

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ESTABLISHING ) RESOLUTION NO 97-2583B  
AFFORDABLE HOUSING POLICIES )  
FOR THE REGIONAL FRAMEWORK ) Introduced by Councilor Washington  
PLAN AND IMPLEMENTING )  
FUNCTIONAL PLAN PROVISIONS )

WHEREAS, data developed for the regional Housing Needs Analysis demonstrates that both rental and owner housing is rapidly becoming unaffordable for all households at and below the median income; and

WHEREAS, 1991 RUGGO Objective 17 states that Metro will adopt a “fair share” strategy to provide the opportunity within each jurisdiction for accommodating a portion of the region’s need for affordable housing; and

WHEREAS, Title 1 of the 1996 Urban Growth Management Functional Plan implements RUGGO Objective 17 with requirements for (1) a minimum density standard in all zones allowing residential use; (2) allowing at least one accessory unit within any detached single family dwelling, and (3) increased housing densities in light rail station communities, centers and corridors; and

WHEREAS, Metro Code 3.01.012(e) implements RUGGO Objective 17 by requiring a demonstration of how unsubsidized affordable housing will be provided in any urban reserve area before adoption of any UGB amendment, and

WHEREAS, Title 7, Section 2 of the 1996 Urban Growth Management Functional Plan recommended eight policies for city and county plans on affordable housing, including consideration of replacement ordinances and inclusionary zoning; and,

WHEREAS, Metro cosponsored the “Housing Choices For Our Region” conference on September 4, 5 and 29, 1997 for extensive discussion of affordable housing tools; and

WHEREAS, MPAC has made majority and strong minority recommendations to the Metro Council about a variety of affordable housing tools with a slight majority recommending against mandatory inclusionary zoning; and

WHEREAS, Councilor Washington convened a half-day facilitated meeting of affordable housing provider, homebuilder, housing agency and affordable housing advocate representatives to discuss MPAC recommended affordable housing tools on November 3, 1997; now, therefore,

**BE IT RESOLVED:**

That the following affordable housing policies are adopted by the Metro Council to be included in Policies in Chapter 1 of the Regional Framework Plan:

1. Functional plan policies requiring (1) a minimum density standard in all zones allowing residential use; (2) allowing at least one accessory unit within any detached single family dwelling, and (3) increased housing densities in light rail station communities, centers and corridors.
2. Metro shall link regional transportation funding to affordable housing policy and achievement of affordable housing targets to the extent allowed by law.
3. Metro shall provide the forum of an Affordable Housing Technical Advisory Committee with representatives of homebuilders, affordable housing advocate groups, major employers, financial institutions, local governments and citizens to identify cooperative approaches, regulatory reforms and incentives to be considered for inclusion in a functional plan to ensure that needed affordable housing gets built.

4. Housing Fair Share policies and plans for each jurisdiction shall be included in the Regional Framework Plan and be implemented by numerical affordable housing targets for each jurisdiction to be included in a functional plan performance standard. Housing Fair Share needs and allocation targets will include consideration of existing jurisdictional proportions of affordable and non-affordable housing supply.

Metro, with assistance from the Affordable Housing Technical Advisory Committee, will establish Fair Share targets which adequately reflect the current and future affordable housing needs of the region, and are consistent with the affordable housing and jobs-housing balance policies established in this Plan.

5. Metro shall develop Regional Framework Plan policy and a performance standard and provide a model ordinance for each jurisdiction to adopt a replacement ordinance to ensure that existing affordable housing units which are lost to demolition or non-residential development are replaced with an equal number of new affordable housing units. The performance standard shall be a regionwide requirement added to the Urban Growth Management Functional Plan as soon as possible.

6. An Affordable Housing Functional Plan shall be developed to include requirements for cities and counties to adopt numerical Fair Share targets and any unadopted policies required by the Plan. Metro shall monitor the existing and new supply and delivery of affordable housing in the region as part of the Fair Share performance standard. The Functional Plan shall consider the following:



- additional measures to encourage and give incentives to affordable housing;
- types and amounts of affordable housing to be accommodated by the jurisdiction

consistent with the functional plan targets;

- provisions to remove procedural barriers to current production of affordable housing;

- a variety of tools to ensure that the affordable housing to be accommodated is actually built, such as , inclusionary zoning incentives, donation of the foreclosed properties for nonprofit or government development as mixed market affordable housing, transfer of development rights, permit process incentives, fee waivers, property tax exemptions, land banking, linkage programs, expedited review processes, and affordable housing funding programs.

