivered by either book entry or physical delivery to a third party for safekeeping by a bank designated as custodian. Purchase and sale of all securities will be on a payment versus delivery basis. Delivery versus payment will also be required for all repurchase transactions and with the collateral priced and limited in maturity in compliance with ORS 294.035(11).

(d) Safekeeping. The trust department of the bank designated as custodian will be considered to be a third party for the purposes of safekeeping of securities purchased from that bank. The custodian shall issue a safekeeping receipt to Metro listing the specific instrument, rate, maturity and other pertinent information.

Notwithstanding the preceding, an exception to the delivery versus payment policy is made when purchasing State and Local Government Series Securities (SLGS) from the United States Treasury's Bureau of Public Debt to satisfy arbitrage yield restriction requirements of the Internal Revenue Code for tax-exempt bond issues.

(Ordinance No. 05-1075.)

7.03.050 Suitable and Authorized Investments

(Definitions of terms and applicable authorizing statutes are listed in the "Summary of Investments Available to Municipalities" provided by the State Treasurer.)

(a) Investment Types. The following investments are permitted by this policy and ORS 294.035 and 294.810.

- (1) U.S. Treasury Bills, Notes, Bonds, Strips
(Separate Trading of Registered Interest and Principal of Securities) and/or State and Local Government Series Securities (SLGS)
- (2) Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises
- (3) Certificates of Deposit (CD) from commercial banks in Oregon and insured by the Federal Deposit Insurance Corporation (FDIC)
- (4) Repurchase Agreements (Repo's)
- (5) Banker's Acceptances (BA)

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- (6) Commercial Paper (CP) issued by a financial institution, commercial, industrial or utility business enterprise
- (7) State of Oregon and Local Government Securities with A ratings or better
- (8) State of Oregon Investment Pool
- (9) Market Interest Accounts and Checking Accounts

(b) Collateralization. Deposit-type securities (i.e., Certificates of Deposit) shall be collateralized through the state collateral pool as required by ORS 295.015 and ORS 295.018 for any amount exceeding FDIC coverage, recognizing that ORS 295.015 requires only 25 percent collateralization and ORS 295.018 requires 110 percent collateralization when the institution is notified by the State Treasurer.

(Ordinance No. 05-1075.)

7.03.060 Investment Parameters

(a) Diversification by Maturity. Only investments which can be held to maturity shall be purchased. Investments shall not be planned or made predicated upon selling the security prior to maturity. This restriction does not prohibit the use of repurchase agreements under ORS 294.135(2).

Maturity limitations shall depend upon whether the funds being invested are considered short-term or long-term funds. All funds shall be considered short-term, except those reserved for capital projects (e.g., bond sale proceeds).

(1) Short-Term Funds.

- (A) Investment maturities for operating funds and bond reserves shall be scheduled to meet projected cash flow needs. Funds considered short-term will be invested to coincide with projected cash needs or with the following serial maturity:

- 25% minimum to mature under three months
- 75% minimum to mature under 18 months
- 100% minimum to mature under five years

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- (B) Investments may not exceed five (5) years. Investment maturities beyond 18 months may be made when supported by cash flow projections which reasonably demonstrate that liquidity requirement will be met. Maturities beyond 18 months will be limited to direct U.S. Treasury obligations.

(2) Long-Term Funds.

- (A) Maturity scheduling shall be timed according to anticipated need. ORS 294.135 permits investment beyond 18 months for any bond proceeds or funds accumulated for any purpose that the district is permitted by state law to accumulate and hold funds for a period exceeding one (1) year. The maturities should be made to coincide as nearly as practicable with the expected use of the funds.
- (B) Investment of capital project funds shall be timed to meet projected contractor payments. The drawdown schedule used to guide the investment of the funds shall evidence the approval of the investment officer and review of the Chief Financial Officer.

(b) Diversification by Investment. The investment officer will diversify the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities.

The maximum percentages of the portfolio and the maximum maturities for investments are as follows:

Security	Maximum Percent of Portfolio	Maximum Maturity
U.S. Treasury Bills, Notes, Bonds, Strips and/or State and Local Government Series (SLGS)	100%	
Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises	100%	

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Certificates of Deposit (CD) Commercial Banks in Oregon Insured by FDIC	100%	
Repurchase Agreements (Repo's)	50%	90-day maturity
Bankers Acceptances (BA)	100%	
Commercial Paper (CP) - Issued by a financial institution, commercial, industrial, or utility business enterprise. For a corporation headquartered in Oregon For a corporation headquartered outside of Oregon	35%	A-1 and P-1 only, 90-day maturity; A-2 and P-2, A-1/P-2, or A-2/P1, 60-day maturity A-1 and P-1 only; 90-day maturity
State of Oregon and Local Government Securities with A ratings or better	25%	
State of Oregon Investment Pool	100%	
Market Interest Accounts and Checking Accounts	Minimum necessary for daily cash management efficiency	

(c) Diversification by Financial Institution.

- (1) Qualified Institutions. The investment officer shall maintain a listing of financial institutions and securities dealers recommended by the IAB. Any financial institution and/or securities dealer is eligible to make an application to the

investment officer and upon due consideration and approval hold available funds.

A listing of the eligible institutions shall be held by the investment officer and provided any fiduciary agent or trustee.

- (2) Diversification Requirements. The combination of investments in Certificates of Deposit and Banker's Acceptances invested with any one institution shall not exceed 25 percent of the total available funds or 15 percent of the equity of the institution.

The following limitations avoid over-concentration in securities from a specific issuer or business sector:

Type of Security	Limitation
U.S. Government Treasuries	No limitations
U.S. Government Agencies	Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises as defined under ORS 294.035 and/or 294.040. No more than 40 percent of the portfolio in any one agency.
Certificates of Deposit - Commercial Banks	No more than the lesser of 25 percent of the total available funds or 15 percent of the equity of the financial institution may be invested with any one institution.
Repurchase Agreements	May be purchased from any qualified institution provided the master repurchase agreement is effective and the safekeeping requirements are met. All repurchase agreements will be fully collateralized by general obligations of the U.S. Government, the agencies and instrumentalities of the United States or enterprises sponsored by the United States government, marked to market. The investment officer shall not enter into any reverse repurchase agreements.
Bankers Acceptances	Must be guaranteed by, and carried on the books of, a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally

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	<p>recognized statistical rating organizations.</p> <p>Qualified institution means:</p> <p>i) A financial institution that is located and licensed to do banking business in the state of Oregon; or</p> <p>ii) A financial institution located in the states of California, Idaho, or Washington that is wholly owned by a bank holding company that owns a financial institution that is located and licensed to do banking business in the state of Oregon.</p> <p>No more than the lesser of 25 percent of the total available funds or 15 percent of the equity of the financial institution may be invested with any one institution.</p>
Commercial Paper	No more than 5 percent of the total portfolio with any one corporate entity.
State and Local Government Securities	No more than 15 percent of the total portfolio in any one local entity.
State of Oregon Investment Pool	Not to exceed the maximum amount established in accordance with ORS 294.810, with the exception of pass-through funds (in and out within 10 days)

(d) Total Prohibitions. The investment officer may not make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction and may not agree to invest funds or sell securities for a fee other than interest. Purchase of standby or forward commitments of any sort are specifically prohibited.

(e) Adherence to Investment Diversification. Diversification requirements must be met on the day an investment transaction is executed. If due to unanticipated cash needs, investment maturities or marking the portfolio to market, the investment in any security type, financial issuer or maturity spectrum later exceeds the limitations in the policy, the investment officer is responsible for bringing the investment portfolio back into compliance as soon as is practical.

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(f) Competitive Selection of Investment Instruments. Before the investment officer invests any surplus funds, a competitive offering solicitation shall be conducted orally. Offerings will be requested from financial institutions for various options with regards to term and instrument. The investment officer will accept the offering, which provides the highest rate of return within the maturity required and within the prudent investor rule. Records will be kept of offerings and the basis for making the investment decision.

(Ordinance No. 05-1075.)

7.03.070 Reporting

(a) Methods. A transaction report shall be prepared by the investment manager not later than one business day after the transaction, unless a trustee, operating under a trust agreement, has executed the transaction. The trustee agreement shall provide for a report of transactions to be submitted by the trustee on a monthly basis.

Quarterly reports shall be prepared for each regular meeting of the IAB to present historical information for the past 12-month period. Copies shall be provided to the Chief Operating Officer and the Metro Council.

(b) Performance Standards. The overall performance of Metro's investment program is evaluated quarterly by the IAB using the objectives outlined in this policy. The quarterly report which confirms adherence to this policy shall be provided to the Metro Council as soon as practicable.

The performance of Metro's portfolio shall be measured by comparing the average yield of the portfolio at month-end against the performance of the 90-day U.S. Treasury Bill issue maturing closest to 90 days from month-end and the Local Government Investment Pool's monthly average yield.

(Ordinance No. 05-1075.)

7.030.080 Policy Adoption and Re-adoption

(a) The investment policy must be reviewed by the IAB and the Oregon Short-Term Fund Board prior to adoption by the Metro Council. Adoption of this policy supersedes any other previous Council action or policy regarding Metro's investment management practices.

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(b) This policy shall be subject to review and re-adoption annually by the Metro Council in accordance with ORS 294.135.

(Ordinance No. 05-1075.)

7.030.090 List of Documents Used in Conjunction with this Policy

The following documents are used in conjunction with this policy and are available from the investment manager upon request:

- List of Authorized Brokers and Dealers
- List of Primary Dealers
- Calendar of Federal Reserve System Holidays
- Calendar of Local Government Investment Pool Holidays
- Broker/Dealer Request for Information
- Oregon State Treasury's Summary of Liquid Investments Available to Local Governments for Short-Term Fund Investment
- Oregon State Treasury's U.S. Government and Agency Securities for Local Government Investment Under ORS 294.035 and 294.040
- Oregon State Treasury's List of Qualified Depositories for Public Funds
- Attorney General's letter of advice: Certificates of Deposit, ORS 294.035 and ORS 295
- Oregon Revised Statute Chapter 294 - County and Municipal Financial Administration
- Oregon Revised Statute Chapter 295 - Depositories of Public Funds and Securities
- Government Finance Officers Association Glossary of Cash Management Terms

(Ordinance No. 05-1075.)

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 06-1114 FOR THE PURPOSE OF CONFIRMING THE RE-ADOPTION OF METRO CODE 7.03 (INVESTMENT POLICY)

Date: March 24, 2006

Prepared by: Brian Williams

BACKGROUND

Metro Code, Chapter 7.03 contains the Investment Policy that applies to all cash-related assets held by Metro. This Investment Policy is being submitted to Council for review and re-adoption in accordance with Section 7.03.160 of Metro Code.

The format of Metro's Investment Policy mirrors the Oregon State Treasury's Sample Investment Policy for Local Governments and the Government Finance Officers Association's (GFOA) Sample Investment Policy. This allows Metro's policy to be readily compared to investment policies of other local governments that have adopted the same GFOA format.

No change to investment policy is proposed as a part of this re-adoption.

ANALYSIS/INFORMATION

1. **Known Opposition:** None.
2. **Legal Antecedents:** Metro Code, Chapter 7.03, Investment Policy, Section 7.030.080(b) proscribes that the policy shall be subject to review and re-adoption annually by the Metro Council in accordance with ORS 294.135.

Chapter 7.03 was formerly Chapter 2.06 (readopted April 9, 1998; amended December 10, 1998; readopted April 15, 1999; readopted April 27, 2000; readopted December 11, 2001; readopted October 3, 2002; renumbered by Ordinance No. 02-976, Sec. 1; readopted June 12, 2003; amended and readopted April 7, 2005, by Ordinance No. 05-1075).

3. **Anticipated Effects:** N/A
4. **Budget Impacts:** N/A

RECOMMENDED ACTION: Staff recommends re-adoption of Metro Code Chapter 7.03 by Ordinance No. 06 - 1114.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF NAMING METRO	)	ORDINANCE NO. 06-1117
OPEN SPACES PROPERTY IN THE TRYON)	
CREEK LINKAGES TARGET AREA	)	Introduced by Chief Operating Officer
	)	Michael Jordan, with the concurrence of
	)	Council President David Bragdon

WHEREAS, Metro Area voters approved the Open Spaces, Parks and Streams Bond Measure (Ballot Measure 26-26) on May 16, 1995, which authorized Metro to issue \$135.6 million in general obligation bonds to finance land acquisition and certain park-related capital improvements; and

WHEREAS, on August 10, 1995, the Metro Council, through Resolution 95-2192 "For The Purpose Of Authorizing The Executive Officer To Purchase Property In The Tyron Creek Watershed", authorized the purchase of 11 acres of property (the "Property",) owned by Larry and Nina Lindstrom; and

WHEREAS, in October of 1995, Metro purchased the Property, which is located between SW Pomona Street, SW 39th Avenue, SW Coronado Street and SW 43rd Avenue and is part of the headwaters of Arnold Creek, a tributary of Tyron Creek; and

WHEREAS, Chapter 2.16.020 (d) of the Metro Code sets forth a policy for the naming of facilities owned or operated by Metro, stating: "A Metro facility may be named for a deceased person in recognition of the person's significant contribution of effort or money in support of the facility or its construction or mission, in conformance with the adopted policy of Metro Council"; and

WHEREAS, a master plan has not yet been adopted for the Property, but the City of Portland Parks and Recreation Department, which manages the Property and other properties in the Tyron Creek Linkages Target Area for Metro under an Intergovernmental Agreement, has agreed that the Property may be named in accord with Metro's Ordinance governing naming of Metro facilities; and

WHEREAS, Metro has received letters from the Friends of Arnold Creek and the West Portland Park Neighborhood Association and Multnomah County Sheriff Bernie Giusto requesting that the Property be named "Loll Wildwood" in honor of Multnomah County Sheriff Deputy Ernest C. Loll who was shot and killed in the line of duty by the Property over 70 years ago protecting the resource by responding to a report of poaching; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

This Ordinance recognizes the important contribution of protecting the natural resources of the Tryon Creek area by Deputy Ernest C. Loll through the dedication and naming in his honor of the 11-acre Metro property, identified in Exhibit A, as "Loll Wildwood".

ADOPTED by the Metro Council this _____ day of _____, 2006.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

ORDINANCE NO. 06-1117

EXHIBIT A
Lindstrom Property

Lots 29 and 30, Block 33; Lots 25 and 26, Block 34; Lots 7, 8, 15, 16, 17, 18, 25, 26, 27, 28, 29, 30, 31 and 32, Block 47; Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 16, 17, 18, 21, 22, 23, 24, 25, 26, 34, 35 and 36, Block 48; Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36, Block 53; Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36, Block 54; Lots 23, 24, 25, 26, 27 and 28, Block 55; Lots 17, 18, 19, 20, 21 and 22, Block 66; Lots 1, 2, 3, 4, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21 and 22, Block 67; Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36, Block 68, WEST PORTLAND PARK, in the City of Portland, County of Multnomah and State of Oregon.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 06-1117, FOR THE PURPOSE OF NAMING METRO OPEN SPACES PROPERTY IN THE TRYON CREEK LINKAGES TARGET AREA

Date: March 15, 2006

Prepared by: Dan Kromer

BACKGROUND

In October of 1995, Metro and the City of Portland's Bureau of Environmental Services (BES) purchased 11 acres of undeveloped property from Larry and Nina Lindstrom to be preserved as open space. The Metro Council authorized the purchase of this property through Resolution 95-2192, "For The Purpose Of Authorizing The Executive Officer To Purchase Property In The Tyron Creek Watershed". Metro retained fee simple interest on the property, which is located between SW Pomona Street, SW 39th Avenue, SW Coronado Street and SW 43rd Avenue and is part of the headwaters of Arnold Creek, a tributary of Tyron Creek. Funding for Metro's share (30%) of the purchase came from the Open Spaces, Parks and Streams bond measure passed by voters of the region in 1995. These 11 acres became part of the Tyron Creek Linkages target area as adopted by Council via Resolution 96-2330, "For The Purpose Of Approving A Refinement Plan For Tyron Creek Linkages Target Area As Outlined In The Open Space Implementation Plan".

Recently, a request was received from the West Portland Park Neighborhood Association and the Friends of Arnold Creek, Attachment 1, requesting naming these 11 acres, "Loll Wildwood". The name request is in honor of Multnomah County Sheriff Deputy Ernest C. Loll who was shot and killed in the line of duty around this area over 70 years ago responding to a report of bird poaching. The request also has the support of Multnomah County Sheriff Bernie Giusto, Attachment 2. Presently, there is a monument and plaque located at intersection of SW 39th and SW Arnold Street by the exact site where Deputy Loll was killed.

The above 11-acre site is currently managed as part of the Tryon Creek Linkages by the City of Portland Parks and Recreation Department under an Intergovernmental Agreement with Metro. The area is not presently open for public use but is informally used and cared for by neighbors and other Southwest Portland residents. Since Metro is the 100% owner of the site, Portland Parks and Recreation has agreed that this area may be named in accord with Metro's Ordinance governing naming of Metro facilities.

On May 17, 2001, Metro Council approved Ordinance No. 01-904, "For The Purpose Of Dedicating A Metro Open Spaces Program Acquisition In The Tryon Creek Linkages Target Area", formally dedicating another section of the Tryon Creek Linkages the, "Judy Weyers Greenspace", in honor of the deceased former Metro Councilor and Presiding Officer who represented the district which includes the Tryon Creek Linkages area and who was instrumental in developing and referring the 1995 bond measure.

ANALYSIS/INFORMATION

1. Known Opposition

No known opposition.

2. Legal Antecedents

Metro Code Chapter 2.16 was established to provide a policy for the naming of facilities owned or operated by Metro. Section 2.16.020 (a) states, "Facilities owned by Metro shall be named through adoption of an ordinance by Metro Council". Section 2.16.020 (d), states, "A Metro facility may be named for a deceased person in recognition of the person's significant contribution of effort or money in support of the facility or its construction or mission, in conformance with the adopted policy of Metro Council".

The Open Spaces, Parks and Streams Bond Measure (Ballot Measure 26-26) was passed on May 16, 1995 by area voters authorizing Metro to issue \$135.6 million in general obligation bonds to finance land acquisition and certain park related improvements.

Resolution 95-2192, "For The Purpose Of Authorizing The Executive Officer To Purchase Property In The Tyron Creek Watershed", was approved by Metro Council on August 10, 1995 and authorized the purchase of property owned by Larry and Nina Lindstrom.

Resolution 96-2330, "For The Purpose Of Approving A Refinement Plan For Tyron Creek Linkages Target Area As Outlined In The Open Space Implementation Plan", was adopted by Metro Council on April 26, 1996 creating a refinement plan for the Tyron Creek Linkages target area and identified the 11 acres Metro purchased from the Lindstrom family as part of this area.

Ordinance No. 01-904, "For The Purpose Of Dedicating A Metro Open Spaces Program Acquisition In The Tryon Creek Linkages Target Area", approved by Metro Council on May 17, 2001, named another section of the Tryon Creek Linkages to, "Judy Weyers Greenspace", in honor of a deceased former Metro Councilor and Presiding Officer who represented the district which the section was located in.

3. Anticipated Effects

No anticipated effects.

4. Budget Impacts

No budgetary impacts are anticipated from this ordinance.

RECOMMENDED ACTION

Metro staff recommends the adoption of Ordinance 06-1117.

ORDINANCE NO. 06-1117
ATTACHMENT 1

June 24, 2005

Jim Desmond, Metro Parks and Greenspaces Director
600 N.E. Grand Avenue
Portland, OR 97232-2736

Subject: Naming of the Tryon Creek Linkages Open Space

Dear Jim,

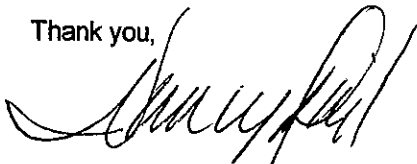
As you know, the Tryon Creek Linkages site in southwest Portland was one of the first acquired by Metro after the passage of the 1995 open spaces, parks, and streams bond measure. The Friends of Arnold Creek organization was granted stewardship for the site, and it is managed by the City of Portland. It's hard to believe ten years have already passed, and on July 31, the West Portland Park Neighborhood Association will be celebrating this milestone anniversary with a neighborhood party.

I am writing on behalf of Friends of Arnold Creek, chaired by Amanda Fritz, and the West Portland Park Neighborhood Association, chaired by David Gens, to enlist your help in naming our open space. Both organizations have unanimously agreed upon the name "Loll Wildwood." Multnomah County Deputy Sheriff Ernest C. Loll was shot and killed on September 29, 1935, when he responded to a report of bird poachers in southwest Portland. Deputy Loll had arrived on the scene and contacted one suspect when a second suspect shot him. A memorial was placed at SW 35th and SW Arnold, the approximate location where Deputy Loll was killed. We find it fitting to dedicate our open space to an individual who lost his life protecting southwest natural areas some 70 years ago.

We would greatly appreciate any advice and assistance you can give us in initiating and advancing this process. We presume both Metro and the City will need to agree to the name, and so would be willing to submit requests both to Metro and Portland City Council, if necessary.

I can be reached at 503 246 3266, and my address is 4205 S.W. Vesta Street, Portland, OR, 97219-7450.

Thank you,



Nancy Drais, Friends of Arnold Creek and West Portland Park Neighborhood Association Board Member

cc: David McAllister, Portland Parks and Recreation City Nature Manager
Jim Sjulín, Portland Parks and Recreation Natural Areas Supervisor
Bernie Giusto, Multnomah County Sheriff



MULTNOMAH COUNTY SHERIFF'S OFFICE

501 SE HAWTHORNE BLVD., SUITE 350 • PORTLAND, OR 97214

Exemplary service for a safe, livable community

BERNIE GIUSTO
SHERIFF

(503) 988-4300 PHONE
(503) 988-4500 TTY
www.sheriff-mcso.org

July 21, 2005

Jim Desmond, Director
Metro Parks and Greenspaces
600 NE Grand Avenue
Portland, OR 97232-2736

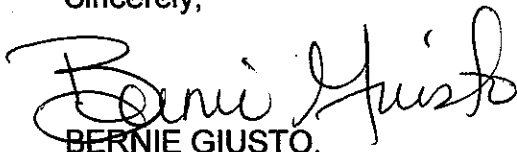
Dear Mr. Desmond:

On behalf of this agency, I am honored by the letter from Nancy Drais, of the friends of Arnold Creek and Board Member of the West Portland Park Neighborhood Association. To name the Tyron Creek Linkages Open Space the "Loll Wildwood" in honor of Deputy Ernest Loll would be a fitting and lasting reminder of his service to citizens and a constant living reminder of his legacy of the need to protect all things.

It is important to note that we commemorate Deputy Loll each year at our Law Enforcement Memorial ceremony; however, for the most part, the memorial stone erected at the site is visited by those who simply happen upon its path. What a tribute it would be to memorialize not only his death, but to recognize his life by creating the Loll Wildwood.

Please let me know how we can proceed in this process.

Sincerely,


BERNIE GIUSTO,
Sheriff

Cc: Nancy Drais, Friends of Arnold Creek

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF GRANTING AN	)	RESOLUTION NO. 06-3688
EASEMENT TO WASHINGTON COUNTY)	
DEPARTMENT OF LAND USE AND)	
TRANSPORTATION FOR NON-PARK USE)	
THROUGH METRO PROPERTY IN THE	)	Introduced by Chief Operating Officer
JACKSON BOTTOM-DAIRY/MCKAY CREEKS	)	Michael J. Jordan, with the concurrence of
TARGET AREA	)	Council President David Bragdon

WHEREAS, Metro owns open space/natural area property in Washington County on Susbauer Road, in Metro's Jackson Bottom-Dairy/McKay Creeks (Council Creek) target area; and

WHEREAS, Washington County Department of Land Use and Transportation (hereafter, "Washington County") is requesting a permanent Drainage, Slope and Public Utilities Easement and a temporary Construction Easement depicted in the attached Exhibit "A" to accommodate construction of a new bridge over Council Creek, known as Susbauer Bridge; and

WHEREAS, Washington County will pay the fair market value of the easement area according to an appraisal and has agreed to pay Metro's costs and expenses to process this permanent easement and temporary construction easement request; and

WHEREAS, Resolution No. 97-2539B "For the Purpose of Approving General Policies Related to the Review of Easements, Right-of Ways, and Leases for Non-Park Uses Through Properties Managed by the Regional Parks and Greenspaces Department," adopted by the Metro Council on November 6, 1997 (the "Easement Policy"), requires formal review of all easement requests by the Metro Council; and

WHEREAS, the Metro Regional Parks and Greenspaces Department has determined that this easement request has met the criteria in Resolution No. 97-2539B, as identified in Exhibit "B" Metro Easement Policy Criteria and Staff Findings, and can be accommodated with minimal impact to natural resources, recreational resources, recreational facilities, recreational opportunities or their operation and management; now therefore

BE IT RESOLVED that the Metro Council authorizes the Chief Operating Officer to grant permanent and temporary easements to Washington County to accommodate replacement of Susbauer Bridge in a form consistent with the Easement Policy and acceptable to the Metro Attorney, encumbering open space/natural area land owned by Metro along Susbauer Road in Washington County.

ADOPTED by the Metro Council this _____ day of _____, 2006.

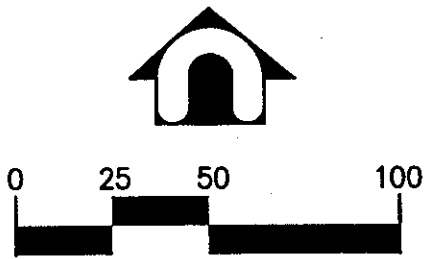
David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

Exhibit A
Depiction of Easement Area Over Metro Property
Susbauer Road

[Placeholder]



SCALE: 1" = 50'

LEGEND:

- ① PERMANENT DRAINAGE, SLOPE AND UTILITY EASEMENT
1,052 SQ.FT.± (0.024 AC.±)
- ② TEMPORARY CONSTRUCTION EASEMENT
716 SQ.FT.± (0.016 AC.±)

Metro Property

FILE 100029-02
1N3 34 00500
DOC. NO. 2003-087658

RIGHT-OF-WAY
CENTERLINE

SUSBAUER ROAD (FORMERLY CR 196)
CR 2473 T/J

EXISTING RIGHT-OF-WAY

17+30.00

35.00'

17+30.00
40.00'① PERMANENT DRAINAGE, SLOPE,
AND UTILITY EASEMENT

② TEMPORARY CONSTRUCTION EASEMENT

16+50.00
45.00'16+50.00
50.00'

COUNCIL CREEK

WILLIAM MCLINN
D.L.C. NO. 6715+75.00
50.00'15+75.00
45.00'**SUSBAUER ROAD**

WASHINGTON COUNTY PROJECT NO: 100029

FILE NO: 100029-02	SUBMITTAL DATE: 6/22/05	REV'D: 11/15/05
TAX LOT: 00500	ADDRESS: NO SITE ADDRESS	
TAX MAP: 1N334		



**DAVID EVANS
AND ASSOCIATES INC.**

2100 Southwest River Parkway
Portland Oregon 97201
Phone: 503.223.6663

Exhibit B
Metro Easement Policy Criteria and Staff Findings

[Placeholder]

EXHIBIT B
Resolution 06-3688

Metro Easement Policy Criteria and Staff Findings

- 1) **Provide for formal review of all proposed easements, rights of ways, and leases for non-park uses to Metro Council. Notwithstanding satisfaction of the criteria set forth herein, the final determination of whether to approve a proposed easement, right-of-way, or lease is still subject to the review and approval by the full Metro Council.**

Staff Finding: Washington County has submitted a formal easement and right-of-way application and request to the Regional Parks and Greenspaces Department. Staff is forwarding Washington County's application with a recommendation of approval.

- 2) **Prohibit the development of utilities, transportation projects and other non-park uses within corridors or on sites which are located inside of Metro owned or managed regional parks, natural areas, and recreational facilities except as provided herein.**

Staff Finding: The applicant proposes to rebuild Susbauer Bridge. The current bridge is in poor condition and requires replacement. The current bridge is at an elevation of 150 feet, which is below the 100-year flood plain and the 25-year water elevation. During large storm events, the roadway is inundated and covered with water. In order to build the new 145-foot long, single span bridge, Washington County is requesting a permanent drainage, slope and utility easement and a temporary construction easement over 1,052 square feet and 716 square feet, respectively, of Metro's natural area property adjacent to Susbauer Road.

- 3) **Reject proposals for utility easements, transportation right-of-ways and leases for non-park uses which would result in significant, unavoidable impacts to natural resources, cultural resources, recreational facilities, recreational opportunities or their operation and management.**

Staff Finding: Development proposed within the easement area includes construction of a roadway approach embankment. The area of Metro's property affected by the proposed easement is not considered of high natural resource value, so the proposal will result in no significant, unavoidable impacts to natural resources, cultural resources, recreational facilities, recreational opportunities or their operation and management.

- 4) **Accommodate utility easements, transportation right-of-ways or other non-park uses when the Regional Parks and Greenspaces Department (the Department) determines that a proposed easement, right-of-way, or non-park use can be accommodated without significant impact to natural resources, cultural resources, recreational facilities, recreational opportunities or their operation and management; and that the impacts can be minimized and mitigated.**

Staff Finding: No master plan exists for this site. However, the current and anticipated future use of the site is for protection for natural resource/water quality values. The area of Metro's property affected by the proposed easement is not considered of high natural resource value, so the easement will have minimal impact on natural resources and does not limit or eliminate any management activities, and these may be accommodated.

- 5) **Require full mitigation and related maintenance, as determined by the Department, of all unavoidable impacts to natural resources, recreational facilities, recreational opportunities or their operation and management associated with the granting of easements, right-of-ways, or leases to use Metro owned or managed regional parks, natural areas or recreational facilities for non-park uses.**

Staff Finding: Mitigation for the Project is being performed down stream off the Metro property. All site disturbance resulting from the use of the temporary construction easement to construct the road improvements will be restored by Washington County upon completion of construction to conditions equal or better prior to construction.

- 6) **Limit rights conveyed by easements, right-of-ways, and leases for non-park uses to the minimum necessary to accomplish the objectives of any proposal.**

Staff Finding: The dimensions of the easement request is the minimum needed to allow Washington County to rebuild Susbauer Bridge to provide vehicular and pedestrian passage over Council Creek along Susbauer Road.

