
Hood River City Council
211 Second St.
Hood River, OR 97031
(541) 386-1488
www.cityofhoodriver.gov

April 26, 2021

AGENDA

6:00 p.m.

Councilors:	Mark Zanmiller (President)	Kate McBride, Mayor	Megan Saunders	Tim Counihan
	Jessica Metta		Erick Haynie	Gladys Rivera

All public meeting locations are accessible. Please let the City Recorder know if you will need any special accommodations to attend any meeting. Call (541) 387-5212 for more information. Oregon Relay Service 1-800-735-2900

The City of Hood River is taking steps to limit exposure and spread of COVID-19 (novel coronavirus). In support of state and federal guidelines for social distancing, the City of Hood River will hold this meeting by using Zoom Conferencing.

Please use the following phone number or video link:

<https://us02web.zoom.us/j/87475696829>

(253) 215 8782

Meeting ID: 874 7569 6829

Members of City Council and City staff will participate by Zoom, they will not be on site at City Hall during the meeting. The audio recording of the meeting will be posted shortly after the meeting on the City's website. Please check the City's website for the most current status of planned public meetings.

<https://cityofhoodriver.gov/administration/meetings/>

I CALL TO ORDER

Land Acknowledgement Statement and Pledge of Allegiance

II BUSINESS FROM THE AUDIENCE

Hood River City Council encourages community members to talk about issues important to them. If you wish to speak during "Business from the Audience", there are two options to choose from:

1. Submit written comments to the City Recorder at j.gray@cityofhoodriver.gov by Monday, April 26, no later than 12 noon in order to distribute to the City Council in one packet for review by 3pm. All comments will be added to the record.

2. To address Council during Business for the Audience, email the request (name of speaker and topic) to j.gray@cityofhoodriver.gov by Monday, April 26, no later than 12 noon. Please specify the topic your testimony addresses. Testimony will go in order of requests received. Attendees that have registered will be unmuted by the IT Administrator for 3 minutes to address Council. Public comment will be by audio only. At the Mayors discretion, public comments may be received prior to a specific topic of relevance during the meeting.

III PRESENTATIONS

1. Farmers Market, Hannah Ladwig (10 mins.)

WORK SESSION

IV OPEN WORK SESSION

V AGENDA ADDITIONS OR CORRECTIONS

VI DISCUSSION ITEMS

1. Council Work Plan Project Scope PAGES 3-56
- Affordable Housing Strategy, J. Kaden (20 mins.)

VII ADJOURN WORK SESSION

REGULAR COUNCIL MEETING

I OPEN REGULAR COUNCIL MEETING

II AGENDA ADDITIONS OR CORRECTIONS

III CONSENT AGENDA

These items are considered routine and/or have been discussed by Council in Work Session. They will be adopted by one motion unless a Councilor or person in the audience requests, before the vote on the motion, to have an item considered at its regular place on the agenda.

1. Council Meeting Minutes – March 29, 2021 PAGES 57-61
2. OLCC Permit Application Approval PAGES 62-64
- Inn at the Gorge – Full On-Premises, Other Public Location
3. Letter of support HB 3221 - Green Tariffs, Energy Council PAGES 65-79

IV REGULAR BUSINESS ITEMS

1. Executive Recruitment Services, R. Fuller (5 mins.) PAGES 80

V CITY RECORDER

1. Reading of Ordinance 2061
- Missing Middle Housing for the second time by title only
2. Reading of Ordinance 2062 PAGES 81
- Transportation System Plan for the first time

VI MAYOR

1. Bike Month Proclamation PAGES 82

VII COUNCIL CALL

VIII ADJOURN REGULAR MEETING

CITY COUNCIL AGENDA ITEM COVER SHEET

DATE: April 26, 2021
TO: Honorable Mayor and City Council
FROM: Jennifer Kaden, Planner
RE: Affordable Housing Production Strategy

Purpose: The cost of housing in Hood River is a burden to families and individuals and makes it difficult to recruit and retain workers. Additionally, the market is not producing housing that is affordable to families earning at or below the median family income (MFI). Despite deliberate and consistent action by the City Council over many years, the gap between what families earn and what they can afford in housing continues to grow. The City's 2021 Work Plan includes the development of an Affordable Housing Production Strategy to identify public policy tools and strategies the City can use to encourage the production of housing for individuals earning up to 120% of MFI (MFI ≈ \$76,800) and a plan to implement those strategies.