- requirements for maintaining architectural consistency of affordable units;
- long term or permanent affordability requirements;
- provision for affordable housing for seniors and the disabled;
- provision for preferential processing of UGB amendments in First Tier urban

reserves when a minimum percentage of affordable units are included;

- supporting a real estate transfer tax as a funding source for an affordable housing fund at the state, regional or local level when that option becomes available under state law.

7. Regionwide mandatory inclusionary zoning, which requires a minimum percentage of moderately-priced dwelling units for all developments over a minimum size, is an important tool of regional affordable housing policy to be used with density bonuses and other incentives. Metro shall seek immediate increases in production of affordable housing by



implementing all of its regional affordable housing policies. Effective implementation to immediately increase production of affordable housing shall include the following inclusionary housing policy:

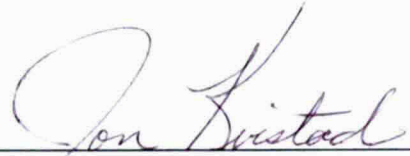
- a. Metro shall develop performance standards and a model ordinance for a density bonus incentive to allow an increase of at least 25% density over the maximum allowable density in mixed use areas as incentive for development of units which shall remain affordable at least 60 years or be subject to a shared equity mortgage program. The performance standard shall be a regionwide requirement added to the Urban Growth Management Functional Plan as soon as possible. Metro shall adopt an exemption process with the performance standard to allow cities and counties an exemption from this requirement if a demonstrated lack of public facilities prevents implementation of this requirement.
- b. In 1998, Metro will develop a voluntary inclusionary zoning approach consistent with Oregon land use laws and 2040 Growth Concept design types that includes neighborhood architectural consistency.
- c. During development of its voluntary inclusionary zoning approach, Metro will use inclusionary housing principles as the basis of a voluntary program with the following goals: 1) that at least 20% of new units in regionwide opportunity areas inside the UGB and in first tier urban reserves are built to be affordable to households at and below the median

income without public subsidy, and 2) that accessory dwelling units are a significant part of new developments by the end of 1998.


- d. Metro will develop a public-private program as soon as possible to reduce costs of production of new affordable housing. One part of such a program may be coordination between for profit builders and non profit affordable housing providers to facilitate sales of affordable for profit units to non-profit affordable housing providers during the development of these units. This could increase the supply of units to non-profit providers for possible subsidy.
- e. Metro's Affordable Housing Technical Advisory Committee will assist in the development of inclusionary housing programs.
- f. Regionwide mandatory inclusionary zoning and other functional plan requirements based on the zoning approach developed by Metro shall be considered for functional plan implementation at the end of 1998 if these cooperative programs have not significantly moved the region toward the goals of this policy.
- g. The urban reserve planning requirement for affordable housing shall include the establishment of requirements for a minimum percentage of affordable units and accessory dwellings. These requirements shall be developed with assistance from the Affordable Housing Technical Advisory Committee.

8. Metro shall review all lands designated for residential use inside the UGB in implementation of Urban Growth Management Functional Plan to determine whether additional measures are needed to insure that an adequate supply of land including opportunities for redevelopment are zoned appropriately and available for affordable housing.

ADOPTED by the Metro Council this 20th day of November 1997.

  
\_\_\_\_\_  
Jon Kvistad, Presiding Officer

Approved as to form.

  
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Daniel B. Cooper, General Counsel



**METRO**

Date: November 18, 1997

To: Metro Council  
*EGW.*

From: Councilor Washington

Re: Affordable Housing Resolution

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Attached is the third draft of a resolution that was first used in a facilitated meeting with stakeholders on November 3, 1997. This approach was used to keep the discussion at a broad policy level, instead of Regional Framework Plan words. I urge your support of this policy resolution for our General Counsel to prepare those words.

There has been great controversy over every aspect of affordable housing policy, from the definition of the term to Metro's role and what are the appropriate policy tools. But, there is no disagreement about the crisis in the region in the 1990s with high growth and rapidly escalating housing prices. It is because this lack of affordable housing by any definition has become a crisis that we must choose the appropriate policy tools to get results.