- 7) **Limit the term of easements, right-of-ways and leases to the minimum necessary to accomplish the objectives of any proposal.**

Staff Finding: The permanent easement has limited negative impact to the natural resources of the property. The long-term impact to Council Creek depends on adequate control and treatment of stormwater generated by the additional road improvements and increased use.

- 8) **Require reversion, non-transferable, and removal and restoration clauses in all easements, rights of ways, and leases.**

Staff Finding: The easement includes these terms.

- 9) **Fully recover all direct costs (including staff time) associated with processing, reviewing, analyzing, negotiating, approving, conveying, or assuring compliance with the terms of any easement, right-of-way, or lease for non-park use.**

Staff Finding: Washington County has agreed to cover direct costs.

- 10) **Receive no less than fair market value compensation for all easements, right-of-ways, or leases for non-park uses. Compensation may include, at the discretion of the Department, periodic fees or considerations other than money.**

Staff Finding: Washington County has provided an appraisal by Jay DeVoe, SR/WA, MAI, dated January 20, 2006. The appraisal indicates that the impact to Metro's property is minimal and assigns it a nominal value of \$100. An appraisal review could be obtained, but it would cost a minimum of \$1,000 and would be unlikely to result in a value high enough to recapture the cost of the review. Washington County has agreed to pay Metro the appraisal value for the easement.

- 11) **Require full indemnification from the easement, right-of-way or leaseholder for all costs, damages, expenses, fines, or losses related to the use of the easement, right-of-way, or lease. Metro may also require insurance coverage and/or environmental assurances if deemed necessary by the Office of Metro Attorney.**

Staff Finding: The easement would include indemnification provisions. Additional insurance coverage and/or environmental assurances have been deemed unnecessary by the Office of the Metro Attorney.

- 12) **Limit the exceptions to this policy to: grave sales, utilities or transportation projects which are included in approved master/management plans for Metro regional parks, natural areas and recreational facilities; projects designed specifically for the benefit of a Metro regional park, natural area, or recreational facility; or interim use leases as noted in the Open Spaces Implementation Work Plan.**

Staff Finding: No exception is proposed.

- 13) **Provide for the timely review and analysis of proposals for non-park uses by adhering to the following process:**

- A. **The applicant shall submit a detailed proposal to the Department which includes all relevant information including but not limited to: purpose, size, components, location, existing conditions, proposed project schedule and phasing, and an analysis of other alternatives which avoid the Metro owned or managed regional park, natural area or recreational facility which are considered infeasible by the applicant. Cost alone shall not constitute unfeasibility.**

Staff Finding: Applicant outlined two alternatives which avoided the Metro property, but were infeasible: 1) a 310-foot multi-span bridge spanning the entire floodplain is prohibitively expensive and would require supports to be built in the wetland riparian area; 2) a roadway approach to the bridge structure which would require road fill with embankment slopes or placement of retaining walls to support the roadway fill is infeasible due to unstable surface soils which preclude stable wall construction within the floodplain of Council Creek.

- B. **Upon receipt of the detailed proposal, the Department shall determine if additional information or a Master Plan is required prior to further review and analysis of the proposal. For those facilities, which have master plans, require that all proposed uses are consistent with the master plan. Where no master plan exists all proposed uses shall be consistent with the Greenspaces Master Plan. Deficiencies shall be conveyed to the applicant for correction.**

Staff Finding: No additional information is needed.

- C. **Upon determination that the necessary information is complete, the Department shall review and analyze all available and relevant material and determine if alternative alignments or sites located outside of the Metro owned or managed regional park, natural area, or recreational facility are feasible.**

Staff Finding: No alternative for alignment outside this area is feasible.

- D. If outside alternatives are not feasible, the Department shall determine if the proposal can be accommodated without significant impact to park resources, facilities or their operation and management. Proposals which cannot be accommodated without significant impacts shall be rejected. If the Department determines that a proposal could be accommodated without significant impacts, staff shall initiate negotiations with the applicant to resolve all issues related to exact location, legal requirements, terms of the agreement, mitigation requirements, fair market value, site restoration, cultural resources, and any other issue relevant to a specific proposal or park, natural area or recreational facility. The Department shall endeavor to complete negotiations in a timely and business-like fashion.**

Staff Finding: The current easement request is acceptable to Metro staff and would increase safety on Susbauer Road and Susbauer Bridge. Washington County plans seeding within the proposed easement areas on the Metro property in order to stabilize the roadway embankment fill and to restore temporary impacts to the property. The project also includes off site construction of a water quality treatment swale, wetland mitigation and installation of upland riparian plantings. The proposal can be accommodated without significant impacts to such resources, facilities, their operation and management.

- E. Upon completion of negotiations, the proposed agreement, in the appropriate format, shall be forwarded for review and approval. In no event shall construction of a project commence prior to formal approval of a proposal.**

Staff Finding: Construction is contingent upon approval.

- F. Upon completion of all Metro tasks and responsibilities or at intervals determined by the Department, and regardless of Metro Council action related to a proposed easement, right-of-way, or lease for a non-park use, the applicant shall be invoiced for all expenses or the outstanding balance on expenses incurred by Metro.**

Staff Finding: Metro expenses have been documented and Washington County shall reimburse Metro for said costs.

- G. Permission from Metro for an easement or right-of-way shall not preclude review under applicable federal, state, or local jurisdiction requirements.**

Staff Finding: Criterion satisfied.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 06-3688, FOR THE PURPOSE OF GRANTING AN EASEMENT TO WASHINGTON COUNTY DEPARTMENT OF LAND USE AND TRANSPORTATION FOR NON-PARK USE THROUGH METRO PROPERTY IN THE JACKSON BOTTOM-DAIRY/MCKAY CREEKS TARGET AREA

Date: April 6, 2006

Prepared by: Laurie Wulf

BACKGROUND

Metro occasionally receives requests for easements, leases and right-of-ways through property that has been acquired by Metro with funds made available by the 1995 Open Spaces, Parks and Streams Bond Measure. These requests are reviewed and analyzed per the guidance and policy established via Resolution 97-2539B, "For the Purpose of Approving General Policies Related to the Review of Easements, Right-of Ways, and Leases for Non-Park Uses Through Properties Managed by the Regional Parks and Greenspaces Department," adopted by the Metro Council on November 6, 1997.

Metro has received and reviewed an easement application submitted by Washington County Department of Land Use and Transportation. The request meets all criteria set forth in the Metro Policy regarding easements, right-of-ways and leases for non-park uses. Washington County is requesting an easement on Metro-owned property near Susbauer Road in Metro's Jackson Bottom-Dairy/McKay Creeks target area in Washington County near the city of Cornelius city limits. Washington County proposes to acquire a permanent drainage, slope and utility easement of approximately 1,052 square feet, and an adjacent temporary construction easement of approximately 716 square feet. The permanent easement is for the purpose of increasing the right-of-way on Susbauer Road, facilitating rebuilding "Susbauer Bridge" to provide safer passage in this area.

ANALYSIS/INFORMATION

1. **Known Opposition** No known opposition.
2. **Legal Antecedents** Resolution No. 97-2539B "For The Purpose of Approving General Policies Related to the Review of Easements, Right-of-Ways, and Leases for Non-Park Uses Through Properties Managed by the Regional Parks and Greenspaces Department," adopted November 6, 1997.
3. **Anticipated Effects** The easement will enable Washington County to rebuild Susbauer Bridge and will allow safer passage along Susbauer Road. The bridge project is included in the current Metropolitan Transportation Improvement Program (MTIP) adopted by JPACT and the Metro Council.
4. **Budget Impacts** Washington County will pay appraised value for the easement and will pay staff costs for processing this request.

RECOMMENDED ACTION

Staff recommends that Resolution No. 06-3688 be adopted.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ACCEPTING THE	) Resolution No. 06-3677A	|
REGIONAL HOUSING CHOICE)	
IMPLEMENTATION STRATEGY RECOMMENDED)	
BY THE HOUSING CHOICE TASK FORCE	) Introduced by Councilors Rex Burkholder	
APPOINTED BY THE METRO COUNCIL	) and Robert Liberty	

WHEREAS, the provision of housing choice for all families and individuals across the region is a matter of regional concern because of its impact on regional economic competitiveness, access to jobs, transportation investments, environmental quality, and issues of fairness to people and among communities; and

WHEREAS, ensuring greater housing choice helps fulfill other elements of Metro's Regional Framework Plan and Urban Growth Management Functional Plan ("UGMFP"), including focusing development in 2040 Regional and Town Centers and along Corridors, conserving farm and forestland, achieving a greater balance of jobs and housing other elements, being efficient in the use of tax dollars in transportation, roads and sewers; and

WHEREAS, the Metro Council has identified, through its strategic planning, an aspiration for the region that "The region's residents choose from a diversity of housing options" and has declared this as a strategic objective; and

WHEREAS, Policy 1.3 of the Regional Framework Plan and Title 7 of the UGMFP set forth the policies of the Council related to housing and affordable housing; and

WHEREAS, the Council adopted Ordinance 98-769 (For the Purpose of Amending the Regional Framework Plan Section 1.3 Regarding Housing and Affordable Housing, Adding a Chapter to the Metro Code Creating an Affordable Housing Technical Advisory Committee and Confirming the appointment of Members) on September 10, 1998, amending Policy 1.3 to authorize the creation of the Affordable Housing Technical Advisory Committee ("HTAC"); and

WHEREAS, HTAC met from September, 1998, to May, 2000, and developed the Regional Affordable Housing Strategies ("RAHS"), which the Metro Council accepted as the basis for further amendments to Policy 1.3 and Title 7 of the UGMFP; and

WHEREAS, in response to the recommendations of the HTAC, the Council, by Ordinance No. 0-882C (For the Purpose of Amending the Regional Framework Plan Ordinance No. 97-715B Regarding Housing and Affordable Housing Including Policy Section 1.3 and Amendments to the UGMFP Titles 7 and 8), adopted on January 18, 2001, established affordable housing production goals, and adopted policies and strategies intended to meet these goals, including strategies to reduce barriers to

sufficient and affordable housing for all income levels in the region, to create housing opportunities commensurate with the wage rates of jobs available across the region, to initiate a process for addressing current and future needs for affordable housing, and to reduce concentrations of poverty; and

WHEREAS, the Council further amended Title 7 on June 26, 2003, by Ordinance No. 03-1005A (For the Purpose of Amending Title 7 of the UGMFP to Clarify and Revise City and County Responsibilities), to, among other things, create an ad hoc affordable housing task force to recommend changes to the Council, if warranted, to the existing goals, policies, programs, tools, strategies and funding for affordable housing by December, 2005; and

WHEREAS, Title 7 requires local governments to submit annual progress reports for three years (2001, 2002, 2003) to Metro; and

WHEREAS, progress on local governments' adoption of strategies and achievement of goals has been slower than desired because funds for housing subsidies and staffing are not keeping pace with the need for more housing choices; and

WHEREAS, the Council consulted with its Metropolitan Policy Advisory Committee ("MPAC") on the slow progress, and MPAC emphasized the importance of affordable housing in regional livability; and

WHEREAS, the Council adopted Resolution 05-3536 (For the Purpose of Establishing the regional Housing Choice Task Force and Its Duties and Responsibilities, and Confirming the appointment of its Members) on February 10, 2005, which created the Housing Choice Task Force ("HCTF"), and authorized HCTF to meet from March, 2005, to March, 2006, to develop solutions for increasing housing choices, especially in the 2040 Regional and Town Centers and Corridors, and for overcoming the barriers that contributed to local governments' slow progress in the implementation of Title 7; and

WHEREAS, HCTF utilized three teams (Funding, Land Use and Regulatory and Pilot Project), meeting regularly from May to December, 2005, to develop solutions for increasing housing choice in the Regional Housing Choice Implementation Strategy ("RHCIS"); and

WHEREAS, the Funding Solution Team developed new short-term and long-term regional funding sources solutions based on factual information, including the previous work of HTAC and the Regional Blue Ribbon Committee on Housing Resource Development; and

WHEREAS, the Land Use & Regulatory Solution Team developed land use strategies and regulatory solutions for immediate implementation based on factual information, and identified additional land use strategies and regulatory solutions to be addressed as part off Metro's "New Look"; and

WHEREAS, the Pilot Project Solution Team developed convening and technical assistance solutions based on factual information; and

WHEREAS, HCTF has reviewed, revised and approved all the draft strategy reports prepared by the solution teams, and used them to develop the key recommendations for Metro and other local governments and entities for increasing and preserving the inventory of affordable work force and other housing, including optional levels of investment for Metro; and

WHEREAS, HCTF presented its report to MPAC on January 11, 2006, January 25, 2006, February 8, 2006, February 22, 2006, March 8, 2006 and received MPAC comments; and

WHEREAS, HCTF presented its report to MTAC on August 13, 2005, February 1, 2006, February 15, 2006 and March 1, 2006, to the Wilsonville City Council on February 28, 2006, and to the Oregon Housing Council on February 24, 2006, for comments; and

WHEREAS, HCTF revised the RHCIS at its March 15, 2006, meeting to address concerns raised by MPAC and MTAC, and reached a decision to forward its recommendations in the form of the March, 2006, RHCIS to the Metro Council; now, therefore,

BE IT RESOLVED:

1. That the Metro Council accepts the final recommendations of the Housing Choice Task Force (“HCTF”) contained in the Regional Housing Choice Implementation Strategy (“RHCIS”), March, 2006, attached and incorporated into this resolution as Exhibit A.
2. That the Council hereby directs the Chief Operating Officer to prepare an ordinance for consideration by the Council of appropriate amendments to the Regional Framework Plan and the Urban Growth Management Functional Plan to implement the recommendations in the RHCIS, and to establish a process for reporting by local governments on their progress in meeting affordable housing and a diversity of housing options goals and objectives.
3. That the Council hereby directs the Chief Operating Officer to prepare a resolution for the creation of a permanent Housing Choice Policy Advisory Committee to meet quarterly and advise the Council on how to: a) realize regional goals for new housing choice; b) integrate housing choice with Metro’s actions in land use and transportation planning; and c) implement policies in the Regional Framework Plan and Title 7, including funding solutions and technical assistance.
4. That the Council hereby directs the Chief Operating Officer to prepare a resolution for the creation of an ad hoc housing financing study committee with representatives of elected officials, housing developers, major employers, realtors, affordable housing advocates, and federal and state housing officials to assist Metro and other entities involved in providing affordable housing in the region to develop a politically feasible mechanism for implementing the funding solutions as recommended by the Housing Choice Task Force.

5. That the Council hereby directs the Chief Operating Officer to work cooperatively with local governments in the region to provide technical assistance to preserve and develop affordable housing, including inventory of publicly owned land that could be potential sites for establishing housing choice.

ADOPTED by the Metro Council this ___ day of _____, 2006.

David Bragdon, Council President

Approved as to form:

Daniel B. Cooper, Metro Attorney



Regional Housing Choice Implementation Strategy

RECOMMENDATION OF THE HOUSING CHOICE TASK FORCE

ACCEPTED BY THE METRO COUNCIL

March 2006



METRO

PEOPLE PLACES
OPEN SPACES

About Metro

People places • open spaces

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good transportation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 25 cities and 3 counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.

Your Metro representatives

Metro Council President – David Bragdon

Metro Councilors:

Rod Park, District 1

Brian Newman, District 2

Carl Hosticka, deputy council president, District 3

Susan McLain, District 4

Rex Burkholder, District 5

Robert Liberty, District 6

Auditor – Alexis Dow, CPA

Metro's web site: www.metro-region.org

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ACKNOWLEDGEMENTS

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Chapter One

Introduction

Preface

This document represents the second phase of a process that started in 1998 when the Affordable Housing Technical Advisory Committee (HTAC) was created. By 2000, HTAC had defined affordable housing needs across the region and had developed a Regional Affordable Housing Strategy (RAHS). In 2000 the Metro Council adopted Title 7 of the Urban Growth Management Functional Plan to implement the HTAC recommendations. The Council also required that Metro convene a housing advisory committee after three years to assess the progress of implementing Title 7 and advise on next steps. An assessment of local governments' annual reports revealed five categories of barriers to their adoption of Title 7 strategies and tools:

- "We're already in compliance through implementation of State housing requirements"
- "One size doesn't fit all due to unique local conditions"
- "It costs too much – no funding/not enough staff"
- "Little vacant land exist or land is too expensive"
- "Political barriers due to local charter provisions that limit local actions"

In 2005 the Housing Choice Task Force (HCTF) was formed, bringing together the resources of non-profit and for-profit developers, real estate professionals, and local, regional, and state officials and staff.¹ The charge of the Housing Choice Task Force was to:

- A.) Assess barriers that hinder "work-force" housing supply in the 2040 Growth Concept mixed use areas, corridors and other locations, and assess opportunities that would facilitate an increase;
- B.) Assess the experience and conclusions from local pilot project/s that identify the solutions to meet local Affordable Housing Production Goals;
- C.) Develop solutions for increasing housing and affordable housing supply, including actions that should be undertaken by public and private entities to implement the solutions; and
- D.) Help build broader support for regional housing supply solutions by working closely with individuals and organizations that are in the position to assist.

The work of HCTF during the last 12 months (March 2005 to March 2006) culminated in the following key recommendations for Metro and two categories of solutions for increasing the supply of affordable housing, and especially housing for working families who must choose to either pay for housing or pay for other basic necessities such as transportation, food and child care.

Key Recommendations for Metro

1. Integrate housing supply concerns, and specifically affordable housing, into all policy making and funding allocations, in order to achieve regional housing choice equity through promotion of affordable housing as a regional function on par with transportation and green spaces. A permanent Housing Choice Advisory Committee should be established to assist in this effort.
2. Direct effort towards development of resources, and especially a new, permanent regional resource for affordable housing, and join and lead advocacy for increased funding at the Federal, State, regional levels.

¹ Resolution No. 05-3536

3. Promote strategies identified by the HCTF to remove regulatory barriers and reduce the cost of developing housing and affordable work force housing specifically, especially in the 2040 Centers and Corridors.
4. Prioritize the budget for housing to provide technical assistance to local governments such as land/site inventory, model codes, etc.

Two categories of recommended solutions in Chapter Five of this report.

- Solutions for reducing the cost of housing and increasing housing supply in the 2040 Centers and Corridors
- Solutions for increasing the development and production of affordable housing on a region wide basis.

Trends and Persistent Housing Choice Problem

A review of the status of housing needs across the region indicates the need for an increased supply of housing choices. Additionally, the HCTF findings indicate that many families have fewer housing choices than they did in 2000. In other words, the housing problem articulated in 2000 still exists and is beginning to affect regional livability.

- The median income has not kept pace with rising housing costs, and the accelerated rise in home purchase costs over the past few years have priced many residents out of neighborhoods where they would otherwise choose to live.
- The region's unemployment rate has been above the national average since the last recession.
- A majority of workers in the 2040 Centers earn below 50% of the region's Median Family Income (\$67,900).
- Federal support for housing has been decreasing and the region's need for the retention and creation of a diverse and adequate housing supply has grown.
- Although rents have not increased much since 2000, high-income renters occupy a good proportion of affordable housing units, thus creating an "affordability mismatch."
- Families with children are migrating from central areas to outer areas of the region where there are limited public services, and thus putting more stress on existing public services systems such as schools and transportation and spending on transportation.
- People between the ages of 25 and 29 and the portion of the baby boomers between 50 and 54 are the fastest growing age groups that are creating a mix of housing need in the region.

Barriers

The HCTF reviewed and prioritized over forty barriers to reaching an adequate affordable housing supply, including²:

- Physical barriers
- Financial barriers
- Market barriers
- Regulatory barriers
- Political barriers

This document contains the HCTF recommendations and implementation strategies for overcoming these barriers such as:

- Implementing new funding sources
- Lowering the construction cost of housing

² The top 20 barriers are shown in Table 3 of Chapter 4

- Supporting development in the centers
- Addressing the housing needs of low and medium-income populations

The recommendations and strategies are outlined in Chapter 4 and 5.

What Does It Mean for a Household to Have “Housing Choices”?

Housing choice refers to the range of housing types that are available in a community to households with broad range of needs such as:

- Families with young children
- People with disability
- Seniors
- Workers in various profession

Housing choice also includes a range of housing types at various levels of affordability, meaning that households of various income levels have a choice in the type of housing they live in. The availability, or lack of, affordable housing choices can impact the livability of the region. Housing choice affects people’s access to jobs, schools, transportation alternatives, and the communities they would choose to live in. Job, school and housing mismatches can negatively affect the environment by increasing car trips.

What Does It Mean for Housing to be “Affordable”?

In general, housing is considered affordable when a household pays no more than 30% of its income towards housing.³ While this measure is useful, it has limitations, not the least of which is that most poor families cannot afford to spend as much as 30% of their income on housing. Another limitation is that some people may simply prefer to spend higher shares of their incomes on housing for investment purposes. If a household can expect to earn enough to still have sufficient resources to meet their other needs while paying more than 30% of their income for housing, their housing cost burdens do not constitute a housing problem. A person’s income level is often the defining factor in the housing choices available. Table 1 shows the median family income for different households.

Table 1: Median Income Percentages – FY 2004

Household Size	30%	50%	60%	80%	100%	120%	150%
1	\$14,250	\$23,750	\$28,500	\$38,000	\$47,550	\$57,050	\$71,300
2	\$16,300	\$27,150	\$32,600	\$43,450	\$54,300	\$65,200	\$81,500
3	\$18,350	\$30,550	\$36,650	\$48,900	\$61,000	\$73,350	\$91,650
4	\$20,350	\$33,950	\$40,750	\$54,300	\$67,900	\$81,500	\$101,850
5	\$22,000	\$36,650	\$44,000	\$58,650	\$73,350	\$88,000	\$110,000
6	\$23,650	\$39,400	\$47,250	\$63,000	\$78,750	\$94,500	\$118,150
7	\$25,250	\$42,100	\$50,500	\$67,350	\$84,200	\$101,050	\$126,300
8	\$26,900	\$44,800	\$53,800	\$71,700	\$89,650	\$107,550	\$134,450

Source: Regional Blue Ribbon Committee on Housing Resource Development
(Based on the HUD Portland Area Median Income as of February 9, 2004: \$67,900 for a family of four.
Figures are rounded to the nearest \$50.00)

³ United States Department of Housing and Urban Development. For renters, housing costs include rent and utilities. For homeowners, it includes principle, interest, taxes, property insurance, and mortgage insurance, if applicable

Defining affordability for different income levels is also important. For example, a household that is making less than 30% of the median family income, or under \$20,000 for a family of four, may require 100% subsidized housing, while a family of four that is making 60% of the median family income (just over \$40,000), may be able afford an apartment without assistance, though it may not be in the community where they work.

Nearly all households earning less than \$20,000 a year are expected to rent rather than purchase homes. The situations of families that earn less than 50% of the median family income are at a critical point, needing solutions to housing more desperately than families making more than 50% MFI. Table 2 gives an idea of what households at different levels can typically afford to pay when renting

Table 2: 2004 Housing Affordability - Maximum Monthly Rent Including Utilities by Median Family Income with a Housing Burden of 30%

# of Bedrooms	Household Size	30%	50%	60%	80%	100%	120%	150%
Group Home	0.75	\$267	\$445	\$534	\$713	\$892	\$1,070	\$1,337
0	1	\$356	\$594	\$713	\$950	\$1,189	\$1,426	\$1,783
1	1.5	\$382	\$636	\$764	\$1,018	\$1,273	\$1,528	\$1,910
2	3	\$459	\$764	\$916	\$1,223	\$1,528	\$1,834	\$2,291
3	4.5	\$529	\$883	\$1,059	\$1,412	\$1,766	\$2,119	\$2,648
4	6	\$591	\$985	\$1,181	\$1,575	\$1,969	\$2,363	\$2,954
5	7.5	\$652	\$1,086	\$1,304	\$1,738	\$2,173	\$2,608	\$3,259

Source: Regional Blue Ribbon Committee on Housing Resource Development
(Based on the HUD Portland Area Median Income as of February 9, 2004: \$67,900 for a family of four.
Figures are rounded to the nearest \$1.00)

The 2000 *Regional Affordable Housing Strategy* developed by the Housing Technical Advisory Committee (HTAC) included a 20-year estimation of the regional need for affordable housing to 2017. Using a supply-oriented assessment, the HTAC found that the region would need 90,479 units affordable to households with income below 50% of the median household income.⁴ Table 3 gives the benchmark affordable housing needs for 2017 by jurisdiction.

⁴ Regional Affordable Housing Strategy, 2000, pp.-16-18.

Table 3. Benchmark Affordable Housing Need to 2017

(Total Affordable Housing Need - Not Targets or Goals)

Jurisdiction	2017 Households ¹	Number of Households in each Income Group in 2017 based on Regional Percentages in 1995 ²				Estimated Housing Units in 1998 Affordable to Defined Income Groups ³				Total Need for Affordable Housing Units by Jurisdiction by Income Group to Year 2017**			
		<30%	30 - 50%	51 - 80%	81 - 120%	<30%	30 - 50%	51 - 80%	81 - 120%	<30%	30 - 50%	51 - 80%	81-120%
Beaverton	38,704	4,451	4,296	7,780	7,160	175	2,005	8,557	8,105	(4,276)	(2,291)	777	944
Cornelius	3,601	414	400	724	666	16	300	1,244	1,234	(398)	(100)	520	568
Durham	533	61	59	107	99	6	23	85	326	(55)	(36)	(22)	228
Fairview	4,145	477	460	833	767	51	151	1,135	481	(425)	(309)	302	(286)
Forest Grove	8,227	946	913	1,654	1,522	398	817	2,104	2,076	(548)	(96)	451	554
Gladstone	4,582	527	509	921	848	91	413	1,883	1,462	(436)	(96)	962	614
Gresham	45,297	5,209	5,028	9,105	8,380	654	4,004	16,925	5,853	(4,555)	(1,024)	7,821	(2,527)
Happy Valley	2,583	297	287	519	478	3	8	56	510	(294)	(279)	(463)	32
Hillsboro	27,911	3,210	3,098	5,610	5,164	180	981	6,865	8,022	(3,030)	(2,117)	1,255	2,859
Johnson City	754	87	84	152	139	141	243	25	133	55	159	(126)	(7)
King City	417	48	46	84	77	2	42	660	608	(46)	(4)	576	531
Lake Oswego	16,452	1,892	1,826	3,307	3,044	42	284	2,823	3,683	(1,850)	(1,542)	(484)	639
Maywood Park	122	14	14	25	23	5	25	217	54	(9)	11	192	31
Milwaukie	11,709	1,347	1,300	2,354	2,166	304	1,323	3,471	3,062	(1,043)	23	1,118	896
Oregon City	12,896	1,483	1,431	2,592	2,386	253	1,076	4,137	3,166	(1,230)	(355)	1,545	780
Portland	280,528	32,261	31,139	56,386	51,898	12,396	33,055	89,310	50,141	(19,864)	1,916	32,923	(1,756)
Rivergrove	123	14	14	25	23	0	1	23	43	(14)	(13)	(2)	20
Sherwood	6,395	735	710	1,285	1,183	66	148	891	1,248	(670)	(561)	(394)	65
Tigard	19,179	2,206	2,129	3,855	3,548	37	1,092	3,604	5,038	(2,169)	(1,037)	(251)	1,490
Troutdale	7,096	816	788	1,426	1,313	65	229	2,257	1,564	(751)	(559)	831	251
Tualatin	10,552	1,213	1,171	2,121	1,952	6	475	1,948	3,511	(1,208)	(696)	(173)	1,559
West Linn	8,897	1,023	988	1,788	1,646	36	274	1,069	1,638	(987)	(713)	(719)	(8)
Wilsonville	8,842	1,017	981	1,777	1,636	17	184	1,714	1,138	(1,000)	(797)	(63)	(497)
Wood Village	1,548	178	172	311	286	14	160	551	282	(164)	(11)	240	(5)
Clackamas County Uninc.	77,498	8,912	8,602	15,577	14,337	1,603	4,858	19,355	23,713	(7,309)	(3,744)	3,778	9,375
Multnomah County Uninc.	7,621	876	846	1,532	1,410	62	312	1,632	1,820	(814)	(534)	100	410
Washington County Uninc.	116,696	13,420	12,953	23,456	21,589	266	3,526	15,960	24,242	(13,154)	(9,427)	(7,496)	2,653
Totals	722,909	83,135	80,243	145,305	133,738	16,889	56,009	188,503	153,153	(66,245)*	(24,234)*	43,198	19,414

** Parentheses indicate a need for housing units.

¹Based on Metro's Urban Growth Management Functional Plan.

²American Housing Survey, 1995. <30%MHI = 11.5%; 30-50%MHI = 11.1%; 51-80% = 20.1%; 81-120%MHI = 18.5%; 120%MHI+ = 38.8%.

³U.S. Census, 1990; Marathon Management, 1998; Metro, 1999. Assisted rental housing is included but not separately displayed on this table.

*H-TAC determined that the households with the greatest need for affordable housing were those in the 0-30% and 30-50%MHI (66,245 + 24,234 = 90,479)

There are other issues to consider in defining affordability such as family composition and stage in the life cycle. An elderly couple will have significantly different needs than a student or a single parent with a child. Large families will be able to spend proportionately less on their housing than smaller families with the same level of income, as the large family will have greater food, clothing, and health care costs. Table 3 below gives an indication of the range of “stories” behind the median family income numbers.

Table 4: Income Groups by Type of Occupation

Percent of Median Household Income (MHI)	Size of Household & Occupations
Less than 30% MHI	<ul style="list-style-type: none"> • 1 person: fast food worker, service station attendant • 4 people: preschool teacher with 3 children (Many people in this income group are unemployed due to age or disability, for example, a single person receiving solely Social Security Income would have an income at approximately 14% MHI)
30-50% MHI	<ul style="list-style-type: none"> • 1 person: home health aide, hairdresser, receptionist • 4 people: dental assistant with 3 children; fast food worker and a service station attendant with 2 children
51-80% MHI	<ul style="list-style-type: none"> • 1 person: emergency medical technician, computer operator • 4 people: full time registered nurse or social worker with 3 children; teacher's aide and bank teller with 2 children
81-120% MHI	<ul style="list-style-type: none"> • 1 person: computer programmer, corrections officer, carpenter • 4 people: electrical engineer or health services manager with 3 children; dental assistant and a maintenance worker with 2 children

Source: Metro Regional Affordable Housing Strategy, 2000

Local and Regional Difference

The challenges and opportunities associated with affordable housing and housing choices vary across the region. Some communities have adequate affordable housing options except for households at the lowest income levels, some communities have a surplus of vacant rental units, but limited ownership opportunities, while most areas have limited options for families in very low income groups, seniors, or persons with disabilities. Local differences are important, and they require different solutions and approaches. This report acknowledges the importance of the local experience, as well as the need to address affordable housing as a regional issue.