The purpose of this discussion is to outline staff's understanding of the project deliverables and outcomes, identify the issues the project seeks to address, and to gain additional clarity from Council before moving forward.

Background: The City's Housing Needs Analysis (2015) identified housing affordability challenges, quantified Hood River's development capacity, and noted a limited supply of land zoned for multi-family housing. An accompanying Housing Strategy (2015) recommended strategies and policy changes to increase land use efficiency, regulate secondary and short-term rental housing, and develop affordable housing with a broad goal of helping the City manage land within the urban growth boundary to meet current and future housing development capacity while maintaining quality of life in Hood River and protecting public interests such as housing affordability, health, safety, and municipal revenues. In 2019, the City updated key data points from this strategy, which confirmed that the needs remain. Strategy 3 of the 2015 Housing Strategy included recommended actions and policy changes intended to encourage development of market-rate and government-subsidized affordable housing in Hood River.

Since then, the City has adopted or made progress on many significant policy initiatives to address housing including the following 2015 recommendations:

- Developed short-term rental licensing program (Ordinance 2026)
- Updated townhouse code to streamline approval process (Ordinance 2036)
- Adopted 1% construction excise tax (CET) dedicated to affordable housing (Ord. 2042)
- Updated ADU code to incentivize development (Ordinance 2050)
- Purchased land at 780 Rand Rd. with goal of developing affordable housing (2020)
- Developed Middle Housing code (Ordinance 2061)

Meanwhile, Hood River's population continues to grow, construction of new housing has not kept pace with demand, and housing has become more unaffordable. Hood River, like other communities in the northwest, continues to see a gap in housing affordable to those making 120% of MFI or less and the trend is likely to continue without additional community action to produce housing for this population. ECONorthwest documented this trend in an updated report on housing in Hood River.

The data tells us that between 2011-2019, median housing prices in Hood River rose approximately 41%, or \$148,000, while median household income rose only 27%, or \$16,000. In addition, the percentage of housing stock affordable to families earning up to 100% median family income (MFI) dropped from 40% to 15% during that time. Currently, only about 23% of Hood River's workforce lives in the city limits. (*Hood River Economics of Housing Market FAQ, June 2020*) Earlier this year, ECONorthwest confirmed that that increased housing production at all price points and regulatory and land use efficiency changes are vital, but insufficient to increase the number of *affordable* housing units needed. The community needs to be more proactive to ensure affordable housing units are constructed and remain affordable long-term and strong partnerships are required.

This story is true across Oregon and not unique to Hood River. To help communities meet housing needs, the Oregon legislature adopted House Bill 2003 in 2019. As an outcome of the legislation, the State of Oregon now requires cities with a population of more than 10,000 people to conduct a housing needs assessment and develop and adopt a housing strategy that includes a list of specific actions and policies the city will undertake to promote development that addresses all identified housing needs (ORS 197.290(2) and OAR 660-008). While not required to do so, Hood River can benefit from the state's guidance to develop a similar toolbox of policies it can leverage to incentivize production of affordable housing. This will require strong partnership with community partners and developers who build affordable housing.

Discussion: Hood River's 2021 workplan project will position the city ahead of any future requirement for small cities to implement HB 2003. The deliverable of the project is an affordable housing strategy that, if implemented, would encourage the production of housing for those earning 120% MFI or less. Adoption of a strategy and implementation plan will provide clear guidance to developers, builders, non-profits, and other housing producers, as well as staff, about the specific policies, tools and actions the city will use to encourage the development of affordable housing. The strategy may include financial incentives, financial resources, tax exemptions, actions to reduce infrastructure impediments, and acquisition tools. The strategy is not intended to include policy tools for market-rate housing production, the actual construction of affordable housing units, identification of land for acquisition, zoning or municipal code amendments, or permitting changes.