These policies set high goals. Inclusionary zoning is an appropriate tool that must be pursued to reach these goals. An Oregon version of inclusionary zoning that helps the region achieve the 2040 Growth Concept needs to be developed in 1998. A density bonus incentive in every city and county is an important part of these policies to encourage more affordable housing. A mandatory approach with incentives is favored by the housing advocates. A voluntary approach with incentives is supported by homebuilders. It's time for all of these parties to come to Metro's new Affordable Housing Technical Advisory Committee to demonstrate how more affordable housing can be built now and to make these policies work. If voluntary inclusionary housing, including an aggressive increase in accessory dwellings, isn't working in 1998, an Oregon version of regionwide mandatory inclusionary zoning must be considered.

These policies and others to be developed in a 1998 Affordable Housing Functional Plan must produce more affordable housing every month and every year for the region to reach the 2040 Growth Concept to be realized by all of its citizens.

LSS/kvw

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**METRO**

Date: November 12, 1997  
To: Councilor Ed Washington  
From: Larry Shaw, Senior Assistant Counsel  
Regarding: Affordable Housing Policies Resolution

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This latest draft attempts to reorganize and incorporate facilitated meeting suggestions to more clearly identify Metro policy steps and address as the major policy issues of mandatory inclusionary zoning.

Resolution Connection to Regional Framework Plan: Metro Council adoption of affordable housing policies in this resolution needs to be converted into an affordable housing Policies section of the Plan. The new whereas provisions recognize Metro's conference, MPAC's recommendations and your facilitated meeting. The direction that the policies in this resolution be converted to a Plan Policies section is at the beginning of the Resolved.

Consensus Affordable Housing Tools: There seemed to be consensus in your facilitated meeting on the affordable housing tools included in the first draft Resolution, based on MPAC's majority and minority reports. The exception was mandatory inclusionary zoning:

1. A general Plan policy for a link regional transportation funding to affordable housing was accepted.
2. The general policy about a continued forum was converted to a Metro Affordable Housing Technical Committee for which a draft formation resolution has been prepared.
3. A Plan policy for Metro to require Fair Share targets was accepted. MTAC's recommended targets were not accepted. More work seems to be needed on the targets before adoption of a functional plan provision.
4. A Plan policy for Metro to require replacement ordinances was accepted. Since Metro has identified a court-tested version, a model ordinance approach is suggested when this requirement is made part of a functional plan.
5. A Plan policy including density bonuses as a tool was accepted. A long-standing statewide density bonus incentive approach was before your facilitated meeting, but not

specifically discussed. A Plan policy for Metro to require that density bonus incentive is added here as you directed.

6. Confusion over functional plan references is addressed by reorganizing Resolved 4 and adding reference to a separate Affordable Housing Functional Plan as suggested by the coalition. This new Resolved 6 restates what would be required to be in the new Functional Plan and lists the other tools recommended by MPAC for consideration in the new Functional Plan.

Three new Functional Plan considerations were added to MPAC's toolbox recommendation from the facilitated meeting: (1) long term or permanent affordability; (2) maintaining architectural consistency of affordable units; (3) provision for affordable housing for seniors and the disabled; (4) transfer of development rights.

7. A Plan policy, favored by some MPAC members, which threatens requirement of mandatory inclusionary zoning if Fair Share targets are not met was opposed by all at the facilitated meeting. However, the reasons for opposition diverged. Coalition members want mandatory inclusionary zoning region wide now. Homebuilders oppose any use of mandatory inclusionary zoning. A regionwide approach is maintained in your new mandatory inclusionary housing policy in new Resolved 7.

8. A Plan policy to review lands for affordable housing when land is inventoried in UGB reviews was accepted.

9. Plan policy for the preferential processing as described in the draft resolution was not accepted.

10. A Plan policy to require mandatory inclusionary zoning remained at impasse.

New Policies:

1. Resolved 1 states Regional Framework Plan policies for the affordable housing policies already adopted in the Urban Growth Management Functional Plan.

2. Regionwide requirements for replacement ordinances and density bonus incentives are to be added to current Functional Plan requirements for complete implementation by February 1999.

3. Mandatory inclusionary housing policies are added in Resolved 7 to seek immediate increases in production of affordable housing.