The Portland metropolitan region functions as one housing market. People may live in one area, work in another, and shop somewhere else. The efforts of one city to provide housing for lower income residents are less effective if neighboring communities do not make similar efforts. Confining affordable housing to limited areas forces residents to commute long distances to their work, decreasing their quality of life and adding to congestion. The concentration of poverty in areas where land is least costly can disproportionately burden the jurisdiction where it occurs. Thinking regionally includes implementing solutions to lower the cost of producing housing and increase the supply of housing in the 2040 Centers and corridors.

Chapter Two

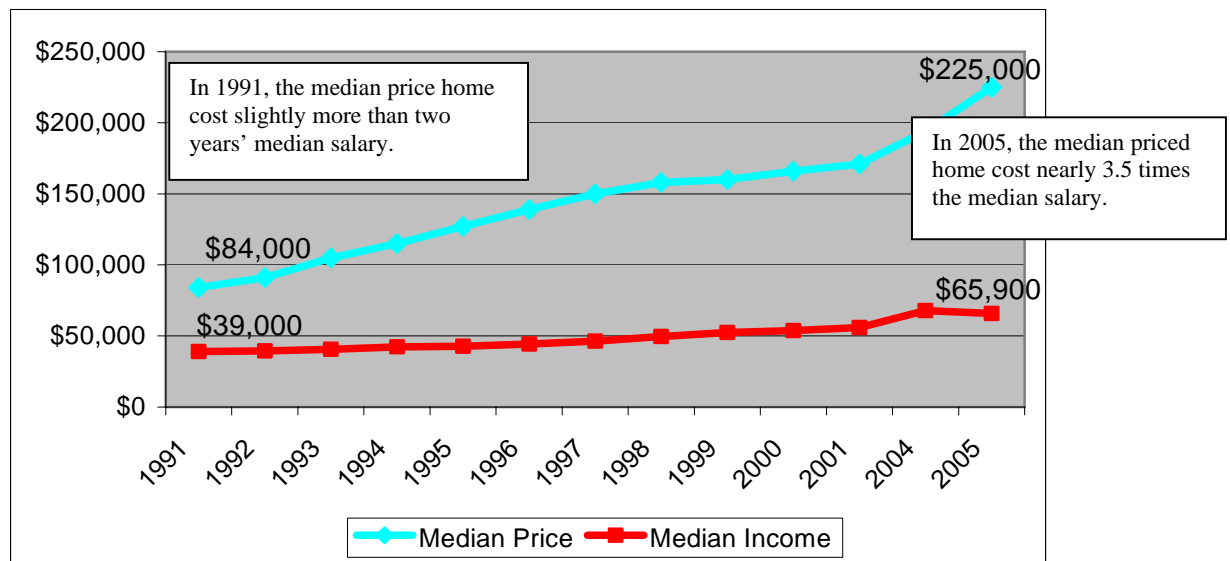
How Have Housing Choices Changed Since 2000?

This chapter looks at the impact of regional housing affordability trends on housing choice (section A), and the relationship between housing choice and regional livability (section B).

A. Regional Housing Affordability Trends

Despite the continued demonstration of housing demand, and the efforts of local jurisdictions such as to spur development, there has been an insufficient increase in housing availability to reduce the supply gap since 2000. Several regional indicators show that working families have fewer housing choices now than they did in 2000. These indicators include median family income and median house price gaps, lower cost rental units occupied by families with higher incomes, and a lack of housing affordable to households with incomes 50% and below the median family income. Figure 1 indicates that median income levels have not kept up with median home prices. While median income has risen since 2000, it has not kept up with the rate of increased housing prices. In 2000, about 51% of the regional population earned below 80% (\$42,960) of the 2000 median family income of \$53,700. Residents earning 80% MFI earned a little more than enough to purchase the median priced home (\$166,000).⁵ In 2005, a resident earning 80% MFI (\$54,320) would not be able to purchase the median priced home (\$225,000) under the same calculations. As noted in the previous chapter, the supply of housing for the elderly and people with disabilities is another facet of the regional housing problem.

Figure 1: Median Income Vs. Median Home Price in the Metro Region, 1991-2005



Source: Realtors Multiple Listing Service, 2004 and RMLS Market Action, August 2005.

⁵ Using the federal guideline that a financially healthy household should have to spend no more than 30 percent of its income on shelter.

In 2000 the Affordable Housing Technical Advisory Committee (HTAC) warned that housing was becoming increasingly expensive; the past five years have only reinforced that trend. Although there has been some speculation about the pace of appreciation starting to slow, housing prices have increased in the last ten years. Some regional neighborhoods have seen dramatic increases. Table 5 shows the appreciation value of homes since 1995 in several neighborhoods in the region.

Table 5: Portland Metropolitan Area Neighborhood Median Sales Prices, 1995-2005

	1995	August 2005, Year to Date	Appreciation
North Portland	\$80,000	\$192,000	140%
Northeast Portland	\$107,000	\$228,500	114%
Tigard/Tualatin/Wilsonville	\$130,000	\$275,000	112%
Southeast Portland	\$99,500	\$194,000	95%
Downtown Vancouver	\$91,800 ⁶	\$177,800	94%
West Portland	\$170,500	\$328,000	92%
Northwest Washington County	\$175,000	\$325,000	86%
Milwaukie/Clackamas	\$134,500	\$248,000	84%
Oregon City/Canby	\$136,500	\$248,600	82%
Lake Oswego/West Linn	\$208,100	\$364,900	75%
Hillsboro/Forest Grove	\$125,000	\$215,000	72%
Gresham/Troutdale	\$128,500	\$206,700	61%
Beaverton/Aloha	\$132,000	\$210,000	59%

Source: Real Estate Multiple Listing Service. Ranked by Appreciation

Construction material costs are another important trend contributing to housing affordability. The construction market has remained steady for the past ten years, but is now playing catch-up with overall project costs increasing 6%–10% for single-family and multi-family residential units, according to the Association for General Contractors. Increasing construction costs in the past years, shown in Table 6, can be attributed to a growing demand from overseas markets and higher energy prices, making the delivery and production of goods more expensive.⁷ Local development companies have noted that construction costs for housing projects have come in over budget, causing them to cut costs on the buildings in other ways, often reducing the aesthetic appeal. Some construction companies are finding it harder to guarantee price estimates for projects and are forced to either absorb the price fluctuations or pass them along to the consumer. The increases are attributed mostly to:

- Brisk growth and modernization of the Chinese landscape has fueled the world's largest construction boom and also disrupted markets around the globe. China uses more than two-fifths of the world's annual output of cement, one-third of its iron ore, one-quarter of its lead and steel, and more than one-fifth of its copper, aluminum and zinc. Prices, however, may cool off in the future as China's production capacity grows to meet the country's demand.
- Hurricanes also played an important role in the construction market. Infrastructure damage after Hurricanes Katrina and Rita is estimated to exceed \$20 billion. The process of repairing homes and businesses damaged by weather forces has put heavy demands on construction materials such as lumber, steel, plywood, electrical components, glass, roofing materials, asphalt, carpeting, drywall and PVC piping. The

⁶ Measured 1996.

⁷ Association for General Contractors, 2006

hurricane season also impacted the nation's oil infrastructure, disrupting production for many oil refineries located in the Gulf Coast region and causing shortages for petroleum-based products.

Rising prices for materials such as steel, concrete, plastics and gypsum products drive many projects over-budget or compel the scope of projects to be scaled back.

Table 6: Percentage Changes in Construction Costs between 2001 and 2005

Construction Materials Costs	Estimated Cumulative Percent Change 2001-2005
Construction Types	
Single-unit residential	17.06
Multi-unit residential	20.36
Specific Construction Inputs	
1. #2 diesel fuel	125.23
2. Aluminum mill shapes	8.69
3. Asphalt	41.30
4. Asphalt felts and coatings	27.74
5. Brick and structural clay tile	17.19
6. Concrete Products	22.08
a. Concrete block and brick	21.40
b. Concrete pipe	17.23
c. Ready-mix concrete	24.07
d. Precast concrete products	17.20
e. Prestressed concrete products	20.29
7. Copper and brass mill shapes	56.61
8. Fabricated structural metal	23.46
9. Fabricated iron and steel pipe, tube, and fittings	38.10
10. Gypsum products	45.29
11. Insulation materials	11.83
12. Lumber and plywood	8.21
13. Paving mixtures and blocks	21.35
14. Plastic construction products	15.99
15. Prefabricated metal buildings	14.32
16. Steel mill products	48.59
a. Hot-rolled bars, plates, and structural shapes	71.59
b. Steel pipe and tube	80.70
Percentage Change in Costs for Basic Inputs	
1. Cement	20.38
2. Construction sand/gravel/crushed stone	20.87
3. Copper base scrap	154.08
4. Copper ores	150.21
5. Crude petroleum	141.11
6. Industrial natural gas	28.79
7. Iron ore	25.29
8. Iron and steel scrap	234.22

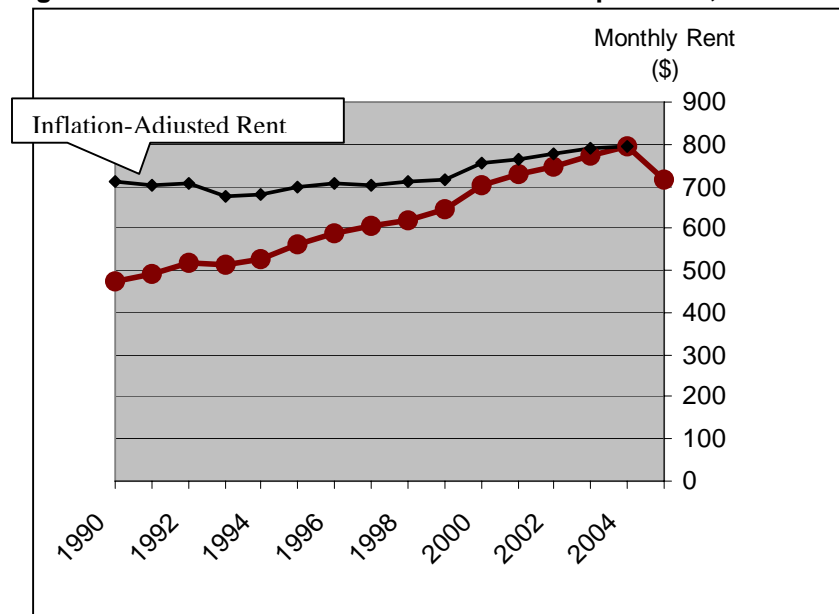
While the housing market and housing cost appreciation is often credited for buoying the national economy, citizens' ability to purchase a home has decreased overall nationwide since 2000. Many homeowners would not qualify for a mortgage to purchase their current home under today's conditions.

The western United States has historically had the least affordable housing of all regions in the U.S. At the turn of the century, the census considered 39% of Western families financially able to buy a modestly-priced house; affordability for families and individuals was greatest in the Midwest (55%), followed by the Northeast (50%), and then the South (48%)⁸.

However, low interest rates, new loan programs, and new opportunities to purchase homes without a down payment have allowed many people to purchase homes who could not otherwise afford them. This has created a demand for moderately-priced housing, which in turn has driven up housing costs. In the past few years, low interest rates have enabled many residents to purchase homes, which in turn has stabilized rents by decreasing rental demand. Rising interest rates are anticipated to block this avenue to homeownership, and in turn, create more competition for the region's affordable rentals.

The rental market has not seen the same swings that home sales have. Figure 2 shows that rents have risen steadily, even with adjustments for inflation, but dropped in 2005. Many neighborhoods in the region have a surplus of rental units, though not necessarily units that are affordable to every income level. Other communities have lost rental housing to condominium conversions.

Figure 2: Fair Market Rents for a 2-Bedroom Apartment, 1990-2005

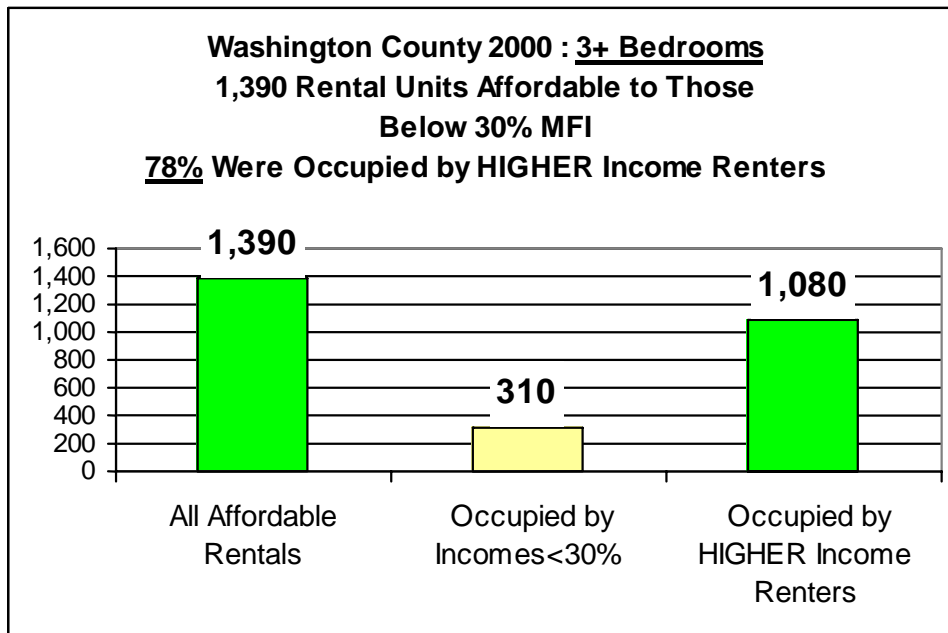


Source: Federal Authority for Housing and Urban Development (HUD)

⁸ US Dept. of Commerce Newsletter, 12/12/99. <http://www.census.gov/Press-Release/www/1999/cb99-175.html>

The apparent “surplus” of affordable rental units can be illusionary for low-income renters, when higher income families, who choose to spend less than 30% of their income for rent, occupy units with rents affordable to lower income renters. This is called the “affordability mismatch”- when rental units have affordable rents but they are not available for use by low-income renters because higher income families occupy them. An example of this mismatch is shown for 3-bedroom rentals in Washington County and renters with incomes below 30% of median family income (Figure 3). In Washington County higher income renters occupied 78% of the “affordable units” in 2000.

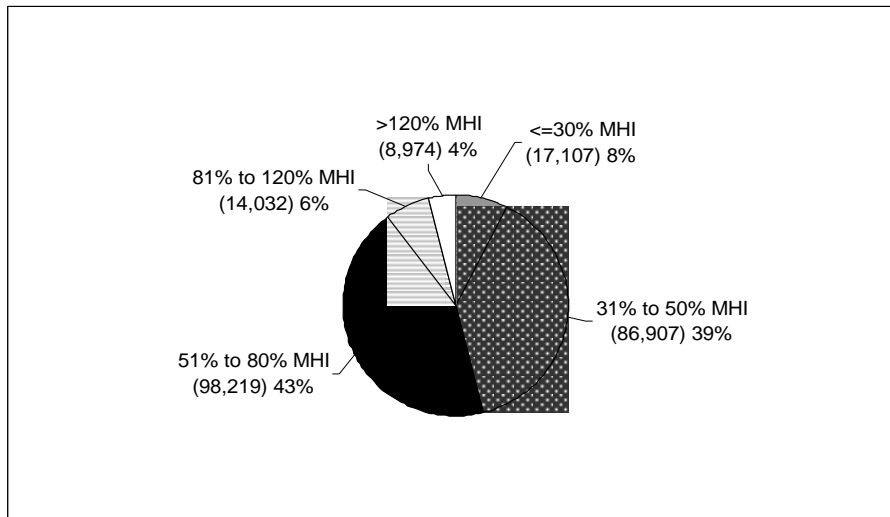
Figure 3. Sample: Affordability Mismatch in Washington County



Source: HUD Oregon calculations from Washington County Housing Affordability Mismatch

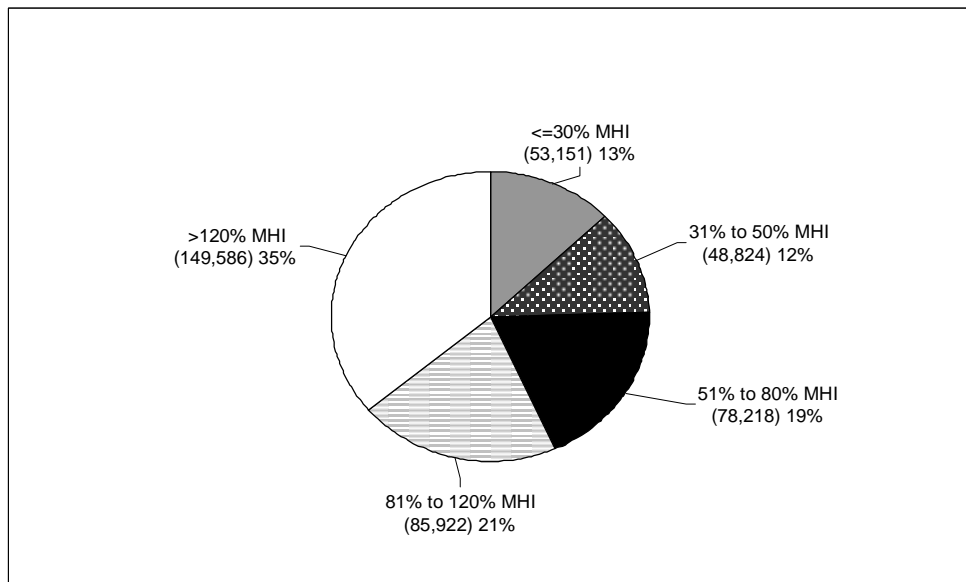
Very low-income renters face a shortage of rental opportunities (Figure 4a and 4b). In 2000, 8% of the region's rental units were affordable to households earning less than 30% (\$16,110 for a family of four) of medial household income. This group, meanwhile, constituted 13% of all regional households.⁹ Nearly all households in this group would be expected to be renters.

Figure 4a: Rental Units Affordable to Households in Specific Income Groups for Portland metropolitan area – 2000



Source: Metro Data Resource Center, based on Census 2000 Summary File 3 Tables H54 and H59, April 1, 2000

Figure 4b: Percentage of Households in Four Income Bins for Portland Metropolitan Area – 2000



Source: Metro Data Resource Center, based on Census 2000 Summary File 3 Table P52

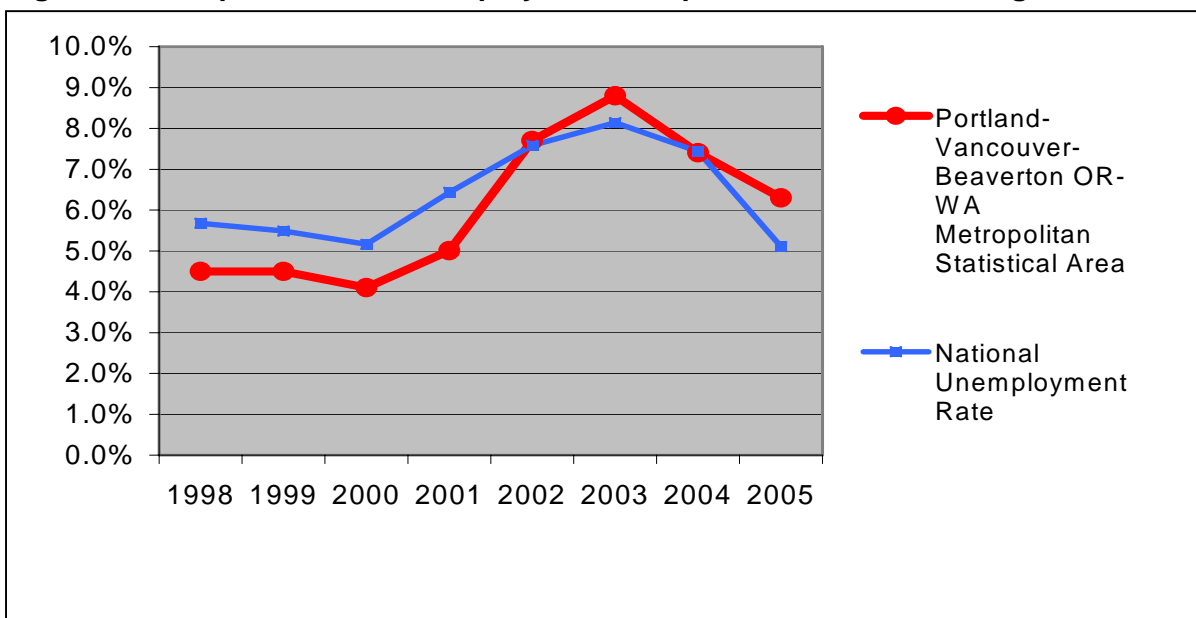
⁹ United States Census 2000.

B. The relationship between Housing Choice and Regional Livability

The livability of our region is directly affected by the availability of housing choices for residents. The regional housing supply impacts access to jobs, transportation investments, environmental quality, regional economic competitiveness, and issues of fairness to people and among communities. A lack of housing choices undermines household stability, impacting student performance in schools, families, community stability and local culture. Housing choices are also essential to a healthy, diverse economy, employee productivity, the cost of doing business and a strong tax base. Companies choose location based on their workers' commutes and access to housing. The provision of a choice of housing types for all families and individuals across the region is therefore a matter of regional concern.

Employment. One result of a rise in home prices combined with shifts in the economy is that many jobs that used to support a family on a single paycheck may no longer cover the costs of keeping a home. As shown in Figure 5, the region's enjoyed lower unemployment level than the national level during the 1990s technology boom, and that has changed since 2002. The high unemployment level exacerbates the housing affordability issue. In 2002, while home prices in the Portland Metropolitan area were increasing, the region also entered a period of high unemployment.

Figure 5: Metropolitan Area Unemployment Compared to National Average, 1998-2005



Source: Bureau of Labor Statistics, 2005

Table 7 shows the estimated average wages of workers in the region's centers. In many centers, the majority of the workers are earning at or below 50% of the region's current Median Family Income, \$67,900. These jobs include teachers, police, firefighters, manual laborers, entry-level white-collar workers and office staff, service industry workers such as cooks, waiters, hotel staff, and retail clerks, and providers of essential services such as health care and child care. Many jurisdictions currently offer a small affordable housing supply or affordable apartments at market rates, but rising costs, teardowns, and condo conversions threaten this supply, indicating the need to retain and preserve these units.

Table 7: Employment and Wages in Regional Centers, 2004

Sector	Estimated Annual Wages - Portland MSA 2004	Central City		Beaverton		Clackamas		Gateway		Gresham		Hillsboro		Oregon City		Washington Square	
		Est. Wages	Share	Est. Wages	Share	Est. Wages	Share	Est. Wages	Share	Est. Wages	Share	Est. Wages	Share	Est. Wages	Share	Est. Wages	Share
Construction	\$ 43,725	\$ 57,307	3%	\$ 35,592	2%	\$ 38,936	0%	\$ 40,712	2%	\$ 48,247	5%	\$ 40,278	2%	\$ 45,680	9%	\$ 40,206	2%
Education & Health Services	\$ 37,506	\$ 36,781	7%	\$ 22,899	9%	\$ 57,512	33%	\$ 43,857	43%	\$ 27,981	17%	\$ 40,705	48%	\$ 29,910	6%	\$ 36,384	5%
Financial Activities	\$ 50,185	\$ 64,051	16%	\$ 41,374	11%	\$ 52,717	7%	\$ 40,423	6%	\$ 36,895	8%	\$ 35,862	4%	\$ 31,937	2%	\$ 61,656	11%
Information	\$ 64,165	\$ 65,715	8%	\$ 62,076	5%	\$ 38,683	0%	\$ 51,565	1%	\$ 45,405	2%	N/A	N/A	N/A	N/A	\$ 65,331	7%
Leisure & Hospitality	\$ 16,262	\$ 23,423	14%	\$ 14,911	22%	\$ 14,266	14%	\$ 15,184	16%	\$ 12,029	22%	\$ 13,243	7%	\$ 13,183	15%	\$ 17,522	10%
Manufacturing	\$ 54,413	\$ 38,929	3%	\$ 23,755	3%	\$ 34,922	0%	\$ 31,236	2%	\$ 26,352	2%	\$ 23,324	1%	\$ 46,201	19%	\$ 64,908	5%
Other Services	\$ 27,114	\$ 30,053	5%	\$ 25,100	3%	\$ 23,425	3%	\$ 28,490	3%	\$ 22,189	8%	\$ 22,357	3%	\$ 17,445	4%	\$ 24,751	3%
Professional & Business Services	\$ 44,368	\$ 57,224	28%	\$ 31,142	15%	\$ 34,791	11%	\$ 26,721	10%	\$ 18,215	9%	\$ 25,006	21%	\$ 36,846	13%	\$ 42,168	19%
Trade, Transportation & Utilities	\$ 38,561	\$ 37,549	16%	\$ 34,117	31%	\$ 18,854	31%	\$ 27,559	19%	\$ 28,104	27%	\$ 30,333	12%	\$ 23,349	31%	\$ 35,177	38%

Source: Metro Data Resource Center, Oregon Employment Department ES-202 data base, 2004.

Sector Descriptions:

Construction

Education and health services: Education services, health care and social assistance.

Financial activities: Finance and insurance, real estate and rental and leasing.

Information

Leisure and hospitality: Arts, entertainment, and recreation, accommodation and food services.

Manufacturing

Natural resources and mining: Agriculture, forestry, fishing and hunting, mining.

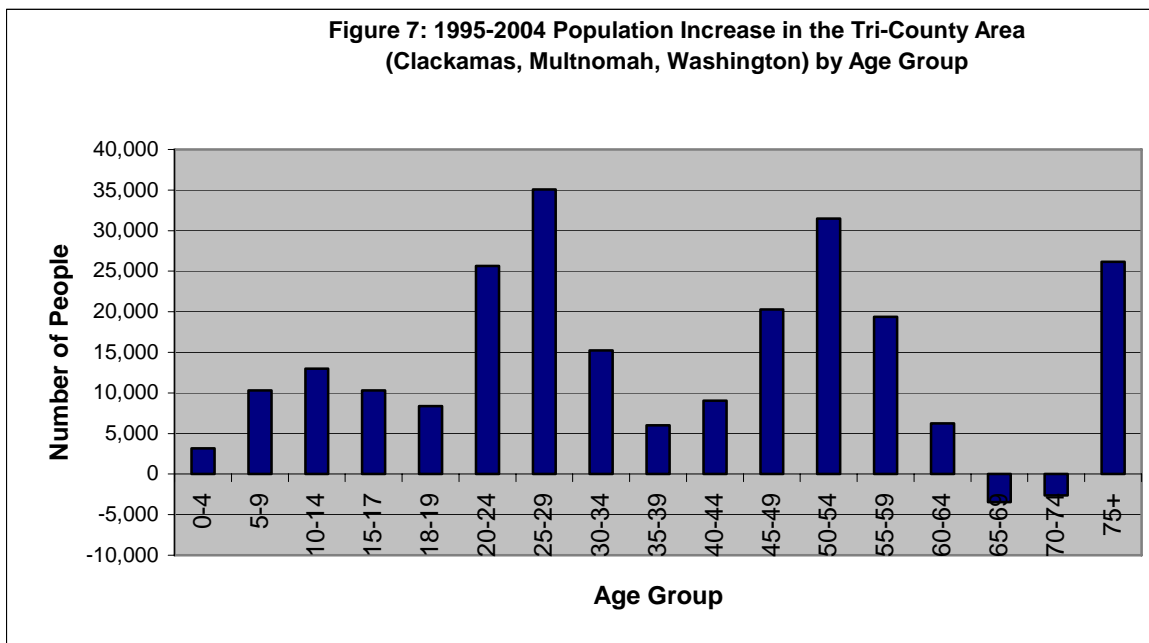
Professional and business services: Professional, scientific, and technical services, management of companies and enterprises, administrative and support and waste management and remediation services.

Trade, transportation, and utilities: Wholesale trade, retail trade, transportation and warehousing, utilities.

Note: Unavailable data in table is due to confidentiality restrictions on the publication of ES-202 data, which require a minimum of three or more reporting units at the level of summary used, and that no reporting unit represent eighty percent or more of that summary level employment. ES-202 employment data represent only wage and salary employment subject to unemployment insurance. Populations excluded from these data would include: self-employed, railroad workers, student workers, elected officials, religious organizations, family farms and some agricultural employees.

2. Age (Connection of Age and Housing): The region needs a variety of housing choices to serve the economic and lifestyle needs of its diversifying population. The Portland region has a younger population than many metropolitan areas and continues to attract residents in their 20s. In the last ten years, the fastest-growing age groups were 20 to 29 year olds, the portion of the “baby boom” generation between 50-54, and people over age 75 (Figure 6). As they age, younger residents will need housing solutions that include lower-cost starter homes, cooperatives, or community land trusts that allow them to move out of shared housing or parents’ homes, even if they do not receive high earnings. Residents in their 50s may seek “downsized” homes as children move out, or other homes that accommodate lifestyle changes. Older population groups may affect the regional housing market by increasing demand for homes for residents with fixed incomes. A significant share of Oregon Housing Agency Bond Financed projects with expiring HUD funded Section 8 subsidized contracts also have elderly tenants.

Figure 6: Breakdown of the 1995-2004 Population Increase in the Tri-County Area (Clackamas, Multnomah, Washington) by Gender and Age Group



Source: U.S. Census, PSU Population Research Center, 2004..

3. Public Services (Connection of Schools, Transportation and Housing): The shifts in the regional housing market have had a historic impact on local schools. Families with children have migrated outwards from the central areas, resulting in additional stress to public services such as the transportation system, and in a giant increase in school enrollment in suburban school districts (Figures 7 and 8). Some Portland schools have closed down due to a shrinking student population, and the district is considering more closures. Other districts have seen substantial increases in enrollment, such as Sherwood, which has grown by almost 25% between 2000 and 2005.