Anticipated outcomes of the Affordable Housing Production Strategy are:

- Production of affordable housing (120% and below) by community partners
- Guaranteed long-term affordability when public subsidies are used
- Greater percentage of Hood River's workforce living in Hood River
- Reduced percentage of cost-burdened households
- Strengthened public-private partnerships to achieve affordable housing goals
- Increased community understanding of the housing issues in Hood River
- Increased community support for investments in affordable housing

One component of the project is the creation of a task force to provide important community input and connection and to assist Council in understanding perspectives in the community. The task force will be comprised of local technical experts (policy or finance or both), consumers of workforce housing, employers (e.g. hospitality sector, large employer), and housing partners (e.g. community land trust, housing authority). Staff recommends that one Councilor serve as a liaison on the task force to listen to the task force and communicate back with the Council.

Next Steps: Next steps include developing a request for proposals to hire a housing consultant and creating an affordable housing task force.

Staff Recommendation: This is a discussion item. Staff would like to hear from Council whether there are any additional deliverables, outcomes or issues to be considered in this project or additional clarity on the outcomes.

Suggested Motion: I move to appoint Councilor (name) to serve as a liaison to the Housing Production Strategy task force.

Alternatives: Based on Council's feedback, staff will revise the project scope.

Fiscal Impact: None at this time; the fiscal impact of recommended strategies will be evaluated in this project.

Environmental Impact: None at this time.

Attachments:

1. Hood River Housing Needs Analysis Summary Report, September 2015
2. Hood River Economics of Housing Market FAQ, June 2020
3. DLCDC Housing Production Strategies Guidance for Cities, November 2020



Hood River Housing Needs Analysis

Summary Report

September 2015

ECONorthwest

ECONOMICS • FINANCE • PLANNING

Acknowledgements

ECONorthwest prepared this report for the City of Hood River. ECONorthwest and the City of Hood River thank the many people who helped to develop the Hood River Housing Needs Analysis.

Technical Advisory Committee

Bill Irving, Hood River Planning Commissioner

Heather Staten, Executive Director, Hood River Valley Residents Committee

Joel Madsen, Executive Director, Mid-Columbia Housing Authority

John Roberts, Hood River County Community Development Director

Kate McBride, Hood River City Councilor

Kate Sinner, Regional Solutions Coordinator, North Central Region, Office of the Governor

Maui Meyer, Hood River County Commissioner

State of Oregon

Scott Edelman, Central Oregon Regional Representative, Community Services Division, Oregon Dept. of Land Conservation and Development (DLCD) Central Regional Solution Center

Gordon Howard, Urban Planning Specialist, DLCD

City of Hood River

Cindy Walbridge, Planning Director

Kevin Liburdy, Senior Planner

This project is partially funded through a technical assistance grant from the Department of Land Conservation and Development.

For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest please visit www.econw.com. For more information about this report, please contact:

Cindy Walbridge, Planning Director
City of Hood River
211 2nd Street
Hood River, OR 97031
541-387-5210
cindy@ci.hood-river.or.us

Beth Goodman
ECONorthwest
222 SW Columbia, Suite 1600
Portland, OR 97201
503-222-6060
goodman@econw.com

Introduction

Hood River is a growing city, adding more than 1,600 new residents between 2000 and 2013, accounting for more than half of the population growth in Hood River County. Growth in population has resulted in growth in housing, with Hood River adding more than 1,100 new dwelling units within the Urban Growth Boundary (UGB) between 2000 and 2014, the majority of which were single-family detached housing.

As the City's population and housing stock have grown, housing has become less affordable to people living in Hood River. Nearly one-third of Hood River's households are unable to afford their current housing, with roughly 40% of renters unable to afford their housing costs. Homeownership has become less affordable in Hood River since 2000. In 2013, the average house cost 6.4 times the median household income, compared to 4.5 times median household income in 2000.

One of the factors that contributes to the changes in housing affordability is growth in demand for second homes and short-term rental housing. This study estimates that between 8% and 12% of Hood River's current housing stock is either second homes or short-term rental housing, making it unavailable for year-round housing. One of the City's key policy questions is whether (and how) to regulate short-term rental housing in the future.

This report provides information about these and other issues that will shape housing demand in Hood River over the 2015 to 2035 period. The purpose of the report is to provide the City with a factual basis to support changes to Hood River's Comprehensive Plan and zoning ordinance to provide options for addressing Hood River's unmet housing need.