## Affordable Housing Policy Summary

<u>R.F.P. Policy</u>	<u>Implementation</u>
1. Minimum density required in all zones allowing residential use.	UGMFP- Title 1 (existing)
2. Requirement to allow accessory dwelling units	UGMFP- Title 1 (existing)
3. Increased densities required in mixed-use areas	UGMFP - Title 1 - Table (existing)
4. Link regional transportation funding to affordable housing policy.	Council - JPACT Funding Policy
5. Affordable Housing Technical Advisory Committee	Council resolution now
6. Require an Affordable Housing Functional Plan	New Functional Plan
7. Fair Share numerical targets for affordable housing	New Affordable Housing Functional Plan
8. Replacement ordinance required to stop losses to non-residential development	Add to UGMFP now (January 1998)
9. <u>Mandatory Inclusionary Housing Policy</u>	
a. <b>Mandatory 25% density bonus incentive for 10-20% of new units affordable for at least 30 years in mixed use area</b>	Add to UGMFP now (January 1998)
b. <b>Metro's Affordable Housing Technical Advisory Committee assists development of inclusionary zoning programs</b>	Now
c. <b>Metro develops a zoning approach to inclusionary housing in 1998</b>	Review January-December 1998

- |     |   |   |
|-----|---|---|
| d.  | Metro develops a cooperative program to provide 20% of new units as affordable plus significant accessory dwellings in 1998                                       | January-December 1998                               |
| e.  | Metro develops a public-private program to reduce costs and facilitate the family housing that is subsidized by nonprofits as soon as possible                    | Now   |
| f.  | Regionwide mandatory inclusionary zoning by Metro shall be considered for functional plan implementation at the end of 1998                                       | Revisit Functional Plan Requirements at end of 1998 |
| g.  | Urban reserve planning requirement for affordable housing shall be reviewed for establishment of a minimum percentage of affordable units and accessory dwellings | Review by Affordable Housing Technical Committee    |
| 10. | Inventory opportunities for affordable housing  | Each 5-year UGB review                              |

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- requirements for maintaining architectural consistency of affordable units;

- long term or permanent affordability requirements;

- provision for affordable housing for seniors and the disabled;

- provision for preferential processing of UGB amendments in First Tier urban reserves when a minimum percentage of affordable units are included.

- provision for seeking regionwide development approvals in legislation

7. Regionwide mandatory inclusionary zoning, which requires a minimum percentage of moderately-priced dwelling units for all developments over a minimum size, is an important tool of regional affordable housing policy to be used with density bonuses and other incentives. Metro shall seek immediate increases in production of affordable housing by implementing all of its regional affordable housing policies. Effective implementation to



immediately increase production of affordable housing shall include the following inclusionary housing policy:

- a. Metro shall develop performance standards and a model ordinance for a density bonus incentive to allow an increase of at least 25% density over the maximum allowable density in mixed use areas as incentive for development of units which shall remain affordable at least ~~30~~ 60 years or be subject to a shared equity mortgage program. The performance standard shall be a regionwide requirement added to the Urban Growth Management Functional Plan as soon as possible. An exemption shall be allowed for cities or counties which demonstrate a lack of public facilities capacity.
- b. In 1998, Metro will develop a voluntary inclusionary zoning approach ~~to inclusionary housing~~ consistent with Oregon land use laws and 2040 Growth Concept design types ~~that is based on small unit size, basic amenities and neighborhood architectural consistency, not on sales price, financial or land exactions that includes neighborhood architectural consistency.~~
- c. During development of its voluntary inclusionary zoning approach, Metro will use inclusionary housing principles as the basis of a voluntary program with the following goals: 1) that ~~about~~ at least 20% of new units in regionwide opportunity areas inside the UGB and in first tier urban reserves are built to be affordable to households at and below the median

income without public subsidy, and 2) that accessory dwelling units are a significant part of new developments by the end of 1998.

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- g. The urban reserve planning requirement for affordable housing shall include the ~~be reviewed by the Affordable Housing Technical Advisory Committee for~~ establishment of a requirements for a minimum percentage of affordable units and accessory dwellings. These requirements shall be

developed with assistance from the Affordable Housing Technical  
Advisory Committee.

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ADOPTED by the Metro Council this \_\_\_\_ day of \_\_\_\_\_ 1997.

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Jon Kvistad, Presiding Officer

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- c. During development of its zoning approach, Metro will use inclusionary housing as the basis of a voluntary program with the following goals: 1) that about 20% of new units in regionwide opportunity areas inside the UGB and in first tier urban reserves are built to be affordable to households at and below the median income, and 2) that accessory



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Jon Kvistad, Presiding Officer

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