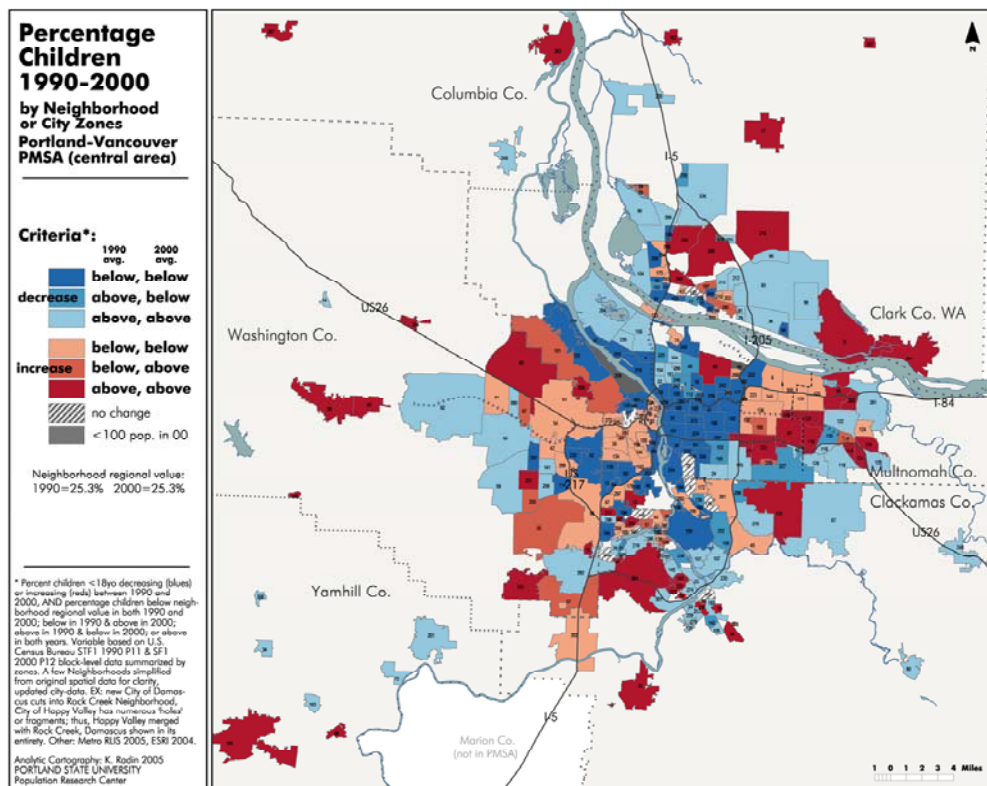
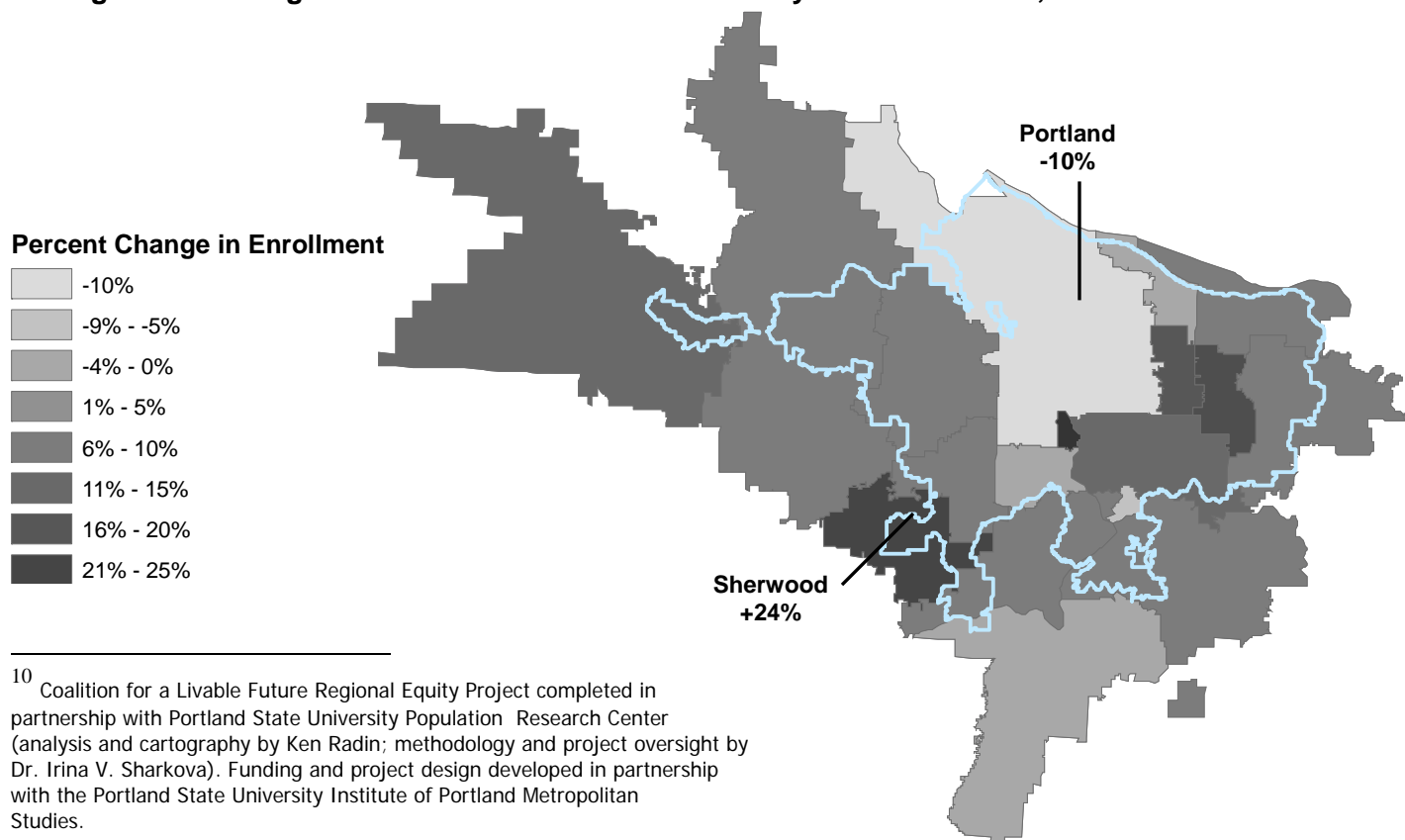


Figure 7.¹⁰

Figure 8: Shifting School Enrollment in the Tri-County School Districts, 2000-2005



This population shift leads to urbanization and development along the outer edges of the UGB, rather than in centers and corridors. It adds to the transportation costs and congestion in the region. Poverty has shown similar movement in the region; as poverty has decreased in central Portland, it has increased outwards to the east and west. (Figures 9 and 10.) In 2000, the Federal poverty level for a family of four was \$16,700.

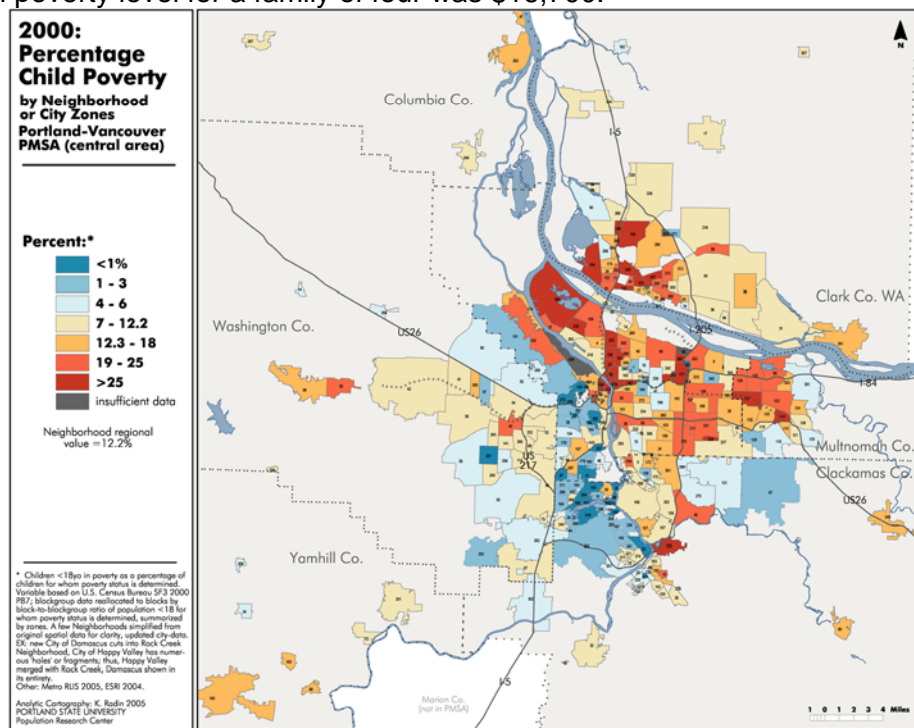


Figure 9.

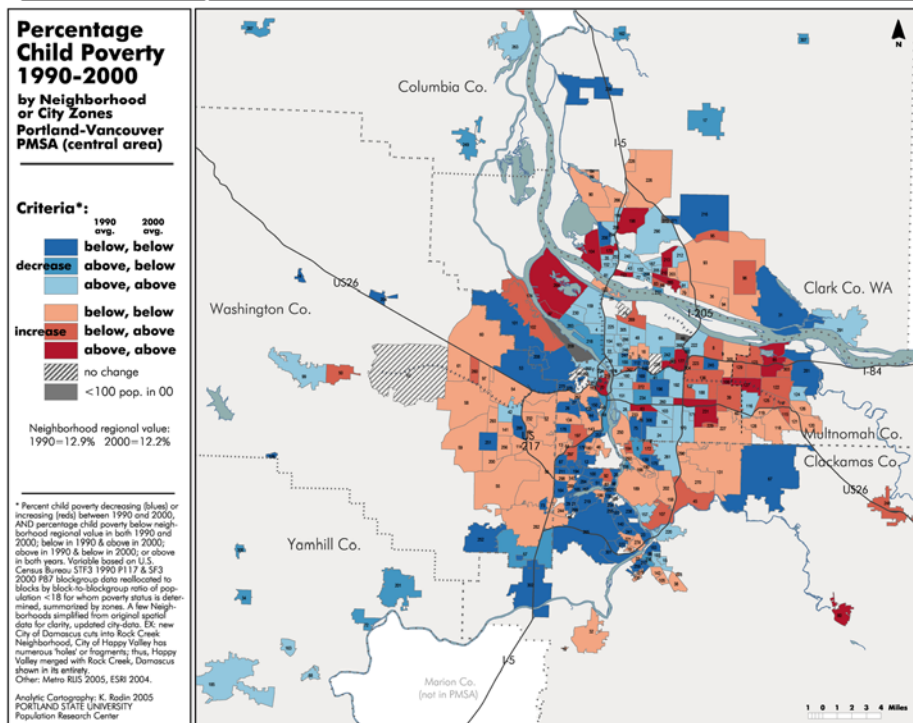


Figure 10¹¹.

¹¹ Coalition for a Livable Future Regional Equity Project completed in partnership with Portland State University Population Research Center

4. Transportation Costs. As families with children move to the outer edge, some of them are forced to spend more on transportation. The cost of motor vehicle transportation will rise significantly in the next couple of decades as global demand for oil exceeds supply, reducing the cost advantage of less convenient locations and increasing the demand for housing in areas with good transportation options and mixed use.

5. 2040 Centers and Corridors. A component of the 2040 regional growth plan is the creation of transit-oriented housing in centers and corridors. Of the 1,469 total housing units completed or under construction using financing from Metro's Transit-Oriented Development (TOD) program, 664 are affordable to households earning up to 80% MFI (\$54,300) at the market rate¹², and 252 subsidized units are restricted to households earning below 60% MFI (\$40,740). An additional 776 market-rate units at 80% MFI and 364 income-controlled units at 60% MFI are approved.¹³ The TOD program, like all development partners, has wrestled with rising construction costs following Hurricane Katrina and the rebuilding of New Orleans. Strategies for decreasing costs include decreasing parking requirements and creating smaller, well-designed units. Greater subsidies would be needed to create new construction for lower-income families in centers and corridors. In many projects, the addition of subsidies has added fees and wait times that have resulted in higher development costs.

Figure 11. Milwaukie Lofts, a Metro TOD & Centers Project containing 97 moderate-income units



Conclusion

The lack of an adequate supply of housing choices is a persistent problem, affecting neighborhoods across the region. Current housing development patterns run counter to the 2040 Regional Growth Plan of centers, station communities and corridors. Goals of “livability” and “complete communities” include residents’ ability to live close to their work and have their children in stable schools.

Over the course of a lifetime, each person’s housing needs change several times, depending on their age, wealth, family size, health condition and lifestyle (see Figure 12). Regional growth policies should encourage a variety of types of housing in every jurisdiction to accommodate these needs.

(analysis and cartography by Ken Radin; methodology and project oversight by Dr. Irina V. Sharkova). Funding and project design developed in partnership with the Portland State University Institute of Portland Metropolitan Studies.

¹² TOD estimates that occupants average 65% MFI.

¹³ Metro/Transit Oriented Development, “Program Results,” September 5, 2005

Figure 12. A variety of housing choices accommodates residents at all stages of their lives.



Chapter Three

How Did We Try to Address Housing Choices in 2000?

A. Synopsis of the 2000 Regional Affordable Housing Strategy (RAHS)

The recommendations of the Housing Technical Assistance Committee (HTAC) in the 2000 RAHS can be summarized as follows:

1. The estimation of 20-year benchmark need for affordable housing;
2. Voluntary Affordable Housing Production Goals that the twenty-four local jurisdictions at the time should adopt to serve as a guide to measure progress;
3. Comprehensive plan and implementing ordinances amendments by local governments to ensure a) diversity of housing; b) maintaining the existing supply and increasing new dispersed affordable housing; and c) increasing affordable housing opportunities for household of all income levels.
4. Land use and non-land use strategies to be included in the Metro Regional Framework Plan and Urban Growth Management Functional Plan (Title 7 – Affordable Housing) for local jurisdiction to consider adopting;
5. Local governments to submit annual progress reports for three years; and
6. Assess the region's progress toward achieving the Affordable Housing Production Goals.

The RAHS also contained the following important information:

- Who needs affordable housing;
- Homeownership and rental affordability gap;
- History of housing policy at Metro;
- How to maximize existing housing resources;
- New funding sources such as the Real Estate Transfer Fee and Employer Assisted Housing;
- Maximize existing funding sources, such as developing a regional training program and maximizing federal funds through increased coordination;
- Roles and responsibilities for governments and other organizations;
- Special issues for residents of manufactured home parks;
- Estimated cost of meeting the Affordable housing production Goals.

Local Government Experiences Regarding the Adoption of RAHS Goals

Three local governments (Beaverton, Portland and Multnomah County) adopted the five-year Affordable Housing Production Goals. Ten jurisdictions declined to adopt the goals. The affordable housing production goal apportioned to Johnson City and Maywood Park was zero. The remaining nine jurisdictions have not either adopted or declined the goal. Jurisdictions identified many barriers to the creation of housing choices.

Local Government Experiences Regarding Comprehensive Plan Amendment and Consideration of Land Use Policies

Fourteen jurisdictions have comprehensive plans that contain or have been amended to contain policies for encouraging a diversity of housing, maintaining the existing supply, increasing new dispersed affordable housing, and increasing affordable housing opportunities for households of all income levels. The City of Portland and Multnomah County adopted all the *land use and non-land use* strategies, while the City of Beaverton adopted nine of the 12 *land use and non-land use* strategies. Some jurisdictions had adopted various strategies prior to the establishment of the requirement in January 2001.

The rest of the jurisdictions complied with this requirement by considering but declining to adopt a strategy.

In conclusion, the 2000 RAHS created some new housing solutions and also detected some local barriers to a diverse housing supply. This feedback provided an essential springboard for the further pursuit of regional housing choices.

B. Examples of Successes Since 2000

There have been a number of housing success stories since 2000. They include new buildings, new policies that encourage the better use of existing resources, and new designated funds. These successes provide excellent models for future work in our region.

New Developments

1. Oleson Woods is a 32-unit townhouse rental project in Unincorporated Washington County that opened in 2005. Most of the townhouses are 3 or 4 bedroom units, designed for families.

Development: Community Partners for Affordable Housing, with the Housing Development Center as a consultant. The Enterprise Foundation contributed financing through their Green Communities Initiative.

Households served: Several units have very low rents and are reserved for families with less than 30% of median income.



Figure 13. Oleson woods, an example of low-density, habitat-sensitive housing.

Special features:

- Situated near transit access and the Washington Square employment center. Access to nature.
 - Preservation of a wetland on the property provides wildlife habitat, and minimal disturbances to the tree canopy.
 - Durable, environmentally sound and energy efficient features including compact fluorescent lighting, cement fiberboard siding, Energy Star appliances, natural gas turbonics heating and hot water, low-VOC paint and fly-ash concrete.
 - A 1,500 square foot community center, computer lab with high-speed Internet access, meeting room, coin-operated laundry, and storage. Site amenities include a play structure, half court basketball area, and a walking trail loop with benches.
- 2. New Columbia** is particularly notable for creating affordable homeownership opportunities and a mixed income neighborhood. A variety of housing types, such as townhouses, garden-style apartments and single-family dwellings, combined with services and training for lower-income tenants, provides income diversity in the area.

History: The former Columbia Villa public housing community, located in the Portsmouth neighborhood of North Portland, was built in 1942 for World War II defense workers. In 1993, the U.S. Department of Housing and Urban Development (HUD) created HOPE VI

grants to revitalize the country's aging public housing. At the time, Columbia Villa consisted of 462 units; mostly unattractive, impersonal, barracks-style isolated buildings that created a poverty concentration in North Portland.

Development: In late 2001, after a twelve-month process to prepare an application, the Housing Authority of Portland (HAP) received a \$35 million HOPE VI grant in 2001 that served as the anchor for the \$153 million investment in New Columbia. HAP serves as developer along with Legend Homes, Tom Walsh & Co., HOST, and Portland Habitat for Humanity. Columbia Villa's 1,300 residents received relocation assistance and priority spots in the new development.

Households served: Housing includes 852 units of public housing, affordable rental housing, elderly housing, and 232 homes for sale. An additional 92 very low-income units will be built off-site to help lessen concentrations and make sure that there is no net loss of public housing in the city.

Special features: In addition to new parks, public facilities include a replacement public elementary school, community centers, recreational facilities, day care, and adult learning centers.



Figure 14: Townhouses at New Columbia

3. Station Place opened Station Place in January 2005 in northwest Portland's Pearl District. It is located in one of the priciest neighborhoods in the state, but has affordable rents for seniors below 80% MFI.

Development: REACH CDC developed the project. The project was financed through tax credits from the Portland Development Commission, Oregon Housing and Community Services, and others.

Households served: Station Place is a mixed-income building, with some units serving seniors with up to 80% of median income. Seventy-six (76) of the 176 units have rent subsidies attached that allow very low-income seniors to live there.

Special features:

- Transit oriented development with excellent transit service.
- Situated close to amenities and services.
- City views, a roof garden with plots for individual gardeners, a large community room for gatherings, tenant services, an on-site library stocked by Powell's Books.

- Green design, with the first roof-top rain-water harvesting system of its type in Oregon, an Eco Roof on another wing, and a number of other innovations. It has won several national and local design awards. Units have air conditioning, free high speed internet access (DSL), an exercise Room/equipment, library and a Computer Learning Room.



Figure 15. Non-profit and For-Profit developments in the Pearl: Station Place and Sitka Apartments

4. Sitka Apartments are located on a full city block in Portland's Pearl District and opened in November 2005. On less than an acre of land, the project contains 210 units, 7,150 square feet of retail space, and underground parking.

Development: The Sitka Apartments is a for-profit development. The developer is Praxis Partners LLC, a joint venture of Turtle Island Development LLC and Williams and Dame Development, Inc. The Portland Development Commission and Oregon Housing and Community Services' Conduit Bond program and federal Low Income Housing Tax Credits supported financing. The bonds were purchased by US Bank and Homestead Capital purchased the tax credits.

Households served: About 34% of the 210 units are available to households earning less than 50% of the median family income, and another 62% are available to households earning less than 60% of the median family income.

Special features: Construction costs were \$92 per square foot. This includes upgrades to make the building more energy and water efficient and to use more durable materials and equipment. These upgrades will reduce future operating costs, which will in turn allow rents to stay low.

5. The Bridge in Beaverton provides an independent living environment for the developmentally disabled, and was designed with extensive input from the community, parents, and potential residents.

Development: The City of Beaverton purchased the land and orchestrated a CDBG grant, HOME grant, and fee waiver for the project. Total direct assistance from the city totaled \$493,000. Washington County also contributed a HOME grant. The Bank of America Foundation and Families for Independent Living/Providence Hospital also gave grants. In addition to the operating subsidy, HUD contributed a capital grant for construction, and the

Harvest Community Church provided volunteer labor. Tualatin Valley Housing Partners, a non-profit manages the property.

Households served: Residents pay no more than 30% of their income, with HUD providing the balance through an operating subsidy program.

New Policies:

1. Affordable Housing Production Goals: The Voluntary Affordable Housing Production Goals in the Metro Functional Plan, Title 7, were adopted by the Cities of Beaverton (656 units) and Portland (1,791 units) as a guide to measure their progress towards meeting the needs of the households with incomes below 50% of the region MFI.

2. Project Based Existing Vouchers: The 2000 HTAC report recommended that Housing Authorities be given more authority to use project based vouchers, in the form of longer term contracts. Over 90% of Oregon's housing assistance is in the form of rental vouchers. Persons with vouchers were free to move and use their vouchers wherever allowed, but the region found that residents in higher income brackets were occupying many affordable units. HUD has since revised its project-based voucher rules to allow an initial contract term of up to 10 years. This means that Public Housing Authorities can count on 10 years of voucher financing to help offset the cost of development, a better use of an important resource. A successful competition under the Low Income Housing Tax Credit program can also now substitute for the prior requirement for a separate competition by the housing authority. This makes it easier for Public Housing Authorities, at their discretion, to use project-based vouchers to increase the supply of housing that remains both affordable AND available to low income renters.

Since 2000, the Housing Authority of Portland has contracted with a number of different owner/developers to make 810 vouchers project-based. 25% of those vouchers were used to build or contract for hard-to-find 3 or more bedroom units, and others are being used to help meet the City of Portland's plan to reduce chronic homeless population. Assuming a conservative \$100,000 cost per unit, these 810 units represent \$81 million in Development costs. This alone is within striking distance of the \$90-\$120 million estimated development cost found in the original HTAC Report, from just *one* housing authority in the Metro area.

New Resources and Partnerships:

1. City of Portland Housing Opportunity Bond: In March 2005 the Portland City Council authorized the sale of a \$10 million Housing Opportunity Bond, a limited tax revenue bond to finance housing for low-income seniors, people with disabilities, and low-income working people. The bonds, both tax exempt and taxable, were sold in June 2005. All of the proceeds from the bonds have been granted to five non-profit housing providers to acquire, rehabilitate, and develop housing for the City's poorest and most difficult to house people including very low income families. Proceeds from the bond can only be used for capital projects; they are not eligible for operations, services, or rent assistance. Although not required, in most cases significant amounts of public and private resources were leveraged through the granting process. The bond proceeds will support development of an additional 390 units of housing citywide including 170 units of permanent supportive housing where residents will have access to job training and other services they need to stabilize their lives. One project to be funded through the Housing Opportunity Bond is the

Rose Quarter Workforce Housing and Employment Center. This rehabilitated old motel will provide 176 units of stable housing and supportive services to people re-entering the workforce. The other four projects are the Civic building just South of Burnside Avenue downtown, the Clark Center Annex, Leander Court, and the Howard House.

2. The Community Housing Fund (Washington County): The Community Housing Fund, a 501c3 organization, was created in May 2003, the result of a county-wide strategic planning process focused, in part, on the creation of additional financial resources for housing production. The mission of the Fund is to identify and secure new sources of capital for housing development. The fundraising plan includes contributions from corporate, faith, foundation, and local government communities, as well as individual givers. The Fund is a philanthropic undertaking and to date has no dedicated government funding source. Washington County provided a \$370,000 challenge grant, and, thus far, the Fund has raised over \$400,000, including a three-year grant from Meyer Memorial Trust and support from the Oregon Community Foundation.

As of January 2006, the Fund has awarded \$100,000 in grants and loans to community non-profits for predevelopment expenses connected to new housing projects. Grants of \$25,000 each were made to Tualatin Valley Housing Partners for a multi-family rental development on light-rail in Beaverton and to Community Partners for Affordable Housing to help refinance the operation of a large multifamily community in Tigard. Two loans of \$25,000 each have been made in Hillsboro, one to Luke-Dorf, Inc. to support a special needs housing project for individuals with mental illness and the other to Boys and Girls Aid Society toward a transitional housing project for homeless youth.

3. Bi-State Regional Housing Partnership Project: The Bi-State Regional Housing Partnership is a collaborative effort of the Portland-Vancouver region's affordable housing and community development agency directors and managers, the Portland HUD Office, Portland-Vancouver area federal entitlement jurisdictions (Cities of Portland, Beaverton, Hillsboro, Gresham and Vancouver (WA), and Counties of Clackamas, Multnomah, Washington and Clark (WA), and State of Oregon; Public Housing Authorities (Clackamas, Multnomah, Washington and Clark (Vancouver), and Metro. They share the goal to improve conditions for low-income families and neighborhoods and agreed to develop a regional component/placeholder as part of their respective Consolidated or Public Housing Plans. The group succeeded in securing federal funds (Economic Development Initiative Grant) that supported projects such as the: a) Regional lead paint mitigation; b) Bi-State Regional Housing Partnership Database that offers a compilation of hundreds of 2000 Census data tables pertaining to the demographics, economics, and housing conditions in towns, cities, and counties of the Portland-Vancouver metropolitan area; c) Housing affordability awareness campaign and resource development; and d) Regional Section 8 homeownership pilot project.

A continuing collaboration of Bi-State group is *Housing Connections* [www.housingconnections.org] a custom searchable database of affordable housing vacancies throughout the 4-county area. This groundbreaking tool has now been licensed and adopted by others, including the State of Wisconsin. The database continues to demonstrate its value in expanding housing choices to fit individual needs, including its very successful use assisting in the relocation of New Columbia tenants while the project was in its demolition and reconstruction phases.

4. Housing Alliance: The Housing Alliance was created in 2003 to bring together advocates, local governments, housing authorities, community development corporations,

environmentalists, service providers, business interests and others to support a common statewide legislative and policy agenda dedicated to increasing the resources available to meet the growing housing needs of the state.

The Housing Alliance aims to build relationships and educate state legislators, in the hope of developing more passionate supporters and champions in the House and Senate in a non-partisan fashion.

The Housing Alliance succeeded to get four priority bills through the legislature in 2005, two of which passed:

- ❑ Senate Bill 996, the Oregon Affordable Housing Tax Credit, expands the cap on credit sales to \$11 million and extends the sunset to 2020 on a program that directly reduces rents to low income renters by offering a tax credit to banks.
- ❑ Senate Bill 31 includes the earned income tax credit expansion and puts money in the pockets of low income Oregonians.

C. Barriers to Adoption of Strategies and Tools Identified by Local Governments

Outside of these regional housing success stories, a wide array of obstacles to developing affordable housing still exists. Many local governments did not implement the Regional Affordable Housing Strategy. In the Title 7 compliance process, local governments informed Metro of the wide array of barriers they faced in implementing affordable housing. These include:

- **“We’re already in compliance”** - Many jurisdictions did not recognize a need to do more for affordable housing than they are already doing, and took the position that compliance with State Planning Goal 10 – Housing, the Metropolitan Housing Rule, and the requirements in Metro’s Functional Plan (density requirements, accessory dwelling units, parking minimums) are sufficient efforts to create a positive environment for affordable housing;
- **“One size doesn’t fit all”** - Many local governments felt that the requirements did not take into account unique local situations or city characteristics, such as their housing stock which is already oriented to serve lower income or elderly families;
- **“It costs too much – no funding/not enough staff”** - many jurisdictions stated that they lacked the resources to comply, and regional funding was not in place to assist with affordable housing production;
- **“Little vacant and expensive land”** – a few jurisdictions stated that they have relatively little vacant land, while one jurisdiction stated that developable residential land remaining within its city limits, and available land is among the most expensive residential property in Oregon;
- **“Political barriers”** - Many local governments explained that local charter provisions currently prevent the implementation of certain provisions of the requirements, such as replacement housing in urban renewal areas and inclusionary housing in urban renewal areas.

Chapter Four

HCTF Recommended Solutions: How Are We Addressing Housing Choices in 2005?

A. Barriers to Housing Supply Identified by HCTF

The HCTF was convened to assess the current trends in housing affordability. The HCTF reviewed and prioritized the barriers to addressing the trends of lack of housing choice and inadequate supply of affordable housing. The top twenty barriers are shown in Table 8.

The consideration of several strategies for overcoming these barriers resulted in the identification of nine courses of actions for overcoming the barriers and the creation of three "Solution Teams".

Table 8: Barriers to Housing Supply Ranked by Impact on Choice/Affordability

1	Land availability in the right place at the right price (real and perceived) (Physical)	11	Redevelopment possibility and requirements (Political)
2	Land costs (Financial)	12	Neighborhood resistance / public perception (Political)
3	Fiscal base of local governments (under-funded local governments) (Financial)	13	Lack of similar uses [e.g., developer's and financier's fear] (Market)
4	Difficulty of assembling land (Market)	14	Permit fees (Financial)
5	System development charges (SDCs) (Financial)	15	Zoning requirements (Regulatory)
6	Raising necessary capital (public or private) (Financial)	16	Lack of leadership (Political)
7	Household income [e.g., inadequate purchasing power] (Financial)	17	Perception of the "American dream" of consumer preference (Market)
8	Acknowledgement of housing problem (Political)	18	Property tax (Financial)
9	Lack of subsidies (Financial)	19	Parking requirements (Regulatory)
10	Restrictive development & design standards (Regulatory)	20	Building codes (Regulatory)

B. Solution Teams' Process and Courses of Action

The HCTF members divided into three "Solution Teams" to analyze and discuss the implementation of the following courses of action.