This summary report presents the results of two longer reports:

- **Hood River Housing Needs Analysis 2015 to 2035** presents the full results of the housing needs analysis (HNA) for the City of Hood River and is intended to comply with statewide planning Goal 10 (housing) and OAR 660-008. The focus of the HNA is to assess whether Hood River has enough land within the City's UGB to accommodate expected population growth.
- **Hood River Housing Strategy** presents recommendations for revisions to policies in Hood River's Comprehensive Plan Housing Element and policy actions intended to result in policy changes that provide opportunities for development of housing to meet Hood River's identified housing needs.

City staff and ECONorthwest staff worked with a Technical Advisory Committee (TAC) to review the results of the Housing Needs Analysis and develop the Housing Strategy. The Planning Commission and City Council will review the TAC's recommendations for housing policy changes, resulting in revisions to the Housing Strategy. In the Fall of 2015, the City plans to begin the process of implementing key policy changes identified in the Housing Strategy through the public hearings process.

Since 2000, Hood River's population grew by 1,600 people, and housing stock grew by 1,100 dwellings.

The Hood River Housing Needs Analysis documents Hood River's housing needs in detail.

The Hood River Housing Strategy presents recommendations to the City's development policies.

Hood River's Population and Households

Hood River's population has grown 1.9% annually since 2000, nearly twice the County or State average.

Population and housing characteristics are useful for better understanding Hood River and the people who live here. Characteristics such as population growth, age of residents, household size and composition, commuting patterns, average pay per employee, and home ownership provide useful information about how the characteristics of Hood River's households compare to Hood River County and Oregon.

Unless otherwise noted, all data in this document are from the U.S. Census.

AVERAGE POPULATION GROWTH PER YEAR, 2000-2013



POPULATION, 2013

Source: Portland State University, Population Research Center



Hood River's population is, on average, younger than the County or State averages.

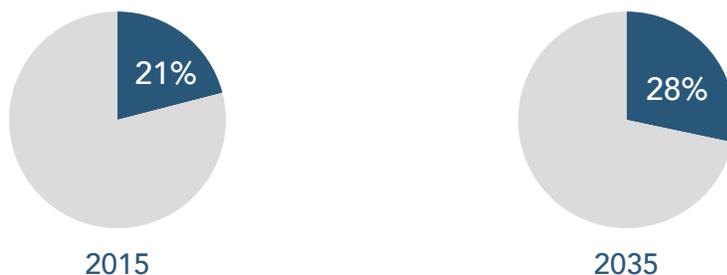
MEDIAN AGE, 2013



Hood River County's population over age 60 is expected to increase over the next 20 years.

POPULATION AGED 60 AND OLDER, HOOD RIVER COUNTY 2015 & 2035

Source: Oregon Office of Economic Analysis



HOOD RIVER'S POPULATION AND HOUSEHOLDS

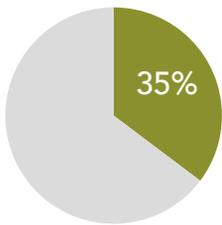
AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2013

2.4
Hood River

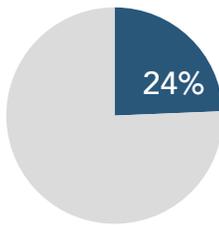
2.6
Hood River Co.

2.5
Oregon

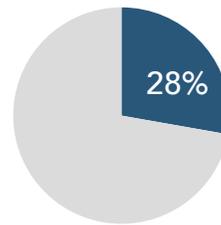
PERCENT OF HOUSEHOLDS THAT ARE SINGLE-PERSON, 2010



Hood River



Hood River Co.



Oregon

Hood River has a larger percentage of single person households than the County or State.

HOUSEHOLD COMPOSITION, 2013

A family household is one in which the resident is related to at least one other person in the household by birth, marriage, or adoption. Non-family households include people living alone, unmarried couples, and unrelated housemates.



Hood River



Hood River Co.