1. **Regional Funding Program(s):** Identify regional funding options for housing and affordable housing that may be less politically difficult to implement. The task includes a review of funding sources identified by previous efforts.
2. **Land Use Policies for Increasing the Supply of Housing and Affordable Housing Across the Region:** Determine how state, regional and local governments land use policies can better support the co-location of jobs and housing, leverage UGB expansion policies to increase the supply of affordable housing, and address equity and fairness in the production and location of affordable housing across the region.
3. **Metro Convening Solutions/Pilot Projects:** Enlist volunteer housing experts, community leaders and local government staff and officials in a pilot project to develop a portfolio of feasible projects that would achieve their Title 7 goals in conjunction with other community development objectives, such as focusing development in 2040 centers, main streets and transit stops.
4. **Regional Technical Assistance:** Although a Solution Team was not created for Technical Assistance, this subject was addressed through the work of the Pilot Project team.
5. The Task Force also developed **Preservation Solutions** and **Employer Assisted Housing Solutions**.

Limitations to the Study

Due to limited time and resources, other courses of action were identified but not addressed by the Solution Teams, including: a) Regional land banking; b) A web-based resource guide; c) A regional housing conference and awards; and d) Past successes.

Following are the Task Force recommended solutions for increasing the supply and preservation of affordable work force and other housing in the region.

Recommendations

FUNDING SOLUTIONS

Prior (Pre HCTF) Funding Source Recommendations and Limitations to Implementation

The need for affordable housing in the Metro region continues to grow. Households making below 50% of the area median family income are especially vulnerable. In 2000, the Affordable Housing Technical Advisory Committee (HTAC) estimated that an additional 90,000 units of housing affordable to families with incomes below 50% MFI would be needed by 2017. Any housing fund should give special consideration to these households. Based on the data available in 2000, the total federal and state resources that could reasonably be expected to be available to produce these units was approximately **\$27,077,586 annually**, while the cost of meeting the Five-Year Affordable Housing Production Goal was estimated to be approximately **\$124,210,944 annually**. The additional subsidy needed to begin to meet the housing needs of residents of the region was estimated to be **\$97,133,358 annually**. The need for additional funding to meet regional affordable housing needs has been well documented in the Regional Affordable Housing Strategy¹⁴ produced by HTAC and the Summary Report of the Regional Blue Ribbon Committee on Housing Resource Development (BRC Report)¹⁵.

The BRC and HTAC considered several possible sources for funding devoted to affordable housing, ultimately recommending a Real Estate Transfer Fee (RETF) as the most appropriate source of long term stable funding. This option is currently not available under state law.

However, the H-TAC and BRC reports concluded that the revenue potential and the connection to affordable housing provide strong enough reasons to pursue this funding source. In addition to the RETF, the HTAC report recommended Employer Assisted Housing and maximizing current sources of funding.

New Regional Funding Source Recommendations

The Housing Choice Task Force (HCTF) agreed with the BRC and HTAC recommendations. Recognizing that a Real Estate Transfer Fee (RETF) is not immediately available, the HCTF decided on a twofold recommendation that is responsive to local needs and that will capitalize on existing resources. In making these recommendations, the HCTF choose those funding options that were stable, reliable, permanent sources of funding and that had a relationship to housing.

1. **Long Term Solution:** There is a region wide need of at least \$50 million annually to meet the affordable housing needs of the very low income - those earning below 50% of the area median family income. Possible revenue sources for a long term solution include:
 - A Real Estate Transfer Fee (RETF)
 - Document Recording Fee (DRF)
 - Urbanization/Windfall Tax
 - General Obligation Bond
 - Condo and Mobile Home Conversion Fees or Taxes
2. **Short Term Solution:** An initial \$10 million revenue bond, made available to local communities for capital projects through grants is needed to jumpstart affordable housing production.

¹⁴ June 22, 2000

¹⁵ January 10, 2005

Examples of how the long term and short term solutions could work are provided below.

1. Long Term Regional Funding Solution – Stable Source of Funding From a Real Estate Transfer Fee (RETF) or a Document Recording Fee (DRF)

A Real Estate Transfer Fee (RETF) or a Document Recording Fee (DRF) would provide a substantial and permanent source of funding for affordable housing. This funding mechanism is currently used by 37 states, including California and Washington. A RETF and DRF collect fees based on the transfer of real property. New RETFs and document recording fees are currently not allowed under state law. To implement a RETF Metro would need an amendment to, or an exemption from, or a revocation of, Oregon Revised Statute 306.815, the statute that currently prohibits governments from collecting the fee. In the case of a document recording fee the code language that defines the fee amount would need to be changed. The RETF would provide a more substantial source of funding than the DRF, but may be more politically difficult to achieve. The Blue Ribbon Committee estimated that a RETF on residential property could provide a permanent fund of \$50 million annually for affordable housing, even with an exemption of the first \$100,000 value of each property.

- A Real Estate Transfer Fee (RETF) is paid by the seller or the buyer, or split between the two, and is calculated as a percentage of a purchase price, a flat deed registration tax, or a combination of both. General exemptions from the fee can include homes selling below a set affordable housing price, transfers between or to government entities, transfers between spouses or parents and children, transfers of businesses owned 100% by a guarantor, and transactions below \$100,000. For example, with a .5% transfer fee, with an exemption for the first \$100,000, a seller would pay \$500 on the sale of a \$200,000 home. A RETF is a self-funding mechanism; that is, unlike the repayment of a revenue bond described above, a RETF will accumulate funds for specified uses over a period of time.
- A Document Recording Fee (DRF) is a set fee charged for the recording of documents for the transfer of real property. Currently the fee is limited for use by the county clerk to cover expenses. Each county has a different DRF structure. Fees are per page. For example, in Washington County there is a higher fee for the first page of a recorded document, while Multnomah County imposes a \$5 per page fee, plus more for "non-standard" documents. To implement a DRF that would collect funds in addition to what is currently imposed and collected, two statutes would have to be amended. These statutes set the DRFs to be collected, and direct where the funds collected from these recording fees must go.

Solutions and actions

Recommendations For Metro

- a. Metro should play a strong leadership role in partnership with local jurisdictions, the development community, realtors and the Housing Alliance¹⁶ to strategically pursue the RETF and/or a DRF as a source of funding for affordable housing by:
 - Creating broad local jurisdictional support to lift the preemption of the fees.
 - Creating a strong and workable proposal for the allocation and oversight of the funds.

¹⁶ An explanation of the work of the Housing Alliance is in Chapter 2 – “Examples of New Resources and Partnerships”

- b. Metro should include the RETF and/or DRF in its legislative agenda and actively pursue legislation to allow local governments access to this funding source.
- c. Metro should amend the Regional Framework Plan to establish a funding program that will address any associated issues of a regional affordable housing fund.
- d. Metro should consider prioritizing households with income levels below 50% median family income.

Recommendations For Local Governments

- a. Local governments should work within their jurisdictions to raise awareness of the need for a stable, long term funding source for housing development.
- b. Local governments should include the RETF and/or DRF in their legislative agendas and actively pursue legislation to allow local governments access to this funding source.
- c. Local governments should join the Statewide Housing Alliance and support its efforts. Some local governments are already members.
- d. Local governments should consider prioritizing households with income levels below 50% median family income.

2. Short Term Regional Funding Solution – Revenue Bond Financed by a Regional Funding Mechanism

A \$10 million revenue bond would provide an initial, short term funding solution that would enable immediate needs to be addressed, including the funding of pilot projects and the preservation/replacement of existing low income housing that is at risk, such as manufactured homes and expiring use projects. The revenue bond is issued against a guaranteed revenue stream. Using its general taxing authority, Metro could provide a dedicated funding source for the repayment of the bond. A revenue stream of approximately \$850,000 a year for 20 years would be needed to provide a dedicated funding source for repayment of the bond. A revenue bond such as this can only fund capital expenses, such as new construction, building rehabilitation, land acquisition and land banking, and must be spent within three years.

Solutions and actions

Recommendations For Metro

- a. Metro should establish an initial fund with a \$10 million revenue bond¹⁷, to be spent on capital projects that will develop or preserve low-income housing and leverage public and private resources.
- b. Funding should prioritize households with income levels below 50% median family income.
- c. Metro should establish a tax study committee comprised of key regional and local stakeholders to:
 - Identify a funding mechanism to provide a dedicated revenue source of approximately \$850,000 a year for 20 years for a \$10 million revenue bond. (Metro has various taxing authority that could be used as the revenue source);
 - Resolve issues of regional equity and distribution.
- d. Metro should amend the Regional Framework Plan to establish a funding program that will address any associated issues of a regional housing fund.
- e. Metro should work in partnership with local governments and the development community to establish an implementation strategy that meets local needs and leverages the most out of this resource.

¹⁷ The Portland \$10 million Housing Opportunity Bond should be emulated.

- f. Metro should consider prioritizing households with income levels below 50% median family income.

Recommendations For Local Governments

- a. Local governments should raise public awareness of local housing needs.
- b. Local governments should support the construction excise tax as a means to increase the local supply of housing choices.
- c. Local governments should consider prioritizing households with income levels below 50% median family income.

Potential Uses of the Revenue Bond and RETF:

The HCTF identified examples of capital projects that could be implemented with a regional affordable housing fund supported by a revenue bond and Real Estate Transfer Fee (RETF) (see Appendix B for details). Additionally, the Housing Alliance will be estimating the impact of a housing trust fund in the future. The estimate could be used to identify an optimal spending strategy that is responsive to local needs, capitalizes on existing resources, and takes into account the region's most pressing needs.

LAND USE AND REGULATORY SOLUTIONS

The following solutions are intended to: a) address the housing needs of low and median income families; b) lower construction cost of housing; and c) target centers for more housing development. The solutions are divided into two categories, those proposed for immediate implementation and those to be addressed through Metro's New Look at the 2040 Growth Concept.

A. Solutions Proposed for Immediate Implementation

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 sample format of this reporting system is shown in Table 9. The benefits of the survey and a new reporting system are:

- A. It focuses on results and not process;
- B. Output of the survey includes units built and preserved that are important for achieving the goals of the Regional Framework Plan;
- C. Reveals to the development community areas where they can take advantage to produce affordable work force housing;
- D. Reveals potential mismatch of the location of affordable housing and services such as transportation infrastructure.

Including a community's housing score as a criterion in the allocation of regional funds can 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 output-based affordable housing score could serve a similar purpose. Outputs could be measured based on 1) the actual number of units built, weighted by units affordable to the lower income families, and 2) the amount of local funds committed, through fee waivers, property tax exemptions, or otherwise, to the development of affordable housing. Metropolitan Transportation Improvement Projects funds are allocated on a competitive basis every two years.

Solutions and actions

Recommendations For Metro:

- a. Metro should 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.).
- b. Metro should amend Title 7 annual reporting compliance to replace reports on consideration of strategies to this results-oriented report on housing supply.

- c. Metro should 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, and decide whether output should be measured in units affordable to the lower income levels or local funds committed.

Recommendations For Local Governments:

- a. Local governments should assist in the implementation of the housing supply survey.
- b. Local governments should supplement the data produced by the survey with information regarding new transit-oriented housing developments or accessory dwellings, but these will not be required.

Table 9. Sample Format of the New Metro Affordable Housing Supply Reporting Survey

DRAFT Sample of New Metro Affordable Housing Supply Reporting Data Collection Format										
A	B	C	D	E	F	G	H	I	J	K
AGENCY SOURCE	PROJECT TYPE	PROJECT NAME	CYCLE	Year	TERM	PROJECTED EXPIRATION YEAR	PROJECT ADDRESS	PROJ CITY	PROJ ZIP	COUNTY
		Use of Excel AutoFILTERs will allow easy zeroing in on projects that meet user defined criteria.				Data for each property will all be filled in by funding agencies BEFORE being sent by Metro to local governments.				
		L	M	N	O	P	Q	R	S	T
		#<30	#<40	#<50	ALL Units Below 50%	<60	All Units Below 60%	GEOCODE S	Census Tract	TAZ
								Geocodes will allow local government mapping of the location of these projects.		

Key:

A	Funders
B	eg. Public Housing, Tax Credit
C	Name
D	OHCS funding cycle
E	Year project was funded
F	Period of restricted use
G	Year restriction is lifted
H	Address
I	City

J	Zip
K	County
L	# residents below 30% MFI
M	below 40% MFI
N	below 50% MFI
O	Total below 50% MFI
P	below 60% MFI
Q	Total below 60% MFI
R	Map data
S	Census tract
T	Transportation Analysis Zone

2. Regional policies

ORS 197.299(1) requires Metro to review the supply of residential land within the UGB at least every five years in order to ensure that the UGB provides a 20-year supply of buildable land for residential development at each planning cycle. The Metro Data Resource Center calculates the supply by comparing the regional population and housing unit forecast with the zoned land capacity from 27 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, or both. State Goal 14 and Metro Code chapter 3.01.020 provide rules on the establishment and changes to the 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 conditions Metro can place on land to be brought within the UGB, HCTF proposes a solution that would provide guidance to Metro to negotiate voluntary agreements with landowners to provide affordable housing. A precedent for this recommendation was set in negotiations over development in the Bethany area, added to the UGB in 2002. This solution provides more specific guidance than is currently in Metro's code; however, it does not result in a predictable outcome. Furthermore, 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. Therefore, the HCTF also recommends considering the application of inclusionary zoning in UGB expansion areas in order to ensure results. State law currently restricts this zoning. There is legal precedent for applying inclusionary zoning 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

Recommendations For Metro:

- a. Metro should include language in its codes to use UGB expansion decisions to negotiate voluntary landowner commitments to provide workforce housing. The Metro Council should define this language.
- b. Metro should work with its regional partners to pursue the possibility of removing the restriction on inclusionary zoning from state law to encourage the development of housing choices inside the Portland metropolitan area and in UGB expansion areas. (For example, if the housing needs analysis identifies that certain income groups are paying more than 30% of their income for housing, inclusionary zoning could be considered to require a certain percent of new units for this group).
- c. Metro should give preference to proposed expansion areas (that have satisfied state expansion priorities) where local governments have a credible, implementable plan that utilizes tools such as site control and landowner agreements to assure the development and production of affordable housing.

Recommendations For Local Governments:

- a. Local governments and their stakeholders can trigger UGB expansion if voluntary landowner commitments to provide affordable workforce housing has been negotiated.

- b. Local governments should work with Metro and their constituents to pursue the possibility of removing prohibition on inclusionary zoning from state law.
- c. Local governments should also allow developers to pay a fee in lieu of building affordable housing in expansion areas, if the fee revenues could be used to pay for affordable projects in better locations (e.g. close to transit or centers).
- d. Local governments should create implementable plans for expansion areas that assure the development and production of affordable housing.
- e. Local governments should use the extension of services to expansion areas to increase the development and production of affordable housing.

3. 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 developers to provide affordable housing.

Solutions and actions

Recommendations For Metro:

- a. 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, since the State 120 day rule mandates prompt review once an application is determined to be complete.
- b. Metro should 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.

Recommendations For Local Governments:

- a. 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. Identify key components of an expedited review process tailored to local concerns.

B. Solutions to be Addressed Further as Part of Metro’s New Look

1. Update Metro’s regional parking ratio requirements, and consider implementing parking management in centers

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

Recommendations For Metro:

- a. Metro should update its regional parking ratio requirements to consider lower minimums, maximums, and locations where they apply.
- b. Metro should require cities and counties to adopt and implement parking management requirements in centers as part of Functional Plan compliance.

Recommendations For Local Governments:

- a. Local governments should update local parking ratio requirements
- b. Local governments should implement parking management requirements in centers

2. Plan for complete communities that include housing choices

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

Recommendations For Metro:

- a. Metro should 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 Foods), playgrounds and parks, schools, and daycare centers.

Recommendations For Metro and Local Governments:

- b. 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.

3. Encourage development in centers and corridors and other 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. 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.

Building height is a key component of most zoning ordinances, and is especially important in residential neighborhoods. However, many areas intended for more intense urban development are hampered by zoning codes that either do not allow heights the market would support or only allow achievement of maximum heights through a public approval process. Centers and corridors are particular locations where an examination of allowable building heights could lead to more successful, thriving urban-style development. Building height limitations can have an impact on affordable housing. One example is apartment construction in an area with a height limit of one and a half stories. In this case, a two-story apartment, townhouse, or duplex may be constructed with the first floor partially underground. This reduces the accessibility of the units for many potential residents. A second example is in the Gateway area where the height restrictions prevented the construction of 32 units that would have been affordable to area residents. HOST Development was going to partner with a commercial developer to construct four floors of condominiums above retail. However, the height limitations would have to be exceeded in order for the project to work financially, and neighborhood opposition did not allow for that.

Solutions and actions

Recommendations For Metro:

- a. Metro should evaluate opportunities to encourage development of affordable housing in corridors, including zoning changes, leveraging public investments to improve streetscapes, and educating property owners on benefits of changing land use. These strategies could play an important role in the revitalization of corridors.

Recommendations For Metro and Local Governments:

- a. Conduct further research to determine where building height limitations are a problem, and consider where it is most appropriate to increase building heights (e.g., regional centers, town centers, corridors), and the most effective means to accomplish increasing building heights.
- b. Identify design solutions and case studies to integrate increased building heights in residential areas, especially in the transition areas between single-family and multi-family neighborhoods. For example, the Hollywood Library is designed to "step-down" to the street so building mass is not overwhelming at the pedestrian level.

4. Evaluate opportunities to decrease construction costs by replacing design requirements with Form-based Codes

Design requirements for housing can aid in neighborhood compatibility, and may influence the quality of materials and the durability of structures. In addition, conventional zoning codes (that are based primarily on use and density) cause problems by separating uses. Hence, prescribing materials to be used can substantially increase the cost of housing, thereby reducing affordability, and separating uses can make mixed-use and walkable neighborhoods essentially illegal.

Form-based codes, which focus on urban form over a building's use or materials, can achieve many of the same goals while allowing developers flexibility in materials and some elements of design. Form-based codes address the physical form of building and development, community or neighborhood character and vision, and prevents actions that encourage inefficient use of land. "Urban Form" includes the relationship of buildings to each other, to streets, and to open spaces. 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

Recommendations For Metro and Local Governments

- a. Evaluate opportunities to implement form-based codes in place of design standards to reduce construction costs, especially in centers and corridors.

METRO CONVENING SOLUTIONS

Introduction

HCTF identified an important role for Metro to convene local governments interested in addressing their challenges and barriers, overcoming the obstacles, and taking the next steps toward spurring affordable work force, elderly and persons with disabilities housing development. As a pilot project to test their approach, some HCTF members volunteered to work with communities as a consulting team to assemble a portfolio of possible housing developments that would serve families with a range of incomes. The Pilot Project Solutions Team reviewed the responses of local governments that had difficulty implementing Functional Plan Title 7 (regarding affordable housing), and applied the following criteria to evaluate the ones to meet with in order to determine the pilot project host community.

1. Willingness and readiness of the community.
2. Economics of the community.
3. Availability of sites.
4. Availability of services and transportation.
5. Impact on other communities of doing a successful project.

The team met with Clackamas County and the city of Wilsonville. Discussions with City and County officials covered a great deal of ground, and in the end, the following issues emerged as the most important housing needs in these communities:

- i. Conversion of manufactured home parks puts residents at risk and results in a decrease in the supply of affordable housing and the displacement of many lower-income households. Other types of land holdings that may be the next focus of speculation for market rate housing investors and developers are golf courses, fraternal organizations, churches, foreclosed properties, parking lots, and schools.
- ii. Funding is the greatest obstacle to creating more affordable housing
- iii. While the development of new urban areas may not occur for many years, it is important to determine how to work with communities, such as the Wilsonville and the new City of Damascus, to take steps to ensure affordable housing opportunities in the Damascus and Frog Pond areas.
- iv. Villebois Village development (a planned community of 2,400 dwelling units) represents an opportunity to leverage public infrastructure investment as part of a pre-development plan to increase the supply of work force and elderly housing in the community.
- v. Efforts to extend sewer services to areas targeted for urban renewal may lead to increased pressure from speculation that may affect affordability.
- vi. Supply of moderate-income housing may be sufficient, however, the availability of funds could create opportunities to increase the supply of housing that serves the lower income households.
- vii. Employer assisted housing opportunities should be explored, especially with major employers that own land that is residentially zoned.
- viii. Preservation of low-income housing (apartments, single family homes) to maintain existing low and moderate income units in the jurisdictions.
- ix. Job-housing balance – shortage of housing for medium and low income families in job rich areas will increase household transportation costs, increase congestion on the region's freeway system, and reduce the jurisdictional tax base.
- x. How to successfully promote the development of accessory dwelling units

Wilsonville Pilot Project Implementation

Site tour and observations:

A tremendous amount of planning and vision has gone into the design of Wilsonville, including the desire since its inception for high density, mixed-use development. Wilsonville has a flexible zoning and design review process contingent on approval of the Master Plan. Under the guidance of the Wilsonville Planning Department, the HCTF initially identified more than 20 vacant public and privately owned sites. Those that emerged as priorities are the SMART site owned by the City; the future Commuter Rail station site, owned by the City and Washington County, and the Post Office site, owned by the federal government.



Figure 16. Wilsonville

Needs assessment:

Although the Wilsonville Affordable Housing White Paper (draft –June 29, 2005) estimated the number of employees (18,118) working in the City in 2003 and the proportion that live in the City (only 9%), and possible employee housing affordability, the data was inadequate for estimating the City's housing need. The Housing/Land Need Model¹⁸ developed by the Oregon Housing and Community Services Department was used to estimate the City's housing need based on existing residents. This estimate does not take into account the 90% of employees in Wilsonville that commute to the city. Highlights of the need estimate are:

- Overall, there are more rental units than ownership units;
- A Rental Deficit for households in <30% MFI that are paying less than \$429, and for households in 60%-73% MFI paying \$910 - \$1,149;
- A Rental Surplus for households in 30%-60% MFI paying \$430 - \$909, and for households in >74% MFI paying above \$1,150;
- An Ownership Deficit for households in <30% MFI paying less than \$56,700¹⁹, for households in 30%-60% MFI paying \$57,700 to \$113,300, for households in 60%-73% MFI paying \$113,300 to \$141,700, and for households above 74% MFI paying \$141,700 to \$212,500.
- An Ownership Surplus for households in above 74% MFI paying above \$212,500.

Opportunities:

Wilsonville's location and livability make it a residence of choice for commuters to Portland and Salem, particularly families that have commuters to both cities. The West Linn/Wilsonville school district is a primary factor of the area's attractiveness. Planning for housing in Wilsonville presents some unique characteristics, such as:

- Housing is allowed in all of their zones.

¹⁸ The model estimates current need based on current population of the City, and does not take into account expected demand by commuting employees.

¹⁹ It is assumed that this reflects the need/demand for mobile home ownership in the City.

- Flexibility is built into their code, allowing them to negotiate requirements on developments.
- Planned Development Ordinances create a negotiation process, rather than a check box permit process.
- Wilsonville's use of planned development zoning gives it several advantages, including good design, provision of amenities and reduced development costs

Challenges:

- Commuters will pay a premium to live there, making housing Wilsonville's own workforce particularly challenging.
- Low-income senior assisted housing will become pressing if the Thunderbird Mobile Home Park is closed. The Thunderbird residents may be too elderly to be interested in organizing their displacement money to buy their property.
- Old Town and Town Center areas are the best locations for new senior residences, as they allow pedestrian access to residential services.
- Other privately owned market-rate rental properties that are currently providing affordable housing will be candidates for sale/conversion as land demand rises.
- Because each community in the City is master planned, Wilsonville planning does not see that it has a role in the process until the Master Plan is presented to them unless the land is publicly owned.
- Planned Development Zoning could also be an obstacle to providing affordable housing because of its potential to exclude certain types of housing and exclusive arrangements with large (vs. small) residential building contractors.

Lessons learned:

There are several stories emerging from the pilot project.

1. The city's housing need based on its current population demand was estimated with the State Housing/Land Need Model. A comparison of the estimates to the Affordable Housing production Goals in the Metro Functional Plan Title 7 show that the housing need for households in <50% MFI is about 10 times higher than published in the RAHS.
2. Through the HCTF, the City has inventoried sites where development could be spurred to meet its need. This allows the City to talk with other public landowners about using the land for housing development (for example, the Post Office site).
3. Possession of the inventoried sites also puts the City in a better position to determine where to focus its subsidies (such as property tax exemption) and how to negotiate for the types of housing need in the City;
4. The City has identified areas for retention efforts, such as affordable rent-restricted and market-rate apartments;
5. Before the pilot project, the City was placed in position of playing catch-up after threats to the housing supply, such as mobile home closures. The City had not identified potential sites to develop and how they could meet those needs. Using the inventory sites information, the City can improve the interface between non-profit and for-profit housing developers and itself, and incent the building community to build more housing;
6. Low-income residents (in the \$20 to \$40,000 annual income) that commute to Portland and Salem might choose to live near the commuter rail or town center.
7. Having concluded that housing choices are a local need, Wilsonville and many local governments require technical assistance to act on that need, starting with understanding and implementing affordable housing tools. These include financing tools, targeted subsidies, amendments to zoning or plans, and others. Conversely,

many developers need more information about the housing market, available land, and finances available for the construction of affordable housing.

Solutions and actions

Recommendations for Wilsonville:

1. Trust Fund: Establish a bridge loan to buy rent-restricted apartments funded with federal and state subsidy. The City may not buy the property directly, but can mobilize a non-profit to do so. Bridge financing or other tools are also critical for non-restricted low rent housing such as privately-owned apartments or mobile home parks. A designated fund can be used for the purchase of rent-restricted apartments or for units with expiring subsidies.
2. Employees that commute: Estimate the percentage of these residents for whom Wilsonville should strive to provide housing.
3. Retention of rental units: Develop strategies to preserve existing units that are currently renting to the very low-income households in <30% MFI income bracket, such as a condo conversion ordinance that requires that the city be notified in advance of condo conversions, as existing tenants are.
4. Retention of ownership units: Develop strategies to preserve existing ownership units that are currently affordable to households in <30%, 30% to 60% and 60 to 73% MFI income brackets;
5. Subsidization of current rental units: A surplus of rental units (1,113 units in the \$430-\$664 and \$665-\$909 ranges) suggests the need to subsidize these developments to make them affordable to very lower income households currently in the \$0 - \$429 rental affordability bracket²⁰. A local government can create a mechanism for a property tax exemption or fee waiver, which would in turn allow lower rents.
6. Future ownership units: The demonstrated need for ownership units at almost every income level indicates a need to build more housing units, such as townhouses, detached dwellings, short towers and senior housing.
7. Future annexation: Negotiate the provision of affordable work force housing as a condition for annexation and approval of development plan.

Recommendations for Metro:

- a. Metro should continue the convening of local governments and experts through the Pilot Project Policy (including same in the Metro FY 2007-08 Budget)
- b. Additional recommendations for Metro are in the technical assistance section below.

²⁰ Or investigate opportunities to convert some of these units to ownership units that would offer affordable to residents who are in the \$20,000 to \$50,000 income bracket?

TECHNICAL ASSISTANCE SOLUTIONS

Introduction

The HCTF's Pilot Project team members, both within the team and in conversations with several of the jurisdictions, and with others on the HCTF, found that Metro Council and staff can support the affordable housing goals by making tools available to assist and/or incent jurisdictions to move to the "implementation" phase of the Functional Plan Title 7 goals.

The team outlined the following scope of services for which Metro could budget to either contract with a qualified consultant, or provide staff resources, where those exist. Services could be provided free of cost to jurisdictions, or Metro could require in-kind or financial match from the participating community.

Solutions and actions

Recommendations for Metro:

- a. Housing Needs Assessment/Basic Market Study: The Pilot Project Solutions Team discussed the Housing/Land Need Model developed and used by Oregon Housing and Community Services. While the current housing needs assessment standard is a useful and helpful improvement over old methods, Metro should suggest adjustments to the model so that the Metro Title 7 Affordable Housing Goals across the *range* of housing affordability are reflected and to insure that both affordable and available housing are included in the analysis. This adjustment would assist jurisdictions in planning for equitable inclusion of housing based on the jobs and incomes reflected in the area, not just the historic patterns of housing choice. Once this adjustment to the model is made, a consultant could work with a jurisdiction, under a Metro contract, to populate the model, review the data and prepare a basic Housing Needs report. As each jurisdiction develops this kind of a report, they will be equipped to have conversations with community stakeholders (elected officials, neighbors, land owners, etc) about why affordable housing should be a priority and about who might be served by a proposed project. Findings could also serve as evaluation criteria for assessing and approving master plans.
- b. Available Land Inventory: Utilizing Metro data, staff should assemble a "portfolio" of developable sites in the 2040 Centers, Corridors and other locations that are suitable for affordable, mixed use/mixed income and "smart" development. The model product would be a table like the one developed for Wilsonville, showing estimated density [range of units] and housing type [detached, rowhouse/townhome, or multi-family, mixed use, etc.] but not suggesting the target population or income level for each site. This would show some key ownerships—public lands, faith based ownerships, key employers, etc.—who may be encouraged or incented to support affordable housing development. With this kind of inventory, jurisdictions would be better able to monitor pending development opportunities and be prepared to intervene to urge or support the accomplishment of Title 7 goals.
- c. Model Affordable Housing Approval and Development Conditions: Metro or contract legal counsel, "borrowing" from jurisdictions with successful regulatory framework, should provide a guidebook of model approval and development conditions that could be adopted by jurisdictions to achieve Metro Functional Plan Title 7 goals. The guidebook would illustrate model approval and development conditions for jurisdictions to require or incent inclusion of affordable housing in the 2040 Centers, Corridors and other locations – as prescribed by the jurisdiction's assessment, across a range of circumstances:

- New development with planning approvals required
- New land taken into the UGB
- New development in the 2040 Centers and Corridors
- Public properties being sold
- Public facilities being built (e.g. Multnomah County library adding housing above library)
- Sale or transfer of existing properties housing converting to higher income use (no net loss)
- Advocacy by City to other public land owners (e.g. ODOT, GAO, school districts) to require inclusion of affordable housing in their disposition strategy, contribute land to a non-profit for affordable housing use, or provide a below-market sale to developer who incorporates affordable units.