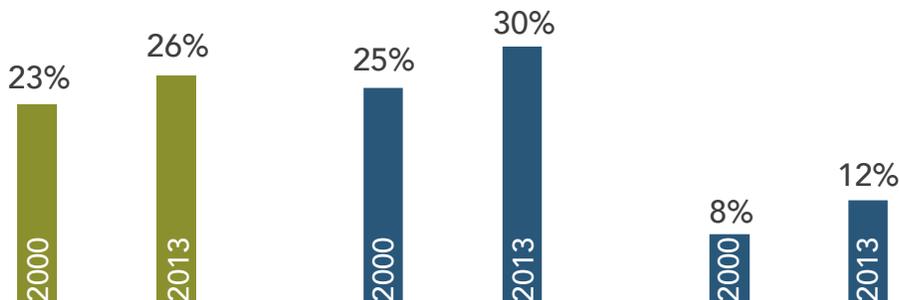


Oregon

Families with children Families without children Non-family households

Hood River has a larger percentage of non-family households than the County or State.

PERCENT OF POPULATION THAT IS HISPANIC OR LATINO, 2000 AND 2013



Hood River

Hood River Co.

Oregon

Hood River's population is more ethnically diverse than the State average.

Hood River's Housing Market

Analysis of historical development trends in Hood River provides insights into how the local housing market functions in the context of Hood River County. This report groups housing into the three housing types shown below.

HOUSING TYPES



Single-family detached (includes mobile and manufactured homes)



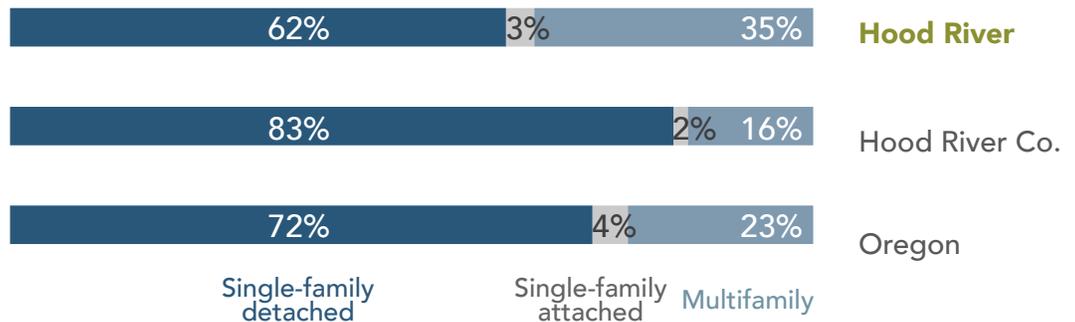
Single-family attached (townhouses)



Multifamily (condos, apartments, duplexes)

More than one third of Hood River's housing stock is multifamily housing, more than Hood River County or the State.

MIX OF EXISTING HOUSING TYPES, 2013

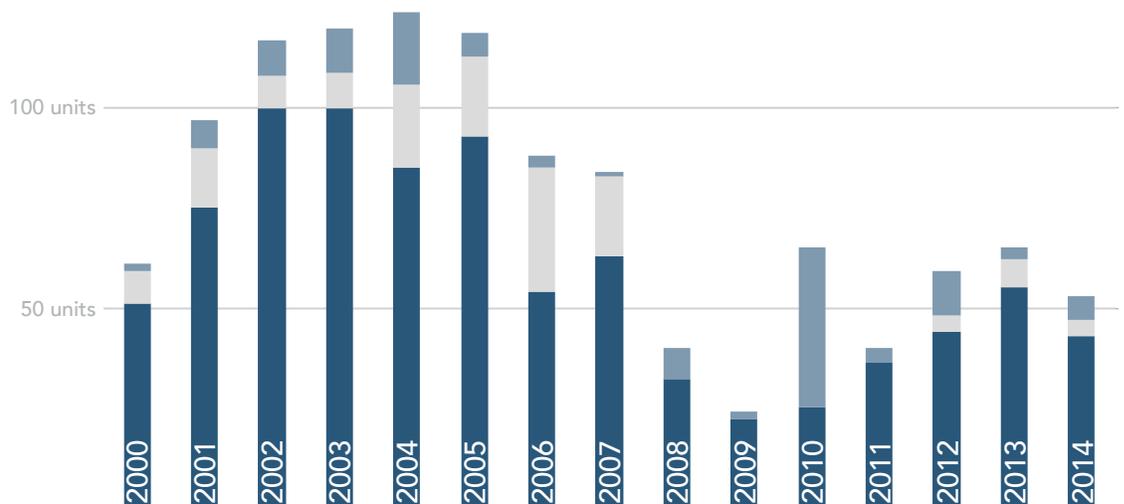


Hood River added more than 1,100 dwelling units between 2000 and 2014.