The HCTF Pilot Project Solution Team was able to carry out some of the preliminary stages of the development process that was used to develop “preliminary model conditions for local governments to incent development of affordable housing.” The knowledge base and tools that local governments should develop and use to motivate, negotiate and partner with potential developers to produce the housing types their communities need are shown in Figure 17.

Adaptation of the “model” conditions for adoption by a jurisdiction could be an additional technical assistance service provided under this scope, including model requests for proposals, disposition and development agreements, and/or advice on land values.

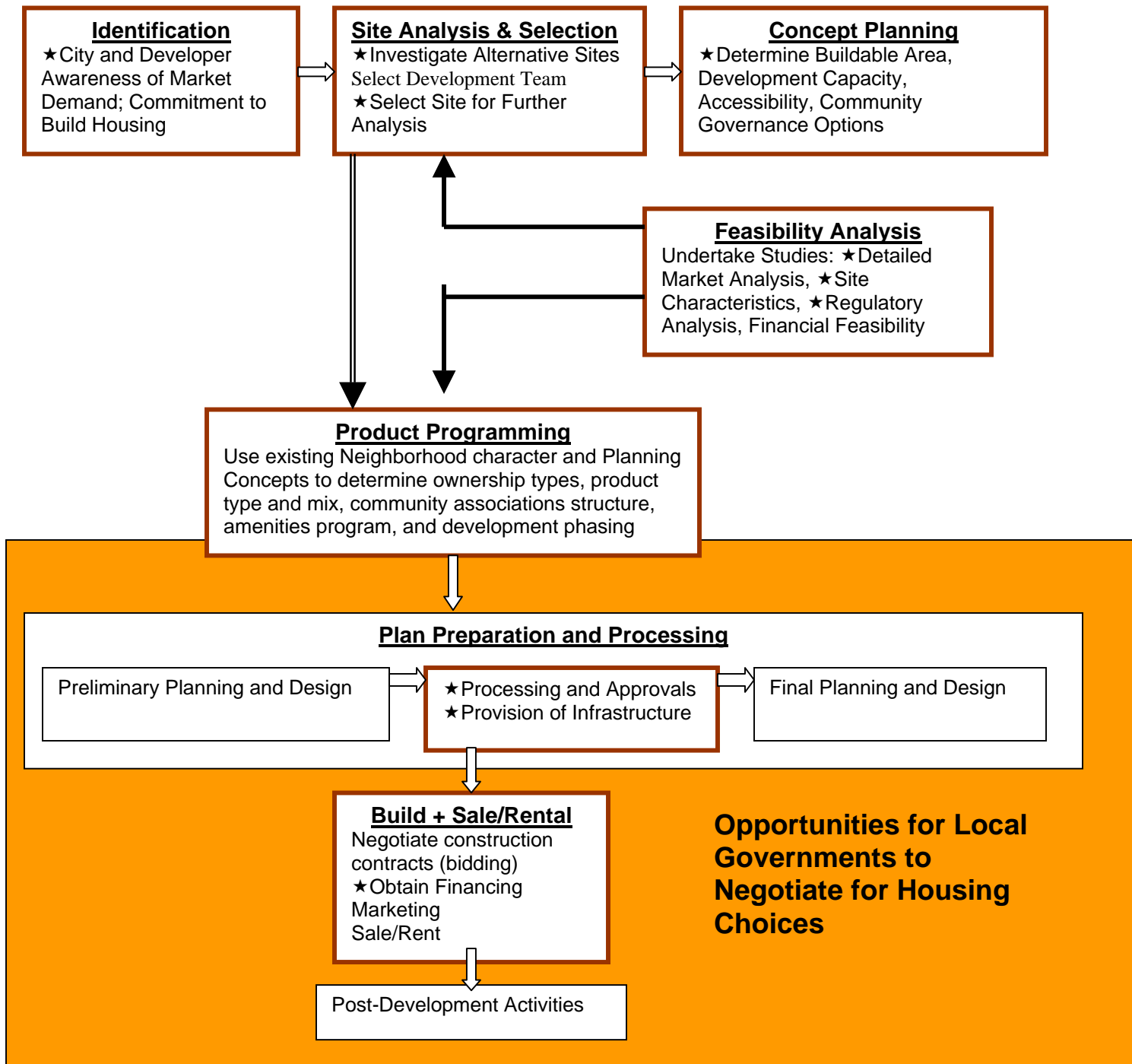
Metro’s experience encouraging growth in 2040 Centers and Corridors has also shown, however, that the housing element should be the easiest part of the local market to shape. This is due to its flexibility:²¹ There are many ways to respond to the need for housing and many different forms that projects can take. While data about current market conditions can tell part of the story, markets are not static and respond to other triggers and incubators. Projects such as those within the Get Centered! program have shown that higher densities and mixed use developments are more successful when other elements of the urban infrastructure are in place, such as grocery stores and a lively retail market. The current character and aesthetic of a center dictates the types of projects that local populations want to see, and the key factors such as:

- I. Creating housing choices in centers may require subsidies for the first project or first few projects. The first project establishes a comparable example for the projects that follow. The next developer has to do less work to “pioneer a market” and can use existing rental and price information to communicate with banks and lenders.
- II. Government agencies must be clear about the types of housing desired at the beginning of a project. Negotiating unexpected elements when a project is in its closing stages can ruin projects and partnerships.
- III. Rowhouses are an important first housing type for centers. Although they offer feasible construction costs, they do not bring in enough density to create a center. However, they help establish a neighborhood and they provide an incentive to build future, denser projects. The second and third developments should be different product types. If a jurisdiction wants to secure growth in its center by establishing market rate housing prior to affordable housing, it should secure sites ahead of time for future affordable housing to avoid rising land costs.

²¹ “democratic.”

Figure 17: Preliminary Model Conditions to Achieve Title 7 Goals

★ Indicates step where Local Governments can provide housing choice incentives



Source: Metro, Urban Land Institute Residential Development Handbook, 2nd edition

- d. Illustrated Affordable Housing Toolbox: Contract with an affordable housing consultant to prepare outline summaries of financial tools that increase affordability for homeownership and rental housing, including a “non-technical” presentation of the importance of these tools in increasing affordability and leveraging other affordable housing resources. This can be organized under a rubric like:

Four Ways to Achieve Affordable Housing:

- Reduce Development Cost
- Reduce Debt Costs
- Provide Equity
- Reduce Operating Costs

Within each of these categories the report can list standard tools used by the industry, and highlight those tools that are available to local governments. For example, under Reduce Development Costs, the report would include “reduced parking ratio” or “density bonuses” as tools that a jurisdiction controls, or under Provide Equity, the report would include both the “State Housing Trust Fund” that a jurisdiction can not control as well as “SDC waiver” that they could.

This product should help to quantify the “value” of each type of subsidy. It should also help jurisdictions understand how much assistance is needed from the local government (as opposed to other sources).

- e. Communication and Awareness: Develop a communication plan utilizing visuals. Utilizing existing projects in the region, Metro could provide funding to give project tours, or produce media materials (video, interactive CD, printed case studies) to help local governments and other entities involved in housing development to visualize what affordable housing looks like and how it operates in the community, and how it can be built in the 2040 Centers, Corridors and other locations in the region.

PRESERVATION SOLUTIONS

There are many strategies to ensure housing choices locally that do not involve public subsidies. Some may require continuation of existing federal and state subsidies; others may not. In areas that already have a diverse housing supply, local government strategies can aim instead at the preservation of units that allow people to live independently and without subsidy.

1. Federally Subsidized Affordable Housing With Expiring Contracts

One purpose of the planned housing supply reporting survey is to identify and insure that local governments have timely information about the expiration dates of existing federally subsidized apartments that are located in their community. Successful efforts to preserve that housing, along with the substantial federal funding that is required to maintain affordable rents, will receive credit towards accomplishment of each community's affordable housing goals.

2. Condo Conversion Ordinances

The conversion of existing apartment units to condominiums illustrates the different housing needs of jurisdictions. Affordably priced condominium conversions, such as the Tropea Condos in the Alberta Arts district, Peninsula Park Commons in Northeast Portland, or Four Seasons in Goose Hollow, can help create homeownership in neighborhoods where there is a rental surplus for low-to-middle income residents but a lack of ownership opportunities. This type of market is found in Portland, Wilsonville, and elsewhere in the region. New condominium developments, such as Causey Village near Clackamas Town Center and Division Street Manor in Gresham, are credited with bringing stability to developing neighborhoods. Condominiums have the potential to provide an increase in the supply of housing choices; however, the average condominium price is also rising.²² The conversion of several apartment buildings attracted media attention in the past year, including the University Park Apartments in Southwest Portland, which sold at an average of \$280,000, Uptown Heights in Portland, and the Terraces at Lake Oswego. These conversions result in a loss of affordable rentals. Prior residents must relocate, often away from work and services, and add to the competition for remaining units at their income level.

Tenants are currently protected under the following laws:

ORS 100.305 (1). Tenants are entitled to 120-day notice of conversion by the "declarant" (person who proposes the conversion)." The notice must set forth the tenants' rights and other details for the proposed conversion.

ORS 100.315. The declarant cannot begin improvements to the unit during the 120-day notice period without the tenant's approval.

ORS 100.210 (1). If the units are to be offered to residency and are not be substantially altered, the declarant must offer the unit for sale to the tenant. The offer is good for sixty days.

ORS 100.305. These provisions are not applicable to, and do not protect, conversion of units rented as transient lodgings (hotel, motel, etc.)

²²Average condominium costs in Portland rose from \$191,000 to \$216,000 in the past year. The Oregonian. "Cheap Chic Condos," 10/23/05

3. Mobile Home Ordinances

Mobile Home Parks are one of the last remaining affordable ownership opportunities for seniors and low-income earners. The Oregon Housing and Community Services (OHCS) office monitors manufactured home parks and offers several additional programs to supplement their affordability, including utility assistance, loan and grant programs for low-income tenants, and subsidized housing. Although there is a law requiring OHCS to be given 365 days notice prior to the closure of a Mobile Home Park, many owners do not comply. Since 1997, 47 parks have closed statewide—a total of 1,312 spaces. Within the UGB, OHCS currently estimates that there are 231 parks and 15,867 spaces as shown in Table 10.

Table 10: Estimated Number of Mobile Home Parks and Spaces per Jurisdiction

*These estimates are based on postal addresses listed with OHCS; therefore, many parks in unincorporated areas are listed within jurisdictions.

Jurisdiction	Parks	Spaces	Seniors
Milwaukee	27	1,081	538
Uninc. Clackamas	16	1,357	214
Oregon City	8	1,007	121
Gladstone	3	326	142
Johnson City	1	283	0
Wilsonville	4	413	270
West Linn	1	55	55
Clackamas	60	4,522	N/A
Portland*	76	3,373	N/A
Gresham	14	1,032	90
Fairview	10	476	N/A
Troutdale	10	775	N/A
Wood Village	2	24	N/A
Multnomah	112	5,680	N/A
Tigard	9	888	592**
Cornelius	8	976	100**
Tualatin	5	250	N/A
Beaverton	4	332	N/A
Hillsboro	11	541	N/A
Sherwood	5	252	N/A
Forest Grove	4	622	179**
Aloha	2	278	N/A
Uninc. Washington	11	1,526	N/A
Washington	59	5,665	N/A
Grand Total	231	15,867	

Source: Oregon Housing and Community Services.

*98 Portland Spaces are listed in Clackamas County.

**Minimum number of spaces reserved for seniors; many units are unspecified.

The threatened closure of the Thunderbird Mobile home Park in Wilsonville mobilized tenants and local officials to address an increasingly important housing resource for underserved populations. Thunderbird contains 270 units for residents age 55 and older, in addition to greenspaces and a community center. On August 4th, 2005, the Oregon Senate and Oregon House unanimously passed House Bill 2389 to provide relief to tenants in manufactured home parks. The bill does the following:

- a. Gives mobile home park residents a state income tax credit to pay their moving costs, up to \$10,000, when the closure of a park forces them to relocate. It is a tax credit, rather than a deduction, and it is good even if the taxpayer owes nothing. In that case, the taxpayer would receive a tax refund. This replaces a prior credit of \$3,500 which ended in 1997.
- b. Pre-empts cities and counties from restricting the age of mobile homes that are allowed to move into parks, when the resident has been forced to move due to the closure of another park. This change would not prevent park owners, however, from keeping older mobile homes out of their parks, as they commonly do.
- c. Eliminates the capital gains tax for mobile home park owners when they sell to park residents or a non-profit.
- d. Directs Oregon Housing and Community Services to create a database for displaced mobile home park residents. The database would help residents find vacancies that exist in other parks.

According to Oregon statute 90.630 Paragraph 5, park owners must provide written notice to the tenants 365 days in advance of a sale, or 180 days in advance if they will be giving financial assistance towards their relocation. The new laws sunset at the end of 2007.

The Wilsonville City council adopted a further ordinance to extend the protections of state law and provide for additional mitigation of the impacts of mobile home park closure. Owners intending to close—not sell—the land beneath a mobile home park must prepare a closure impact report and apply for a permit. They must also prepare a Relocation Plan and pay all reasonable relocation costs for tenants relocating to a comparable mobile home park space within the 100 mile area. Those mobile homes that cannot be relocated to a comparable space must be identified and an offer made to purchase the mobile home at its in-place market value.²³

As of January 2006, the ordinance is being appealed by park owners to the State Land Use Board of Appeals. Similar ordinances are proposed for West Linn, which has one mobile home park that is also slated for closure.

4. Dealing with Demolitions

In areas where land is scarce and land values are high, the existing housing stock is subject to teardowns and replacement with higher-value homes. Due to speculation, some of the newer, larger houses remain vacant investment properties.²⁴

The City Of Lake Oswego Affordable Housing Task Force Report recommended a “No Net Loss” strategy, including the consideration of a teardown fee, conditioning of conversion based on the availability of adequate replacement units for tenants, and funding a low-cost loan program to assist owners of low and moderately priced homes in rehabilitation. Demolition delays or moratoriums have been discussed but not implemented. The city of Canby, outside

²³ Wilsonville Ordinance 600, passed 10/17/05.

²⁴ “Tims, Dana. “Holding Their Ground,” The Oregonian, 6/6/05

the Metro boundary, has long had a condition of conversion system in which owners must prove that other rental units in the community are available for relocation of residents prior to a conversion.

Recommendations:

The basic concept works the same for condominium conversions, mobile home park closures, and demolition delays. Sufficient notice and time built into the real estate transfer can give tenants, local governments, nonprofits the opportunity to purchase the property.

Recommendations for Metro and Local Governments:

a. Legislatively Require Condominium Conversion Notification

Although existing laws require a 90-day notice to residents for when their apartments are converted to condominiums, no notification is given to the county or jurisdiction. Since the county or jurisdiction only hears about the closing via word-of mouth they have little window of opportunity for preservation or remedial action. Therefore, the municipality should request notification 90 days prior to notifying tenant. This added time would give municipalities a chance to look at nonprofit purchase alternatives or otherwise find funding. Municipalities can provide loans and technical assistance to help homeowners buy and manage their manufactured housing parks as cooperatives.²⁵ Typical conversions require code revamping, such as the construction of firewalls in an older unit. Flexibility could be built into financing conversions by establishing a Local Improvement District (LID) in a new condominium complex that can spread street/structure improvements out over a period of time.²⁶

b. Model Condominium Conversion Ordinances

Metro or contract legal counsel should develop model condominium conversion ordinances that could be adopted by local governments to address the grave difficulties experienced by tenants who are evicted due to conversion.

c. Condominium Conversion Fee

Metro and local governments should form a "Condominium Conversion Fee study committee to identify the need for and collection and use of condominium conversion fee.

d. Legislatively Allow Manufactured Home Park Ownership as a Condominium

One way to ensure the preservation of housing stock is to have Manufactured Home Park residents form their own LLC and buy the park for themselves. While the residents can form a co-op, it would be more financially advantageous to them to purchase the land as a condominium, which would provide property tax breaks. The LLC Co-op owns a share in a corporation, not an undivided share of the land. Oregon does not currently

²⁵ The New Hampshire Community Loan Fund's Manufactured Housing Park Program is one example.

²⁶ Further research may need to be done on this topic, because LIDs are never used. too onerous? No rational funding or timeframe too short? Re-visit how managed/governed.

allow Manufactured home parks ownership as a condo.²⁷ There is some precedent for shared ownership of land: Oregon's campgrounds offer timeshares or fractional ownership.

As stated in the condo conversion section, typical conversions require code revamping, such as the construction of firewalls in an older unit. Flexibility could be built into financing conversions by establishing a Local Improvement District (LID) in a park complex. For example, if a park wanted to buy itself out, it may be difficult for them to come up with the funding to do the street/structure improvements to convert. But an LID can spread improvements out over a period of time.

Recommendations for Local Governments:

a. Federally Subsidized Affordable Housing With Expiring Contracts

Local governments should use the housing supply reporting survey to identify the expiration dates of existing federally subsidized apartments located in their community, and work with non-profits developers, county housing authorities and HUD to raise funds to buy and preserve the properties.

b. Mobile Homes ordinances

Local governments should develop and adopt ordinances to mitigate the impact of mobile home park closure to tenant and the jurisdiction.

c. Demolition/teardown

Local governments should develop and adopt ordinances to mitigate the impact of teardown, including consideration of "No Net Loss" strategy, a teardown fee, conditioning of conversion based on the availability of adequate replacement units for tenants, funding a low-cost loan program to assist owners of low and moderately priced homes in rehabilitation.

Recommendations for the Non-profit Developers

a. Federally Subsidized Affordable Housing With Expiring Contracts

Non-profit developers work with the county housing authorities and HUD to raise funds to buy and preserve expiring federally subsidized apartments.

²⁷ Other states do allow Mobile Home Parks to be converted into condominium ownership, such as California.

EMPLOYER ASSISTED HOUSING (Alternate Solution)

The following information and recommendations are based on the presentations and comments made by participants at the special brown-bag forum held at Metro in November 2005.

Employer-Assisted Housing (EAH) refers to a range of initiatives that help businesses, government agencies, nonprofit organizations or other employers help their employees become homeowners or obtain rental housing. As employers seek to compete in a dynamic market, many find that housing is an issue for attracting and keeping employees because of the growing gap between wages and housing prices in attractive areas.

According to Fannie Mae, few employee benefits have more retention power. 53% of companies that offer EAH believe that it helps retain existing employees, and 72% conclude that the program benefits outweigh the costs or are cost neutral. Each turnover of an employee can result in employer costs between \$10,000 and \$20,000 in separation, replacement, and training costs. Helping employees to purchase homes and create community stability creates company loyalty and reduces the costs of turnover. Fannie Mae offers EAH benefits to their own employees. Over a 10-year period, they have seen a 2% reduction in turnover. Other employer benefits are better employee morale, improved recruitment, reduced turnover, community revitalization, and expanded partnerships with lenders and community organizations.

As a beginning EAH benefit, an employer can partner with a bank or non-profit to offer employees a course in financial literacy and homebuyer education. Courses could be held at the company during work hours. The most common type of EAH benefit is an interest-free loan for purchasing a home. Other benefits include matched savings, forgivable loans, and actual development of employee housing. The most important aspect of EAH is that it is a flexible concept and must be customized to fit the company's needs. For instance, EAH may only be offered to a portion of the staff, or to a certain number of employees a year, or may be targeted to a geographic area.

In Oregon, the Fannie Mae Oregon Community Business Center has developed EAH programs with a variety of public, private, and non-profit companies, including Legacy Health Systems, Wacker Siltronic, the Housing Authority of Portland, Multnomah County, and the Cities of Portland, Ashland and Corvallis. They find that the greatest representation in EAH programs is by municipalities, universities, and health care, with growing representation by high tech, communications, utilities, finance, and real estate industries.

How to Initiate EAH Programs

EAH is a housing approach that is independent of federal aid. Public agencies can talk to local area employers about their bottom line and staffing needs, and encourage companies to form natural partnerships with non-profits who offer finance courses and with financial institutions who administer loans. They may have difficulty persuading employers to offer EAH if they do not already offer it to their own employees as a model.

Initiating a homeownership benefit is similar to initiating carpooling or transit programs.

- The conversation with employers begins by discussing *business, not housing*.
- EAH should be offered as a solution to employee base-related issues, such as productivity, absenteeism, and turnover rates.

Although companies benefit in a number of ways when their workforce has better housing, CEOs generally will not consider offering a housing benefit until someone brings the idea to them. The program requires a champion with decision-making authority within the company. The hurdles to implementation are the need for an understanding of the connection between workforce housing and job performance, reluctance of HR offices to enact new programs, and the program costs.

Employers are likely to be more receptive if they:

- Already offer a Corporate Relocation program
- Are on “Best Companies to Work For” lists
- Are located in a deteriorating neighborhood
- Have a lower-wage/high-turnover workforce
- Are in an economic center with low unemployment
- Want employees to live near their work
- Are looking for a morale booster
- Are active in the community

Even when downsizing, companies can offer EAH as a substitute when raises are impossible.

Other Steps Local Public Agencies Can Take

- Add EAH to the Housing Connections website
- Present on EAH to Business Alliances/Chambers of Commerce
- Offer Centralized Education on EAH
- Create a loan pool to reduce EAH setup costs for potential employers
- Advertise EAH at Human Resources Conferences

Public support for EAH

State Representative Jerry Krummel, R-Wilsonville, introduced House Bill 3378 in support of EAH in April 2005. No action has occurred. U.S. Senators Hillary Clinton, D-New York, Gordon Smith, R-Oregon and Mel Martinez, R-Florida introduced a bill to Congress offering tax credits for companies offering EAH and grants to nonprofit housing organizations or local governments that provide technical assistance, program administration, and outreach support to employers undertaking EAH initiatives.

Chapter Five

Recommended Changes in the Metro Plan and Code

This chapter provides summary tables of the Housing Choice Task Force (HCTF) recommendations, recommended changes to the Metro plans and code, and recommended budget options for implementing the recommendations of the HCTF.

A. Summary of Recommended Solutions

Following are key recommendations for Metro and summary of the two categories of solutions in the previous chapter.

1. Metro should integrate housing supply concerns, and specifically affordable housing, into all policy making and funding allocations, in order to achieve regional housing choice equity through promotion of affordable housing as a regional function on par with transportation and green spaces. A permanent Housing Choice Advisory Committee should be established to assist in this effort.
2. Metro should direct effort towards development of resources, and especially a new, permanent regional resource for affordable housing, and join and lead advocacy for increased funding at the Federal, State, regional levels.
3. Metro should promote strategies identified by the HCTF to remove regulatory barriers and reduce the cost of developing affordable housing and affordable work force housing specifically, especially in the 2040 Centers and Corridors.
4. Metro should prioritize its budget for housing to provide technical assistance to local governments such as land/site inventory, model codes, etc.

The following two tables (Table 11A and Table 11B) provide a summary of the recommended solutions described in Chapter 4. The recommended solutions are divided into two tables. Table 1 contains solutions for reducing the cost of housing and increasing housing supply in the 2040 Centers and Corridors. Table 2 contains solutions for dealing with housing affordability. The summary tables provide a brief explanation of each solution, what can be achieved through implementation of the solution, and the roles and responsibilities of Metro and local governments in achieving the solution.

Following the two tables is Section B (Metro Plans and Recommended Changes) of this chapter containing an explanation of the planning instruments used by Metro to implement regional housing policies. The planning instruments are the Regional Framework Plan and the Urban Growth Management Functional Plan. The changes proposed in these two planning instruments by HCTF are included in Section B.

Summary of Recommended Solutions

Table 11A: Solutions for Reducing Cost of Housing and Increasing Supply in the 2040 Centers and Corridors

Solutions		Explanation	Roles and Responsibilities
Regional Funding Solutions			
A	A one-time \$10 Million Revenue Bond Financed by a Regional Funding Mechanism	<p>In the short term, a \$10 million revenue bond could provide an initial funding solution that would enable immediate affordable housing needs to be addressed. Using its general taxing authority, Metro could provide a dedicated funding source for the repayment of the bond. For example, a region wide construction excise tax (CET) of .1% on building permits over \$100,000 could provide a revenue stream of approximately \$850,000 a year for 20 years would be needed to provide a dedicated funding source for repayment of the bond. A revenue bond such as this can only fund capital expenses, such as new construction, building rehabilitation, land acquisition and land banking, and must be spent within three years.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Leveraging other resources to build work force housing in 2040 Centers and Corridors • Supporting the rehabilitation of existing multi-family complexes, primarily in 2040 Centers and Corridors • Negotiating incentive conditions to build and/or preserve affordable work force housing in 2040 Centers and Corridors • Minimizing the disparity in property tax base capacity of jurisdictions • Reduce the stress on public service such as the transportation system impacted by jobs-housing imbalance • Reduce the stress on schools (increasing class size and free lunch) due to out migration of low income households to the suburbs, including Vancouver 	<ul style="list-style-type: none"> • Local governments should help raise public awareness of their housing needs. • Local governments should support the creation of a \$10 million revenue bond financed using Metro's general taxing authority to increase the supply of housing choices. • Local governments should consider prioritizing households with income levels below 50% median family income. • Metro should establish the initial fund with a \$10 million revenue bond. [The Portland \$10 million Housing Opportunity Bond should be emulated] • Metro should form a tax study committee to identify the need for and collection, allocation, and administration of a tax to finance the \$10 million revenue bond for housing. • Metro should amend the Regional Framework Plan to establish a funding program that will address any associated issues of a regional housing fund. • Metro should consider prioritizing households with income levels below 50% median family income.

Solutions		Explanation	Roles and Responsibilities
		<ul style="list-style-type: none"> Avoid shifting the burden of low income housing from one jurisdiction to another 	
B	A \$50m/year Fee-based Revenue	<p>In the long term, a Real Estate Transfer Fee (RETF) or a Document Recording Fee (DRF) could provide a substantial and permanent source of funding for affordable housing. A RETF on residential property could provide a permanent fund of \$50 million annually for affordable housing. The RETF and DRF would require legislative action to implement.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> Same as A 	<ul style="list-style-type: none"> Local governments should join the Housing Alliance, if they have not already done so. Metro should create support for a RETF or DRF. Metro should create a plan for administering an RETF or DRF. Housing Alliance should seek the cooperation of governments in the region.
C	Other funding sources	<ul style="list-style-type: none"> Urbanization windfall tax General obligation bond Condominium Conversion fee <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> Same as A 	
Land Use & Regulatory Solutions for Immediate Implementation			
A	Expedited Review & Technical Assistance Expert	<p>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 developers to provide affordable housing. Assessing existing regulatory review process will help determine how qualifying projects can be flagged for an expedited process.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> Reduced cost of building housing and passing the savings to potential owners and tenants 	<ul style="list-style-type: none"> 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. Metro should designate a specific person who should be designated as the “go-to contact” for these projects. 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. Metro should place emphasis 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. Metro should develop in-house expertise or work with

Solutions		Explanation	Roles and Responsibilities
			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.
Land Use and Regulatory Solutions to be Addressed as part of Metro's New Look			
A	Parking Requirements and Management	<p>Parking requirements and management solutions include updating regional parking ratio requirements to consider lower minimums, maximums, and locations where they apply; implementing parking management requirements in centers to raise the money needed for community improvements such as structured parking, urban plazas, and improvements to create more pedestrian friendly streets.; implementing parking management requirements in centers as part of Functional Plan compliance.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> Reduced cost of building housing and passing the savings to potential owners and tenants 	<ul style="list-style-type: none"> Local governments should update local parking ratio requirements Local governments should implement parking management requirements in centers Metro should update its regional parking ratio requirements to consider lower minimums, maximums, and locations where they apply. Metro should also implement parking management requirements in centers to raise the money needed for community improvements such as structured parking, urban plazas, and improvements to create more pedestrian friendly streets. Metro should consider regional requirements to implement parking management in centers as part of Functional Plan compliance.
B	Complete Communities	<p>Planning for complete communities includes housing choices 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, including mid-range grocery stores (e.g., Fred Meyer, Safeway, WinCo Foods), playgrounds and parks, schools, and daycare centers.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> Reduce the stress on public service such as the transportation system impacted by jobs-housing imbalance Reduce the stress on schools (increasing class size and free lunch) due to out migration of low income households to the suburbs, including Vancouver 	<ul style="list-style-type: none"> Local governments and Metro should create 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. Metro should review Coalition for a Livable Future equity atlas to identify the spatial distribution of resources and help identify potential locations for affordable housing. Metro should plan for complete communities that include housing for people of varying income levels and household type.
C	Encouraging Development in	Corridors and centers can serve as good locations for affordable housing. Opportunities to encourage development of affordable	<ul style="list-style-type: none"> Local governments and Metro should conduct further research to determine where building height

Solutions		Explanation	Roles and Responsibilities
	Centers and Corridors	<p>housing in corridors include zoning changes, leveraging public investments to improve streetscapes, and educating property owners on benefits of changing land use, and conducting further research to determine where building height limitations are a problem. Design solutions and case studies can be identified to integrate increased building heights in residential areas, increasing the possibility of additional units.</p> <p><u>What will be achieved:</u> Same as A and B</p>	<p>limitations are a problem, and consider where it is most appropriate to increase building heights (e.g., regional centers, town centers, corridors), and the most effective means to accomplish increasing building heights.</p> <ul style="list-style-type: none"> • Local governments and Metro should identify design solutions and case studies to integrate increased building heights in residential areas, especially in the transition areas between single-family and multi-family neighborhoods. • Metro should re-evaluate zoning in corridors and assess potential of encouraging more housing.
D	Decrease construction costs by replacing design requirements with Form-based Codes	<p>Form-based codes, which focus on urban form over a building's use or materials (as is the case with conventional zoning codes), can achieve many of the same goals as conventional zoning, while allowing developers flexibility in materials and some elements of design. Form-based codes address the physical form of building and development, community or neighborhood character and vision, and prevents actions that encourage inefficient use of land. "Urban Form" includes the relationship of buildings to each other, to streets, and to open spaces.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Reduced cost of building housing and passing the savings to potential owners and tenants 	<ul style="list-style-type: none"> • Local governments should evaluate opportunities to implement form-based codes in place of design standards to reduce cost of building housing, especially in centers and corridors. • Metro should evaluate opportunities to implement form-based codes in place of design standards to reduce cost of building housing, especially in centers and corridors.
Technical Assistance Solutions			
A	Available Land Inventory	<p>An Available Land Inventory would provide local governments and the affordable housing development community with a "portfolio" of developable sites in the 2040 Centers, Corridors and other locations that are suitable for affordable, mixed use/mixed income and "smart" development. The portfolio should show some key ownerships—public lands, faith based ownerships, key employers, etc.—who may be encouraged or incented to support affordable housing development.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Help local governments that want help to identify opportunities that will help them create partnerships to 	<ul style="list-style-type: none"> • Metro staff should utilize Metro data to assemble an Available Land Inventory. • Local governments should use this inventory to monitor pending development opportunities and be prepared to intervene to urge or support the accomplishment of Title 7 goals.

Solutions		Explanation	Roles and Responsibilities
		increase affordable work force housing <u>built</u> and/or <u>preserved</u> in their communities	
B	Model Affordable Housing Approval and Development Conditions	<p>A guidebook of model approval and development conditions could be adopted by jurisdictions to achieve Metro Functional Plan Title 7 goals. The guidebook would illustrate model approval and development conditions for jurisdictions. A staff expert would use the guidebook to assist local governments to incent or require inclusion of affordable housing in the 2040 Centers, Corridors and other locations – as prescribed by the jurisdiction’s assessment, across a range of circumstances:</p> <ul style="list-style-type: none"> • New development with planning approvals required • New land taken into the UGB • New development in the 2040 Centers and Corridors • Public properties being sold • Public facilities being built (e.g. Multnomah County library adding housing above library) • Sale or transfer of existing properties housing converting to higher income use (no net loss) • Advocacy by City to other public land owners (e.g. ODOT, GAO, school districts) to require inclusion of affordable housing in their disposition strategy, contribute land to a non-profit for affordable housing use, or provide a below-market sale to developer who incorporates affordable units. <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Help local governments that want help to identify opportunities that will help them create partnerships to increase affordable work force housing <u>built</u> and/or <u>preserved</u> in their communities • Minimize the disparity in property tax base capacity of jurisdictions • Avoid shifting the burden of low income housing from one jurisdiction to another 	<ul style="list-style-type: none"> • Local governments should use the annexation process to negotiate the provision of affordable work force housing • Local governments should interpret the model approval and development conditions and incorporate them into their frameworks. • Metro or contract legal counsel, “borrowing” from jurisdictions with successful regulatory framework, should provide a guidebook of model approval and development conditions that could be adopted by jurisdictions to achieve Metro Functional Plan Title 7 goals. • Metro development negotiation expert, would use the guidebook to assist local governments to incent the inclusion or affordable work force or special needs housing in 2040 Centers, Corridors and other locations.
C	Illustrated Affordable Housing	An Illustrated Affordable Housing Toolbox would provide outline summaries of financial tools that increase affordability	<ul style="list-style-type: none"> • Local governments should use this Toolbox to understand how much assistance is needed from the

Solutions		Explanation	Roles and Responsibilities
	Toolbox	<p>for homeownership and rental housing, including a “non-technical” presentation of the importance of these tools in increasing affordability and leveraging other affordable housing resources. The report can list standard tools used by the industry, and highlight those tools that are available to local governments. This product should help to quantify the “value” of each type of subsidy. It should also help jurisdictions understand how much assistance is needed from the local government (as opposed to other sources).</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Help local governments that want help to identify opportunities that will help them create partnerships that will increase affordable work force housing <u>built</u> and/or <u>preserved</u> in their communities • Minimize the disparity in property tax base capacity of jurisdictions • Avoid shifting the burden of low income housing from one jurisdiction to another 	<p>local government (as opposed to other sources) for affordable housing development.</p> <ul style="list-style-type: none"> • Metro should contract with an affordable housing consultant to an Illustrated Affordable Housing Toolbox.

Table 11B: Solutions for Dealing with Affordability

	Solutions	Explanation	Roles and Responsibilities
Regional Funding Solutions			
A	A one-time \$10 Million Revenue Bond Financed by a Regional Funding Mechanism	<p>See explanation in the “Regional Funding Solutions” in the previous section</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Acquiring properties that have expiring federal subsidy in 2040 Centers, Corridors and other locations • Supporting the rehabilitation of existing multi-family complexes, primarily in 2040 Centers and Corridors • Negotiating incentive conditions to build and/or preserve affordable work force housing • See also the “Regional Funding Solutions” in the previous section 	See roles and responsibilities in the “Regional Funding Solutions” in the previous section
B	A \$50m/year Fee-based Revenue	<p>See explanation in the “Regional Funding Solutions” in the previous section</p> <p><u>What will be achieved:</u> See A above</p>	See roles and responsibilities in the “Regional Funding Solutions” in the previous section
C	Other funding sources	<p>See explanation in the “Regional Funding Solutions” in the previous section</p> <p><u>What will be achieved:</u> See A above</p>	See roles and responsibilities in the “Regional Funding Solutions” in the previous section
Land Use & Regulatory Solutions for Immediate Implementation			
A	Housing Survey	<p>A Housing Survey would provide actual numbers of affordable units that are built or preserved. The survey could reveal to the development community areas where they can take advantage to produce affordable work force housing, as well as revealing the potential mismatch of the location of affordable housing and services such as transportation infrastructure.</p> <p>The results would be used to recognize/support local effort.</p>	<ul style="list-style-type: none"> • Local governments should implement the survey and supplement it with additional data. • Metro should develop and implement a biannual local government survey. • Metro should score survey results to administer regional funds. • Metro should amend Title 7 compliance reporting to be

	Solutions	Explanation	Roles and Responsibilities
		<p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Improve our monitoring system, and knowledge of housing built and/or preserved in 2040 Centers and other locations • Improve our knowledge of the relationship between housing and other issues (transportation system, school funding, etc) • Take out Title 7 reporting requirements on land use tools • Provide incentive conditions 	<p>more results-oriented.</p> <ul style="list-style-type: none"> • Metro should incorporate survey results into a “community housing score” that can be used to as a factor in regional funding allocation.
B	Regional Policies: UGB Expansion	<p>A change in regional land use policies could expand the opportunities for affordable housing development, including: UGB Expansion: UGB expansion decisions can be used to negotiate voluntary landowner commitments to provide workforce housing.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Negotiating incentive conditions to build and/or preserve affordable work force housing 	<ul style="list-style-type: none"> • Local governments should work with their stakeholders to trigger UGB expansion if voluntary inclusionary housing has been negotiated. • Local governments should create implementable plans for expansion areas that assure the development and production of affordable housing. • Local governments should use the extension of services to expansion areas to increase the development and production of affordable housing. • Metro should include language in its codes to use UGB expansion decisions to negotiate voluntary landowner commitments to provide affordable housing. • Metro should give preference to proposed expansion areas (that have satisfied state expansion priorities) where local governments have a credible, implementable plan that utilizes tools such as site control and landowner agreements to assure the development and production of affordable housing.
C	Regional Policies: Inclusionary Housing	<p>Inclusionary Zoning: State law currently restricts this zoning. One possibility is considering the application of inclusionary zoning in UGB expansion. There is legal precedent for applying inclusionary zoning 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.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Negotiating incentive conditions to build and/or preserve 	<ul style="list-style-type: none"> • Local governments should support the removal of prohibitions on inclusionary zoning • Metro should work with its regional partners to pursue the possibility of removing prohibition on inclusionary zoning from state law

	Solutions	Explanation	Roles and Responsibilities
		affordable work force housing	
Metro Convening Solution			
A	Convener	<p>HCTF identified an important role for Metro to convene local governments interested in addressing their challenges and barriers, overcoming the obstacles, and taking the next steps toward spurring affordable work force, elderly and persons with disabilities housing development. A convener plays the important role of bringing various interested parties together, such as local governments and the development community, to address challenges and barriers, overcoming the obstacles, and taking the next steps toward spurring affordable work force, elderly and persons with disabilities housing development.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Help local governments that want help to identify opportunities that will help them create partnerships to increase affordable work force housing <u>built</u> and/or <u>preserved</u> in their communities • Minimize the disparity in property tax base capacity of jurisdictions • Avoid shifting the burden of low income housing from one jurisdiction to another 	<ul style="list-style-type: none"> • Local governments should participate in a workgroup similar to the Wilsonville Pilot Project Team to help them meet their Affordable Housing Production Goals. • Metro should act as a convener for future projects.
Metro Technical Assistance Solutions			
A	Housing Needs Assessment/Basic Market Study	<p>A Housing Needs Assessment/Basic Market Study would equip local governments with the data they need to have conversations with community stakeholders (elected officials, neighbors, land owners, etc) about why affordable housing should be a priority and about who might be served by a proposed project.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Improve our knowledge of the demand and supply of housing for various income groups in local communities • Help local governments that want to increase affordable work force housing <u>built</u> and/or <u>preserved</u> in their communities 	<ul style="list-style-type: none"> • Local governments should work with a consultant, under a Metro contract, to populate the model, review the data and prepare a basic Housing Needs report. • Metro should take the opportunity to suggest adjustments to the State Housing model so that the Metro Title 7 Affordable Housing Goals across the <i>range</i> of housing affordability are reflected.

	Solutions	Explanation	Roles and Responsibilities
		<ul style="list-style-type: none"> Improve our knowledge of the relationship between housing and other issues (transportation system, school funding, etc) 	
B	Model Affordable Housing Approval and Development Conditions	<p>A guidebook of model approval and development conditions could be adopted by jurisdictions to achieve Metro Functional Plan Title 7 goals. The guidebook would illustrate model approval and development conditions for jurisdictions. A staff expert would use the guidebook to assist local governments to incent or require inclusion of affordable housing in the 2040 Centers, Corridors and other locations – as prescribed by the jurisdiction's assessment, across a range of circumstances:</p> <ul style="list-style-type: none"> New development with planning approvals required New land taken into the UGB New development in the 2040 Centers and Corridors Public properties being sold Public facilities being built (e.g. Multnomah County library adding housing above library) Sale or transfer of existing properties housing converting to higher income use (no net loss) Advocacy by City to other public land owners (e.g. ODOT, GAO, school districts) to require inclusion of affordable housing in their disposition strategy, contribute land to a non-profit for affordable housing use, or provide a below-market sale to developer who incorporates affordable units. <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> Help local governments that want help to identify opportunities that will help them create partnerships to increase affordable work force housing <u>built</u> and <u>preserved</u> in their communities Minimize the disparity in property tax base capacity of jurisdictions Avoid shifting the burden of low income housing from one jurisdiction to another 	<ul style="list-style-type: none"> Local governments should use the annexation process to negotiate the provision of affordable work force housing Local governments should interpret the model approval and development conditions and incorporate them into their frameworks. Metro or contract legal counsel, “borrowing” from jurisdictions with successful regulatory framework, should provide a guidebook of model approval and development conditions that could be adopted by jurisdictions to achieve Metro Functional Plan Title 7 goals. Metro development negotiation expert, would use the guidebook to assist local governments to incent the inclusion or affordable work force or special needs housing in 2040 Centers, Corridors and other locations.

	Solutions	Explanation	Roles and Responsibilities
C	Communication and Awareness	<p>A communication plan that utilizes visuals could help local governments and other entities involved in housing development to visualize what affordable housing looks like, how it operates in the community, and how it can be built in the 2040 Centers, Corridors and other locations in the region.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Help local governments that want help to identify opportunities that will help them create partnerships to increase affordable work force housing <u>built</u> and/or <u>preserved</u> in their communities • Minimize the disparity in property tax base capacity of jurisdictions • Avoid shifting the burden of low income housing from one jurisdiction to another 	<ul style="list-style-type: none"> • Metro should develop a communication plan utilizing visuals. Utilizing existing projects in the region, Metro could provide funding to give project tours, or produce media materials (video, interactive CD, printed case studies).
Preservation of Affordable Housing			
A	Federally Subsidized Affordable Housing With Expiring Contracts	<p>One purpose of the planned housing supply reporting survey is to identify and insure that local governments have timely information about the expiration dates of existing federally subsidized apartments that are located in their community. Successful efforts to preserve that housing, along with the substantial federal funding that is required to maintain affordable rents, will receive credit towards accomplishment of each community's affordable housing goals.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Monitor federally subsidized properties that have expiration dates and make it possible for partnerships to be created to buy and preserve the properties 	<ul style="list-style-type: none"> • Local governments should use the housing supply reporting survey to identify the expiration dates of existing federally subsidized apartments located in their community, and work with non-profits developers, county housing authorities and HUD to raise funds to buy and preserve the properties. • Non-profit developers work with the county housing authorities and HUD to raise funds to buy and preserve expiring federally subsidized apartments.
B	Condominium Conversion	<p>Affordably priced condominium conversions can help create homeownership in neighborhoods where there is a rental surplus for low-to-middle income residents but a lack of ownership opportunities. New condominium developments are credited with bringing stability to developing neighborhoods. Condominiums have the potential to provide an increase in the supply of housing choices; however, the average condominium price is also rising, and some conversions can result in a loss of</p>	<ul style="list-style-type: none"> • Local governments should work regional partners to pursue the possibility of legislatively requiring condominium conversion notification to give them a chance to look at nonprofit purchase alternatives or otherwise find funding. • Local governments can provide loans and technical assistance to help homeowners buy and manage

	Solutions	Explanation	Roles and Responsibilities
		<p>affordable rentals. Prior residents must relocate, often away from work and services, and add to the competition for remaining units at their income level.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Avoid shifting the burden of low income housing from one jurisdiction to another • Minimize the disparity in property tax base capacity of jurisdictions 	<p>their manufactured housing parks as cooperatives.</p> <ul style="list-style-type: none"> • Local governments should use model condominium conversion ordinances developed by Metro. • Local governments should assist in the development and implementation of Condominium Conversion Fee. • Metro should work with its regional partners to pursue the possibility of legislatively requiring condominium conversion notification to give local governments a chance to look at nonprofit purchase alternatives or otherwise find funding. • Metro or contract legal counsel should develop model condominium conversion ordinances that could be adopted by local governments to address the grave difficulties experienced by tenants who are evicted due to conversion. • Metro and local governments should form a "Condominium Conversion Fee study committee to identify the need for and collection and use of condominium conversion fee.
C	Manufactured Home Park	<p>Mobile Home Parks are one of the last remaining affordable ownership opportunities for seniors and low-income earners. Although there is a law requiring Oregon Housing and Community Services (OHCS) to be given 365 days notice prior to the closure of a Mobile Home Park, many owners do not comply. Since 1997, 47 parks have closed statewide—a total of 1,312 spaces. Within the UGB, OHCS currently estimates that there are 231 parks and 15,867 spaces.</p> <p><u>What will be achieved:</u></p> <ul style="list-style-type: none"> • Same as B 	<ul style="list-style-type: none"> • Local governments should work regional partners to pursue the possibility of legislatively allowing manufactured home park residents to form their own LLC Co-op and buy the park. • Local governments should develop and adopt ordinances to mitigate the impact of mobile home park closure to tenant and the jurisdiction. • Metro should work with its regional partners to pursue the possibility of legislatively allowing manufactured home park residents to form their own LLC Co-op and buy the park. The LLC Co-op would own a share in a corporation, not an undivided share of the land.
D	Demolition/Teardown	<p>In areas where land is scarce and land values are high, the existing housing stock is subject to teardowns and replacement with higher-value homes. Due to speculation, some of the newer, larger houses remain vacant investment properties.</p> <p><u>What will be achieved:</u></p>	<ul style="list-style-type: none"> • Local governments should develop and adopt ordinances to mitigate the impact of teardown, including consideration of "No Net Loss" strategy, a teardown fee, conditioning of conversion based on the availability of adequate replacement units for tenants, funding a low-cost loan program to assist

	Solutions	Explanation	Roles and Responsibilities
		<ul style="list-style-type: none"> Same as B 	owners of low and moderately priced homes in rehabilitation.
Wilsonville Pilot Project Implementation			
A	Pilot Project	<p>The key instrument for testing the convener role for Metro explained above was a pilot project that was managed by some HCTF members volunteering to work with communities as a consulting team to identify opportunities in local jurisdictions, and assemble a portfolio of possible housing developments that would serve families with a range of incomes. Under the guidance of the Wilsonville Planning Department, the HCTF initially identified more than 20 vacant public and privately owned sites for the Pilot Project. Those that emerged as priorities are the SMART site owned by the City; the future Commuter Rail station site, owned by the City and Washington County, and the Post Office site, owned by the federal government. The next step was determining how to meet some the City housing need with these sites.</p> <p><u>What was achieved:</u></p> <ul style="list-style-type: none"> Rental and ownership deficit and surplus Potential sites for senior and work force housing Challenges such Old Town and Town Center areas are the best locations for new senior residences (as City allow pedestrian access to residential services), and privately owned market-rate rental properties that are currently providing affordable housing will be candidates for sale/conversion as land demand rises. Lessons that can be shared with other communities 	<ul style="list-style-type: none"> Metro should continue the convening of local governments and experts through the Pilot Project Policy, as stated above under “Convener and Technical Assistance.” <p><u>Recommendations for City of Wilsonville</u></p> <ul style="list-style-type: none"> Trust Fund: Establish a bridge loan to buy rent-restricted apartments funded with federal and state subsidy. The City may not buy the property directly, but can mobilize a non-profit to do so. Bridge financing or other tools are also critical for non-restricted low rent housing such as privately-owned apartments or mobile home parks. A designated fund can be used for the purchase of rent-restricted apartments or for units with expiring subsidies. Employees that commute: Estimate the percentage of these residents for whom Wilsonville should strive to provide housing. Retention of rental units: Develop strategies to preserve existing units that are currently renting to the very low-income households in <30% MFI income bracket, such as a condo conversion ordinance that requires that the city be notified in advance of condo conversions, as existing tenants are. Retention of ownership units: Develop strategies to preserve existing ownership units that are currently affordable to households in <30%, 30% to 60% and 60 to 73% MFI income brackets; Subsidization of current rental units: A surplus of rental units (1,113 units in the \$430-\$664 and \$665-\$909 ranges) suggests the need to subsidize these developments to make them affordable to very lower

	Solutions	Explanation	Roles and Responsibilities
			<p>income households currently in the \$0 - \$429 rental affordability bracket²⁸. A local government can create a mechanism for a property tax exemption or fee waiver, which would in turn allow lower rents.</p> <ul style="list-style-type: none"> • <u>Future ownership units</u>: The demonstrated need for ownership units at almost every income level indicates a need to build more housing units, such as townhouses, detached dwellings, short towers and senior housing. • <u>Future annexation</u>: Negotiate the provision of affordable work force housing as a condition for annexation and approval of development plan.

Other Issues: Local Governments Reporting Requirements and Metro Budget for Housing		
A	How to measure local governments performance: <ol style="list-style-type: none"> Outcome based (units built and/or preserved) Effort based (staff and resource allocation) Both outcome and effort 	<ul style="list-style-type: none"> • Replace current reporting requirements on land use and non-land use that is mostly administrative with a reporting system that focus on result oriented report • Local governments should be required to assist Metro to complete the housing supply survey.
B	Metro staffing and budget (see accompanying table)	Commit resources to: <ul style="list-style-type: none"> • Resource development (e.g., removing the ban on RETF) • A housing program (with a faces on it) • Technical assistance

²⁸ Or investigate opportunities to convert some of these units to ownership units that would offer affordable to residents who are in the \$20,000 to \$50,000 income bracket?

B. Metro Plans and Recommended Changes

Acknowledging that the Metro Council makes the final determination and decisions on new policies and therefore the most appropriate amendments in the Regional Framework Plan (RFP) and the Urban Growth Management Functional Plan (Functional Plan), HCTF recommended sections of the REP and Functional Plan that should be considered for amendment with the recommended solutions. This section contains recommendations for changes to the RFP and Functional Plan.

Metro implements the region's 2040 growth management vision and concept through two planning instruments: the Regional Framework Plan (RFP) and the Urban Growth Management Functional Plan (Functional Plan). The Functional Plan implements the RFP policies.

The RFP brings together regional policies to create an integrated land-use, transportation and open space framework. The plan is intended to ensure a coordinated, consistent approach to issues of regional significance.

The Functional Plan is a set of regional requirements and recommendations to implement the Region 2040 Growth Concept²⁹, adopted by the Metro Council, for cities and counties to implement. The Functional Plan addresses issues including projected housing and job growth, parking management, water quality and a regional road system. The establishment of the Housing Choice Task Force is an example of the recommendations in the Functional Plan.

1. **Recommendations for Changes to the Regional Framework Plan (Policy 1.3)**

- A. ***Housing Supply Survey:*** Amend existing policy to direct the development and implementation of a bi-annual housing survey reporting for the assessment of the progress toward achieving the region's housing choices implementation strategy. The survey should include affordable work force housing, preservation efforts and reporting on other housing types. The survey will also include housing in the 2040 Centers and transit corridors, accessory dwelling units and mobile home parks.

Amended policy should direct the incorporation of survey results into a "community housing score" that reflects effort towards new affordable units built and existing affordable units preserved that could be used as a factor in regional funding allocation

- B. ***Current Reporting Requirements in the Urban Growth Management Functional Plan:*** The current policy directing the inclusion of "voluntary affordable housing production goals to be adopted by local jurisdictions in the region as well as land use and non-land use affordable housing tools and strategies" should be amended to remove the reporting requirement on land use and non-land use tools and strategies, and retain only the voluntary affordable housing production goals.

²⁹ Metro's 2040 Growth Concept is a regional land-use policy adopted by the Metro Council in December 1995 that: a) encourages compact growth development near transit to reduce land consumption; b) preserves existing neighborhoods; c) identifies rural areas that will not be added to the urban growth boundary; d) sets goals for permanent open space within the urban growth boundary; and e) recognizes that cooperation with neighboring cities – Canby, Sandy, North Plains – is necessary to address common issues.

- C. ***New Requirements for local governments to report progress:*** The current policy directing that local governments in the region to consider land use and non-land use strategies and to report progress towards increasing the supply of affordable housing should be replaced with a new reporting system that focuses on results oriented reports and not on process. Local governments should be required to work with Metro to complete the housing supply survey.
- D. ***Urban Growth Boundary Expansion Decision:*** Add new policy directing the use of UGB expansion decisions to negotiate voluntary landowner commitments to provide affordable work force housing. The policy should direct the use of local government and stakeholders' negotiated voluntary inclusionary housing to trigger UGB expansion.
- E. ***Convening and Technical Assistance:*** Add a new "Convening and Technical Assistance Policy" to direct the convening of local governments and experts interested in addressing the challenges and barriers to increase housing choices.
- F. ***Regional Funding for Housing:*** Add a new policy directing Metro to take leadership role to find a new regional funding for affordable work force housing.
- G. ***Advisory Committee for the Regional Housing Choice Implementation Strategy:*** Add a new policy directing the establishment of an ongoing role for an advisory committee in a similar manner as are other Metro programs such as greenspaces, transportation, solid waste, and industrial lands. The committee could meet on a quarterly basis. The structure and composition of the committee could be the same as the Housing Choices Task Force or downsized.

2. **Recommendations for Changes to the Urban Growth Management Functional Plan (Title 7)**

- A. ***New Reporting Requirements:*** Amend the current requirements of local governments to adopt "voluntary affordable housing production goals and as well consider adoption of land use and non-land use affordable housing tools and strategies to:
 - i. ***Existing Requirement to Report on Land Use and Non-land Use Tools:*** Remove the requirement of local governments to consider adoption of land use and non-land use affordable housing tools and strategies;
 - ii. ***Existing Title 7 Affordable Housing Production Goals:*** Add that Metro should "encourage local governments to adopt the affordable housing production goals" and remove the requirement to consider the goals.
 - iii. ***Proposed Housing Supply Survey and Community Housing Scorecard:*** Require local governments to assist Metro and regional stakeholders to complete the bi-annual housing survey that Metro will use to develop a "Community Housing Scorecard." Local governments assistance will include reviewing the survey result is an accurate reflection of supply changes regionally significant housing such as housing in the 2040 Centers, housing in the transit corridors, accessory dwelling units, mobile home parks, and affordable housing preserved. Local governments assistance should include other actions they deem relevant to increasing the supply of affordable housing in their jurisdictions.
- B. ***Metro's other option on current land use and non-land use requirement:*** If the Metro Council deem is necessary to require cities and counties to continue to

consider the land use and non-land use strategies and assist in conducting the biannual housing survey, it would have to add the requirement.

3. Recommendations for Metro's Level of Investment

Metro staffing and budget options for FY 2006/07

The recommendations in the HCTF report have implications for Metro's budget. Table 12 below identifies possible commitment levels for Metro to implement the recommendations for increasing regional funding, providing technical assistance, initiating a regional housing supply survey, increasing public awareness of housing affordability, and developing new policies and investment tools to increase the supply of housing choices in the 2040 Centers, corridors and new urban areas. Level 1 reflects the level of funding included in the current proposal for Metro budget for FY0607. Level 2 and 3 would require additional investment in planning, legal, and communications efforts. The Metro Council is encouraged to consider these options and allocate adequate resources to implement the options or solutions.

Table 12: Optional Levels of Investment for Metro

Level 1³⁰	Level 2 [Metro Lead Expected]	Level 3 [Metro Lead Expected]
Resource Development: <ul style="list-style-type: none"> • Participate with other organizations to help establish regional funding tools 		Resource Development: <ul style="list-style-type: none"> • Create a Tax Study Committee to recommend funding tool/s • Convince State legislature to remove ban on RETF
	Create a Housing Program: <ul style="list-style-type: none"> • Elevate regional housing with a face to the program • Create an advisory committee to advice quarterly on technical assistance provided 	Create a Housing Program: <ul style="list-style-type: none"> • Elevate regional housing with a face to the program • Create an advisory committee to advice quarterly on technical assistance provided
Technical Assistance: <ul style="list-style-type: none"> • Inventory potential sites for affordable work force housing in selected areas in partnership with local government and housing experts 	Technical Assistance: <ul style="list-style-type: none"> • Assist local governments to identify opportunities and negotiate partnership agreements to construct and preserve affordable work force housing • Assist local governments to use local and regional for 	Technical Assistance: <ul style="list-style-type: none"> • Inventory potential sites for affordable work force housing in selected locations in partnership with local government and housing experts • Assist local governments to negotiate development

³⁰ Level 1 assumes the Wilsonville Pilot Project and amendments to Metro's Regional Framework Plan and Functional Plan for housing are completed before July 2006.

Level 1 ³⁰	Level 2 [Metro Lead Expected]	Level 3 [Metro Lead Expected]
	<p>changes to zoning, extension of urban services, annexations or UGB expansions to set policies for provision of affordable work force housing</p> <ul style="list-style-type: none"> • Assist local governments in revising code to provide incentives for affordable housing 	<p>conditions, including structuring financial and contractual housing partnerships</p> <ul style="list-style-type: none"> • Assist local governments in revising code to provide incentives for affordable housing
<p>Housing Supply Survey:</p> <ul style="list-style-type: none"> • Initiate bi-annual housing supply survey to assess the region's progress in meeting Title 7 production goals 	<p>Housing Supply Survey</p> <ul style="list-style-type: none"> • Initiate bi-annual housing supply survey to assess the region's progress in meeting Title 7 production goals 	<p>Housing Supply Survey</p> <ul style="list-style-type: none"> • Initiate bi-annual housing supply survey to assess the region's progress in meeting Title 7 production goals
	<p>Education/Awareness</p> <ul style="list-style-type: none"> • Assess and publicize regional housing needs • Develop a visual communications program to increase awareness 	<p>Education/Awareness</p> <ul style="list-style-type: none"> • Develop a visual communications program to increase awareness • Develop a guidebook of model approval and development conditions illustrating successful regulatory approaches • Develop a guidebook to illustrate successful financial tools for affordable housing
<p>Regional Policies and Tools:</p> <ul style="list-style-type: none"> • Evaluate opportunities to change parking and height policies and other tools to support affordable housing in centers and corridors and elsewhere as areas urbanize in the New Look Work Program 	<p>Regional Policies and Tools:</p> <ul style="list-style-type: none"> • Evaluate opportunities to change parking and height policies and other tools to support affordable housing in centers and corridors and elsewhere as areas urbanize in the New Look Work Program 	<p>Regional Policies and Tools:</p> <ul style="list-style-type: none"> • Evaluate opportunities to change parking and height policies and other tools to support affordable housing in centers and corridors and elsewhere as areas urbanize in the New Look Work Program

Appendix

Appendix A

Comprehensive list of Course of Actions Identified by the HCTF for the Determination of Solutions for Overcoming Housing Barriers

1) Housing Production Goal Pilot Projects: [Current HCTF Project]

a pilot project to develop a portfolio of feasible projects that would achieve their Title 7 goals in conjunction with other community development objectives

2) Land Use Policies for Increasing the Supply of Housing and Affordable Housing Across the Region: [Current HCTF Project]

Determine how state, regional and local governments land use policies can better support the co-location of jobs and housing, leverage UGB expansion policies to increase the supply of affordable housing, and address equity and fairness in the production and location of affordable housing across the region.

3) Regional Funding Program(s): [HCTF PROJECT]

Identify regional funding options for housing and affordable housing that may be less politically difficult to implement. The task will include review of funding sources identified by previous efforts.

4) Regional Technical Assistance Program: [Staff is developing this using HCTF meeting discussions]

Identify local technical assistance needs of 2040 Centers and corridors and how/who to meet them. Outcome will help local governments put together housing development deals, develop their "2040 Development Strategy" and build long-lasting investment in the communities

5) Employer Assisted Housing: [Staff is developing this using "brown bag" discussion and information]

Identify employers and type of support they will provide to expand workforce housing, include homeownership programs that build equity for the region's work force. Potential partners may be enlisted.

6) Regional Land Banking: [To be developed]

Create a proposal to establish a regional land trust that would assemble land for the development of the right type of housing at various locations. The proposal will demonstrate how a land banking program will: a) work with DEQ to acquire and decontaminate brownfields; b) work with ODOT and Portland School District to acquire unused land and buildings; and c) acquire land in new areas such as the Stafford Triangle to hold for future production of work force housing.

HCTF recommended that Metro should address and develop the following course of actions in the future:

1) Regional Housing Conference and Awards: (Ranking of Achievements?)

Develop the scope of a regional housing conference and awards program to share housing and affordable housing productions information, and recognize outstanding commitment and leadership of individuals and communities, including creative and effective partnerships and successful designs. Address how the conference and awards will expose development features,

qualities and economic efficiency of housing projects that would increase housing choice in the region.

2) Web-based “Resource Guide”: Visual Library

Initiate the development of a resource guide for informing local governments, developers, and citizens about various actions that would lead to housing production. Outcome of the Past Successes project will be included in the guide. Other products of the guide includes: a) methodology for local governments to assess the benefits and costs of waiving/reducing SDCs, permit fees, property tax, etc; b) types of land uses, financial and other incentives available in various communities in the region; c) designs for changing negative public perception of affordable multifamily and single family housing; d) advantages of “Accessory Dwelling Units” (ADU), how compatibility concerns can be addressed, and changes in zoning code and other requirements enacted to facilitate construction; e) pro-forma analysis of projects in various locations; and f) opportunities in the undeveloped and underdeveloped areas. These could be organized by income level: “At \$40,000/year, a family of four can live in:” followed by images of housing in different regional neighborhoods.

3) Past Successes:

Identify site-specific development examples where barriers have been overcome, or are currently being successfully overcome.

Appendix B

Uses of the new regional funding: Capital Project - Land Acquisition

Land acquisition was identified by the HCTF as the most pressing and important capital project. The cost and availability of vacant land available for affordable housing projects is the single biggest issue facing affordable housing production. Land near jobs, in central city areas, and areas that are already highly developed is often too expensive for many affordable housing projects. Land acquisition can be used to strategically address job/housing imbalance and housing affordability. Key parcels that are available for immediate or mid-term development can be secured for affordable housing development. Land acquisition can result in considerable savings to a jurisdiction seeking to ensure an adequate supply of land for affordable and workforce housing.

Land 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 acquisition could be available through a variety of mechanisms, such as matching grants or revolving loan funds available 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.

The HCTF identified several specific projects in which land could be purchased immediately, initiating affordable housing developments. The following list provides a few examples of parcels that could be purchased through a regional affordable housing fund:

- Parcels in the Downtown Regional Center in Beaverton. The City has set aside \$660,000 of CDBG funds to buy land for affordable housing projects in the Downtown Regional Center. Given the cost of land in our downtown area, however (approaching \$25/square foot, not including the cost of existing improvements) the amount of money set aside will not buy much. If, however, the revenue is matched with funds from a regional affordable housing fund a larger site could potentially be acquired. Alternatively, the funds could be used to assist in the construction of an affordable housing project on land acquired with the CDBG funds.
- A regional housing fund could be used to fund the rehabilitation of existing multi-family complexes in Beaverton, primarily in the downtown area and along Allen Blvd. and Main Street. The City frequently receives requests for assistance in rehabilitating such housing complexes, the most recent involving a proposal for apartments near the Beaverton Transit Center. Any agreement to rehabilitate an apartment complex would be contingent on a written commitment by the owner to retain the affordable housing status of the apartments for a specified period of time.
- Northeast corner of Hall Blvd. and Sussex, in Beaverton. Beaverton has previously assisted Habitat for Humanity in acquiring a site to build several affordable units. Habitat for Humanity is now attempting to acquire an adjacent property, at the northeast corner of Hall Blvd. and Sussex, to build between 6 and 8 additional units. The owner occupied units constructed are affordable to households at 50% of median income. A regional

affordable housing fund could be used to assist in that land acquisition, freeing up City HOME funds that could be used to fund other affordable housing projects in the city.

- Three parcels in Washington County. Willamette West Habitat is currently trying to purchase three parcels that will yield about 20 homes. Two of the parcels are owned by Washington County and are remnant parcels from the SW 170th road improvement project. One is north of Farmington and one is south of Farmington. The third parcel is in Beaverton off of Hall Blvd between Allen and Denny. This parcel is owned by a private individual. The cost for the three parcels is about \$1,050,000 and the infrastructure costs will be about \$700,000. Habitat regulations do not allow the use Government funds to build houses so once the lots are ready for homes, the funds to build houses must come from private donors and businesses. Willamette West Habitat for Humanity serves an area outside of the Portland city limits west of the Willamette River to Cornelius.
- Land just west of the Merlo LRT station in Beaverton. Tualatin Valley Housing Partners (TVHP) is planning to build approximately 130 affordable housing units for families on land they are acquiring from Tri-Met just west of the Merlo LRT station. Most of the units will contain 3 or 4 bedrooms. TVHP is targeting households at or below 60% of median income. A few of the units will target households at 30% of median income. For this project revenue from a regional affordable housing fund could be used to pay for development and building fees, pay for systems development charges, and subsidize construction costs so as to reduce rents and target lower income households.

In support of the 2040 Growth Concept, funding could also be used to close financing gaps in the development of housing in centers and corridors. Funding could also subsidize affordable rentals for lower income groups in TOD projects than are currently available. Stimulating new TOD projects may lead to the creation of denser development, which in turn would offer a wider range of housing choices

Appendix C (a separate document)

Other information and comments with which HCTF based its recommendations

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 06-3677 FOR THE PURPOSE OF ACCEPTING THE REGIONAL HOUSING CHOICE IMPLEMENTATION STRATEGY PREPARED BY THE HOUSING CHOICE TASK FORCE APPOINTED BY THE METRO COUNCIL.

Date: March 23, 2006

Presented by: Gerry Uba

PROPOSED ACTION

This resolution would accept the Regional Housing Choice Implementation Strategy (RHCIS) by the Housing Choice Task Force (HCTF) and direct staff to prepare proposed amendments to the Regional Framework Plan and Urban Growth Management Functional Plan and other proposals for Metro Council consideration to implement the HCTF recommendations.

BACKGROUND

Following the requirements in Title 7 of the Functional Plan, the Metro Council created the Housing Choice Task Force (HCTF) of February 10, 2005 (Resolution No. 05-3536). The creation of HCTF brought together the resources of non-profit and for-profit developers, real estate professionals, as well as local, regional, state officials and other organizations with a stake in increasing housing supply and choice. The Council charged the HCTF to use one year (March 2005 to March 2006) to:

1. Offer recommendations for policies and programs to facilitate housing production in 2040 mixed-use areas and to meet the Five-Year Affordable Housing Production Goals in the Urban Growth Management Functional Plan. The recommendations will address how this mission can be achieved in particular communities, using a mix of private sector, nonprofit and nongovernmental and governmental housing investments, employing and applying realistic strategies and tools, including those outlined in the Regional Affordable Housing Strategy.
2. Help build support for regional housing supply solutions by working closely with those individuals and organizations that are in a position to help implement them.
3. Recommend to the Metro Council actions that they should take as part of the broader strategy for implementing regional housing supply solutions.

Metro also created the HCTF in order to move beyond current requirements for local government reporting on their implementation of specific land use and non-land use strategies in Functional Plan Title 7. The goal is to refocus the efforts of the region's policy makers and housing providers on the task of overcoming obstacles to bolstering the region's supply of a broad range of housing, particularly in the 2040 Centers and corridors.

Functional Plan Title 7 directed local governments to assist in increasing the supply of affordable housing from 2001 through 2004. The legislative background is as follows:

1. On November 20, 1997 (Resolution 97-2583B), the Metro Council established the first Affordable Housing Technical Advisory Committee (HTAC)
2. On December 11, 1997 (Ordinance 97-715B), the Metro Council adopted the Regional Framework Plan containing the establishment of the HTAC;

3. The appeal of the Regional Framework Plan provisions by some local governments resulted in a settlement agreement that amended the housing section in the Regional Framework Plan;
4. On September 10, 1998, the Council adopted Ordinance 98-769 that amended the Regional Framework Plan provisions and appointed the initial members of HTAC;
5. On June 22, 2000 (Resolution 00-2956B), the Metro Council accepted the recommendations of the HTAC contained in its report, Regional Affordable Housing Strategy (RAHS);
6. The housing sections of the Regional Framework Plan (Policy 1.3, Housing and Affordable Housing) and Urban Growth Management Functional Plan (Title 7) were amended and adopted on January 18, 2001 (Ordinance 00-882C); Title 7 required Local governments to:
 - a) Ensure that their comprehensive plans and implementing ordinances include policies that encourage and increase affordable housing;
 - b) Consider amendment of their comprehensive plans and implementing ordinances by adopting land use tools and strategies; and
 - c) Prepare and submit progress reports at 12 month (January 2002), 24 month (January 2003) and 36 month (January 2004) intervals.

Title 7 also encouraged local governments to adopt voluntary affordable housing production goals to as a guide to measure progress.

7. On June 26, 2003, the Metro Council amended Title 7 (Ordinance No. 03-1005A) to clarify that it is the responsibility of the governing body of cities and counties to consider each tool or strategy and either amend its comprehensive plan and implementing ordinances to adopt the tool or strategy or explains why it decided not to adopt it.

The three annual progress reports submitted by local governments provided important information about the challenges local governments face in providing housing affordable to a range of the region's citizens. The progress reports also revealed some picture of successes such as: \$100,000 contribution budgeted by Beaverton toward the Community Housing Trust Fund; \$11 million budgeted by Portland for housing programs; 112-unit RV park allowed by Troutdale to accommodate long-term affordable housing; Manufactured homes allowed in all residential zones by Wood Village to facilitate affordable housing production. Local governments used the Title 7 compliance process to inform Metro of the barriers that exist to implementing affordable housing. These barriers were:

- "We're already in compliance through implementation of State housing requirements"
- "One size doesn't fit all due to unique local conditions"
- "It costs too much – no funding/not enough staff"
- "Little vacant land exist or land is too expensive"
- "Political barriers due to local charter provisions that limits actions"

HCTF Report and Recommendations

HCTF built on the lessons learned from the research and recommendations in the RAHS and in Title 7 implementation to develop a broad strategy for increasing the regional housing supply, and to advise Metro on its role in developing and revising policies and programs in support of that strategy. The task force placed particular emphasis on strategies to increase workforce

housing in 2040 mixed use areas and corridors, and strategies to increase the supply of affordable housing for families earning less than 50% of the region median family income. The task force considered how this increase could be achieved in distinct communities in the region using a mix of private sector, nonprofit and nongovernmental and governmental housing investments, employing and applying realistic strategies and tools.

Over the year of their work, HCTF assessed current trends in housing affordability, and reviewed barriers to increasing housing choice and affordable housing supply. The task created three “Solution Teams” to analyze and recommend:

- Regional funding solutions to address the supply and affordability
- Land use policies and regulations for reducing cost of housing and increasing the supply of affordable housing across the region
- Metro convening solutions through pilot project and technical assistance

HCTF identified other courses of action, including regional land banking, web-based resource guide, and regional housing conference and awards. Due to time and resource limitation, these strategies were not addressed.

The Task Force considered several possible sources for a regional housing fund, several solutions for addressing the housing needs of low and moderate income families especially in the 2040 Centers and corridors, and conducted a pilot project in the City of Wilsonville to gain better understanding of the types of regional technical assistance that can be effectively implemented. The pilot project was successful in building City Council support for affordable housing projects by working closely with local officials and those individuals that are in a position to help implement housing choice strategies.

HCTF Key Recommendations for Metro

The four key recommendations of HCTF are:

1. Metro should integrate housing supply concerns, and specifically affordable housing, into all policy making and funding allocations, in order to achieve regional housing choice equity through promotion of affordable housing as a regional function on par with transportation and green spaces. A permanent Housing Choice Advisory Committee should be established to assist in this effort.
2. Metro should direct effort towards development of resources, and especially a new, permanent regional resource for affordable housing, and join and lead advocacy for increased funding at the Federal, State, regional levels.
3. Metro should promote strategies identified by the HCTF to remove regulatory barriers and reduce the cost of developing housing.
4. Metro’s budget for housing should be prioritized to providing technical assistance to local governments (land/site inventory, model codes, etc.)

Following is the overall summary of HCTF recommended solutions for local governments,

Metro and other entities, and what will be achieved. The solutions are divided into those that reduce cost of housing and increase supply in the region's 2040 Centers and Corridors, and those that deal with affordability.

Solutions for Reducing Cost of Housing and Increasing Supply in the 2040 Centers and Corridors

A. Funding Solutions:

1. Form a Construction Excise Tax study committee to identify the need for and collection, allocation and administration of a tax for housing.
2. Establish an initial one-time fund with a \$10 million revenue bond to establish a regional funding program.
3. Support a long term funding source that will generate about \$50 million annually (e.g., real estate transfer fee or document recording fee, urbanization windfall tax, general obligation bond).

B. Land Use and Regulatory Solutions for immediate implementation:

1. Expedite review for affordable housing - work with cities and counties to assess existing regulatory processes to determine how to expedite affordable housing projects.
2. Work with Metro in-house expertise or other experts (e.g. PDC) to provide technical assistance to shepherd qualifying projects in cities and counties.

C. Land Use and Regulatory Solutions to be further addressed as part of Metro's New Look program:

1. Update the regional parking ratio requirements, and consider implementing parking management in centers
2. Plan for complete communities that include housing choices
3. Encourage housing development in centers and corridors and other transit-friendly locations
4. Evaluate opportunities to implement form-based codes and other strategies to speed up project approval process

D. Technical Assistance Solutions:

1. Available land inventory: Utilize Metro data and staff to assist local governments to develop a "portfolio" of developable sites in the 2040 Centers, Corridors and other locations
2. Model Affordable Housing Approval: Provide a guidebook of model approval and development conditions and/or provide staff to assist local governments to incent provision of affordable housing in 2040 Centers, Corridors and other locations
3. Illustrated affordable housing toolbox: Contract consultant to assist Metro in identifying financial tools for affordable housing development.

Solutions for Dealing with Affordability

A. Funding Solutions: Same as those in the previous section.

B. Land Use and Regulatory Solutions for immediate implementation:

1. Establish a housing supply survey for accurate assessment of progress toward achieving the region's affordable housing goals
2. Regional policies:
 - Use the urban growth boundary (UGB) expansion decisions to negotiate voluntary landowner commitments to provide affordable housing;
 - Allow local governments and their stakeholders to trigger UGB expansion if voluntary inclusionary housing has been negotiated.
 - Give preference to proposed expansion areas (that have satisfied state expansion priorities) where local governments have a credible, implementable plan that utilizes tools and strategies to assure the production of affordable housing.
3. Work with regional partners to pursue removing prohibition on inclusionary zoning

C. Metro Convening Solutions:

1. Continue the convening of local government officials and housing experts in other jurisdictions expressing interest to identify development opportunities in cities and counties

D. Technical Assistance Solutions:

1. Housing needs assessment/basic market study: Work with State Housing & Community Services to adjust the State Housing Model to reflect future need.
2. Contract consultant to assist Metro & local governments to populate the State Housing Model after the adjustment
3. Model Affordable Housing Approval: (same as above, in the previous section)
4. Communications and awareness: Develop a communication toolbox utilizing visuals of successful projects in the region that could be used to visualize what affordable housing looks like and how it can be built

E. Preservation Solutions:

1. Use housing supply survey to identify expiring federally subsidized apartments, and work with non-profits and governments to buy and preserve the properties.
2. Develop model condo conversion ordinances
3. Develop and adopt ordinances to mitigate the impact of mobile home park closure

What will be Achieved with the Recommended Solutions?

Following are some of the expected impacts of the recommended solutions in the HCTF report:

1. Reduced cost of building housing and passing the savings to potential owners and tenants
2. Identify federally subsidized properties that have expiration dates and make it possible for partnerships to be created to buy and preserve the properties
3. Acquire federally subsidized properties that have expiration dates

4. Support the rehabilitation of existing multi-family complexes, primarily in 2040 Centers and Corridors
5. Negotiate incentives to build or preserve affordable work force housing
6. Improve our knowledge of the relationship between housing and other issues (transportation system, school funding, etc)
7. Reduce the stress on public service such as the transportation system impacted by jobs-housing imbalance
8. Reduce the stress on schools (increasing class size and free lunch) in the outer areas through provision of affordable housing in the inner areas, particularly in the 2040 Centers and Corridors
9. Assist local governments that want help to identify opportunities that will aid them to create partnerships that will increase affordable work force housing built and preserved in their communities
10. Minimize the disparity in property tax base capacity of jurisdictions
11. Avoid shifting the burden of low income housing from one jurisdiction to another
12. Improve monitoring of the system, and our knowledge of housing built and preserved in 2040 Centers and other locations
13. Eliminate local jurisdictions' Title 7 reporting requirements on land use tools

Local Response and Interpretation

Prior to the creation of HCTF, Councilor Burkholder presented the new regional housing choice initiative to the Metro Policy Advisory Committee (MPAC) on December 8, 2004), and requested them to recommend members.

HCTF members updated MTAC several times with its work (August 13, 2005, February 1, 2006, February 15, 2006, March 1, 2006) for comments. HCTF also updated MPAC several times with its work (January 11, 2006, January 25, 2006, February 8, 2006, February 22, 2006, March 8, 2006) for comments.

HCTF members also presented its draft report and recommendations to the Oregon Housing Council (February 24, 2006) and to the City of Wilsonville City Council (February 28, 2006) for comments. At the request of the Housing Advocacy Group of Washington County, staff presented the HCTF report to the Group for comments.

Both MPAC and MTAC acknowledged the complexity of housing choice issue and many viewpoints were presented and discussed. Consequently MTAC did not come to conclusion, however, it did agree on three things:

- Defining the problem: The Task Force and others need to do a better job of defining the problem of housing affordability and the population that would be served by the recommended solutions;
- Variation of problem in the communities: The nature of the problem in each community needs to be explained, especially the differences in affordable housing supply. For example, some communities such as Gresham may have an adequate supply, so that community efforts can be focused appropriately, on creating new units or retaining current supply

- Implementation: Provide access to expertise and technical assistance.

MTAC had serious reservation about two of the recommended solutions:

- A. Linking affordable housing to greenspaces and transportation funding; and
- B. Inclusionary Zoning.

Regarding potential role of Metro, MTAC offered the following comments:

- A. *Public education on work force and affordable housing need*: incentives should be emphasized over requirement, and the issues should be made real to audiences.
- B. *Advocacy*: Advocate at state level for local control of issues such as inclusionary zoning and real estate transfer fee.
- C. *Research*: study the linkage between affordable housing and transportation system performance, employment, economic development, schools and student performance, etc., the linkage between tax equity and affordable housing. In addition, use new survey to determine regional priority on needs relative to other important needs such as education and transportation.
- D. *Technical Assistance*: Provide technical assistance to local governments and a platform for peer support, while avoiding duplication of the work of existing entities like the Housing Development Center.

ANALYSIS/INFORMATION

Known Opposition

Staff is not aware of any opposition to the proposed legislation beyond concerns raised by MTAC

Legal Antecedents

Metro Code 3.07.750 established the need to create a task force/advisory committee.

Anticipated Effects

Recommendations will be presented to the Metro Council and MPAC for amendment of the affordable housing sections of the Regional Framework Plan and Urban Growth Management Functional Plan (Title 7). The work of the Task Force, including the recommended solutions, may influence and support public, private and non profit organizations, including Metro, in working together to meet the housing choice needs of the region, especially in areas with abundant services, such as the 2040 Centers and Corridors. The Task Force work may also influence the affordable housing preservation efforts of public and non-profit agencies in the region.

Budget Impacts

The FY 2006-07 proposed budget designates 0.55 FTE and \$40,000 M&S funds from continuing revenue sources and \$60,000 from one-time-only revenue sources to be expended through June 2007. Additional resources will be required in the FY 2006-07 Budget to implement the HCTF recommendations. Other resources would also have to be identified in future fiscal years' budgets to implement recommendations that impact those years.

RECOMMENDED ACTION:

Staff recommends the adoption of Resolution 06-3677. This Resolution would: 1) accept the “Regional Housing Implementation Strategy” as meeting HCTF’s assignment in the Regional Framework Plan and Urban Growth Management Functional Plan; and 2) direct staff to prepare draft Regional Framework Plan and Urban Growth Management Functional Plan amendments for consideration of changes to the existing regional housing policies.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING THE CHIEF	)	RESOLUTION NO. 06- 3689
OPERATING OFFICER TO PURCHASE PROPERTY)	
IN THE GRESHAM CIVIC NEIGHBORHOOD, NE OF	)	Introduced by Michael J. Jordan, Chief
THE MAX STATION, FOR A TRANSIT-ORIENTED	)	Operating Officer and Councilors, with
DEVELOPMENT PROJECT	)	the concurrence of Council President
	)	David Bragdon

WHEREAS, on April 9, 1998, the Metro Council adopted Resolution No. 98-2619 (For the Purpose of Authorizing Start-Up Activities for the Transit-Oriented Development (TOD) Implementation Program at Metro), which authorized start-up activities for the Metro Transit-Oriented Development Implementation Program (the "TOD Program") and set forth the operating parameters of the TOD Program in a Work Plan providing for the acquisition and joint development of real property satisfying certain criteria and identified as "Opportunity Sites;" and

WHEREAS, in 2001 Metro acquired a total of 11.6 acres adjacent to the MAX Station, including parcels of 7.29 acres to the NW, 4.3 acres to the SW, and 2.1 acres to the SE, in order to help cause the construction of higher density, mixed use that meets or exceeds the "Site Improvement Criteria" of the TOD Program Work Plan; and

WHEREAS, the property at the SE corner is being developed as a 5-story mixed use with housing above commercial and will open next month; and

WHEREAS, the TOD Work Plan authorizes the Chief Operating Officer to purchase Opportunity Sites that have been evaluated by the TOD Steering Committee for compliance with the TOD Work Program Opportunity Site Selection criteria (Section 4.1.2.) and approved by the TOD Steering Committee for acquisition by Metro, subject to seven days notice by the Chief Operating Officer to the Metro Council (the "Seven Day Letter") providing the Metro Council with the opportunity to request review of the proposed acquisition in executive session; and

WHEREAS, on January 31, 2006, the TOD Steering Committee approved the TOD Program's proposed acquisition of a 1.9 acre TOD Opportunity Site located in the Gresham Civic Center, Gresham, Oregon, and depicted in Exhibit A attached hereto (the "Gresham Civic Neighborhood – NE Property"), subject to specific preconditions, said purchase to be financed by the Seller for two years; and

WHEREAS, the TOD Steering Committee has approved acquisition of the Gresham Civic Neighborhood – NE Property in order to help ensure that ground floor retail be included in its development, consistent with the Gresham Civic Neighborhood Plan which envisions a vibrant, pedestrian friendly street on Civic Drive with retail on both sides (double-loaded) both north and south of the transit station; and

WHEREAS, Metro Code Section 2.04.026(a)(1) requires that the Chief Operating Officer obtain Metro Council authorization prior to entry into contracts committing Metro to the expenditure of appropriations in future fiscal year budgets; and

WHEREAS, the TOD Work Plan does not specifically authorize the Chief Operating Officer to enter into multi-year financing arrangements with Sellers of Opportunity Sites via the TOD Steering Committee approval/Seven-Day Notice procedure; and

WHEREAS, it is therefore necessary that the Chief Operating Officer obtain the approval of the Metro Council prior to entering into an agreement to purchase the Gresham Civic Neighborhood - NE Property, and secure financing from Seller for said acquisition for a multi-year term; now therefore

BE IT RESOLVED, that the Metro Council authorizes the Chief Operating Officer to purchase the Gresham Civic Neighborhood - NE Property described in Exhibit A and secure financing for said acquisition from Seller for a term of two years in accord with the provisions of Exhibit B, setting forth the essential terms of the transaction between Metro and Seller, and subject to the TOD Steering Committee preconditions and other legal terms acceptable to the Metro Attorney.

ADOPTED by the Metro Council this 20th day of April, 2006.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

**Resolution No. 06-3689
Exhibit A-1 of 2
Gresham Civic Neighborhood - NE Property
Located at Gresham Civic Center, NE of Max Station**

Legal Description

Parcel 2, Partition Plat No. 2005-54, in the City of Gresham, County of Multnomah and State of Oregon.

Resolution No. 06-3689
Exhibit A-2 of 2
Gresham Civic Neighborhood - NE Property
Located at Gresham Civic Center, NE of Max Station

Aerial Photo of Property



Resolution No. 06-3689
Exhibit B

Terms of Sale:

- Purchase Price: up to \$880,000;
- Down Payment: 50% of Purchase Price up to \$440,000 at closing;
- Promissory Note from Metro to an LLC established by Fred Bruning for a two-year term for the balance of the Purchase Price up to the amount of \$440,000, 6.5% annually with interest only, two-year term annual payments secured by a Trust Deed in favor of Seller;
- Option to purchase for fair market value, granted back to an LLC established by Fred Bruning for a two-year term, subject to development restrictions requiring 3-4 stories with approximately 20,000 square feet ground floor retail;
- Purchase Price has been verified by an independent fair market value appraisal, reviewed and approved by an MAI appraiser;
- Phase I Environmental Assessment shall be performed on the Gresham Civic Neighborhood - NE Property and the results found satisfactory to Chief Operating Officer, the Metro Attorney and Risk Management;
- Seller LLC members to provide Metro with full indemnity against all future environmental liability arising out of or relating to the prior use or occupancy of the Gresham Civic Neighborhood - NE Property;
- Metro standard form Seller representations and warranties;
- Metro to receive fee title by Statutory Warranty Deed subject to no liens or encumbrances except Metro's note and trust deed to the LLC established by Fred Bruning;
- Metro to receive extended Owner's Title Insurance Coverage, subject to no liens or encumbrances except the note and trust deed held by the LLC established by Fred Bruning; and
- Closing Costs to be shared equally between Seller and Metro, Seller to pay for title insurance coverage and a pro rata share of taxes and assessments applicable to the Gresham Civic Neighborhood - NE Property.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 06-3689, FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO PURCHASE PROPERTY IN THE GRESHAM CIVIC NEIGHBORHOOD, NE OF THE MAX STATION, FOR A TRANSIT-ORIENTED DEVELOPMENT PROJECT

Date: April 11, 2006

Prepared by: Phil Whitmore,
Meganne Steele

BACKGROUND

The TOD Steering Committee has approved acquisition of the last remaining undeveloped parcel along Civic Drive in the Gresham Civic Neighborhood in order to help ensure that ground floor retail be included in its development. Plans for the Gresham Civic Neighborhood have always envisioned a vibrant, pedestrian friendly street on Civic Drive with retail on both sides (double-loaded) both north and south of the transit station. Uses that have been developed nearby without TOD assistance include a three-story health club and a real estate office without retail; these types of uses do not create as much foot traffic to activate the street.

Metro now owns property on the west side of Civic Drive both north and south of the future Gresham Civic MAX station. The Crossings project is nearing completion on the parcel southeast of the station. As the TOD Program worked with TriMet and the City of Gresham in station and plaza planning, we became aware of the strategic importance of acting promptly to acquire property to the northeast of the station, directly opposite property Metro owns, to encourage ground floor retail.

The Gresham Civic Neighborhood - NE Property to be acquired consists of 1.9 acres of vacant land, currently owned by Gresham Land Partners (GLP) 4 LLC. The GLP 4 LLC's former partner, Center Oak, required that properties be developed as quickly as possible and sold. Fred Bruning now has a new capital partner that is more patient. This acquisition will allow the property to be developed with a longer look at community benefit. When developed, the new building will be 3-4 stories high with ground floor retail and office or housing above the retail. It is anticipated that the property will be sold for the same value as its acquisition costs, providing it is developed as office/medical above retail. However, additional TOD Program financial support and/or other public financing may be required to develop housing on the upper floors if that is desired.

The Gresham Civic Neighborhood – NE Property is located on the east side of Civic Drive, one block northeast of the future Gresham Civic MAX station.

The Steering Committee approved the acquisition price to be up to \$880,000 subject to an appraisal, with 50% down and the balance carried for 2 years from the sellers. As a condition of the acquisition, an LLC established by Bruning will have an option for 2 years conditioned upon development restrictions requiring that the property be developed into a mixed-use project containing 3-4 stories with ground floor retail and office, medical, or residential above.

Because repayment of the purchase price will extend beyond one year, Metro Council action is required.

ANALYSIS/INFORMATION

1. **Known Opposition** – There is no known opposition to this action.
2. **Legal Antecedents** - The Federal Transit Administration (FTA) approved a grant for Metro to start the TOD Program in 1997. Authority to use FTA funds for joint development are included in the Intermodal Surface Transportation Act of 1991 (ISTEA) and codified under 49 USC 5309, 49 USC 5307, 23 USC 133 (STP) and 23 USC 149 (CMAQ). According to these laws, TOD Program activities are defined as transportation projects provided there is (1) a physical or functional relationship to the transit project; and (2) an enhanced effectiveness of the existing transit system.

The TOD Program was originally transferred from TriMet to Metro by Intergovernmental Agreement (IGA) adopted by the Metro Council, Resolution No. 96-2279 (For the Purpose of Authorizing an Intergovernmental Agreement With Tri-Met to Assist in Establishing a Transit-Oriented Development and Implementation Program at Metro), on May 16, 1996. The Metro Council authorized start-up activities on April 9, 1998, by Resolution No. 98-2619 (For the Purpose of Authorizing Start-Up Activities For the Transit-Oriented Development (TOD) Implementation Program at Metro).

The Metro Council adopted Resolution 05-3621A, For the Purpose of Amending the Terms of the Transaction Set Forth in Resolution No. 05-3555A to Acquire Property in Milwaukie Town Center For a Transit-Oriented Development/Centers Project. In that action, the Council authorized a financing plan similar to that proposed in Resolution 06-3689. The Chief Operating Officer was authorized to purchase the Milwaukie TOD/Centers Property subject to, among other things, securing financing from Seller for a term of no more than five years.

3. **Anticipated Effects** - Approval of this resolution will enable Metro to move forward with the site acquisition as planned, and thereby support realization of the Gresham Civic Neighborhood plan even more effectively.
4. **Budget Impacts** -- MTIP Funds were appropriated in the 2005-06 Adopted Budget for property acquisition by the TOD & Centers Implementation program. Sufficient funds are remaining to support this property acquisition. Funds will be set aside to repay the promissory note in the unlikely event that the option is not exercised.

RECOMMENDED ACTION

Staff recommends that the Metro Council authorizes the Chief Operating Officer to purchase the Gresham Civic Neighborhood - NE Property described in Exhibit A to the Resolution and secure financing for said acquisition from Seller for a term of two years in accord with the provisions of Exhibit B to the Resolution, setting forth the essential terms of the transaction between Metro and Seller, and subject to the TOD Steering Committee preconditions and other legal terms acceptable to the Metro Attorney.