Three-quarters of new development was single-family detached housing. Most of new housing was located within Hood River's city limits, with a little less than one-fifth of new housing located in the urbanizing area between the city limits and the UGB.

BUILDING PERMITS ISSUED, 2000-2014

Source: Hood River Building Permit Database.



Short-term Rentals and Secondary Housing

Hood River is a tourism destination and some of Hood River's housing has long been used by people staying in Hood River for a short period or by people who own second houses in Hood River. This report uses the following definitions to describe these types of non-primary residential uses:

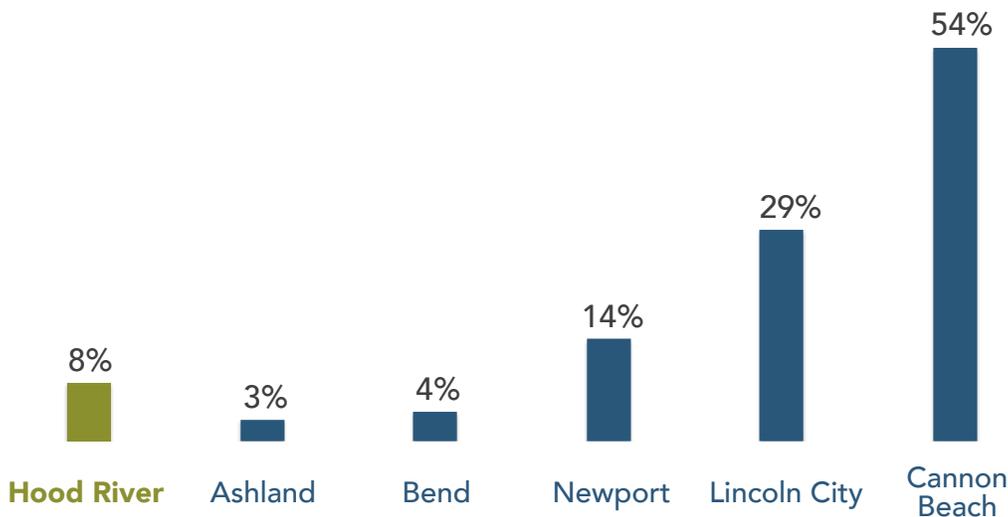
- **Short-term rentals (STRs)** are houses rented to people for a period of 30 days or fewer, generally for vacation uses.
- **Secondary housing** refers to houses that are the secondary residences of people who do not reside in Hood River. Secondary housing may also be used as a short-term rental.

Hood River tracks the number of units used for short-term rentals through its Transient Room Tax system but does not track the number of dwellings used for secondary housing. This study estimates that Hood River has about 190 dwelling units used as short-term rentals and 150 secondary homes. Together, these 340 units account for 9.6% of Hood River's housing stock.

The Census estimates the amount of housing that is vacant for seasonal, recreational, or occasional uses, which is generally consistent with the study's classification of short-term rentals and secondary housing. In 2010, 8% of Hood River's housing stock was vacant for seasonal, recreational, or occasional uses, up from 4% in 2000 and 1% in 1990.

About 8% to 12% of Hood River's housing is used for short-term rentals or secondary housing.

PERCENT OF HOUSING UNITS VACANT FOR SEASONAL, RECREATIONAL, OR OCCASIONAL USE, SELECTED GEOGRAPHIES, 2010



The amount of housing used for short-term rentals and secondary housing in Hood River has grown over the last two decades.

According to Census data, the percentage of housing in Hood River that was vacant for seasonal, recreational, or occasional use increased from 1% of housing in 1990 to 4% of housing in 2000 to 8% of Hood River's housing in 2010.

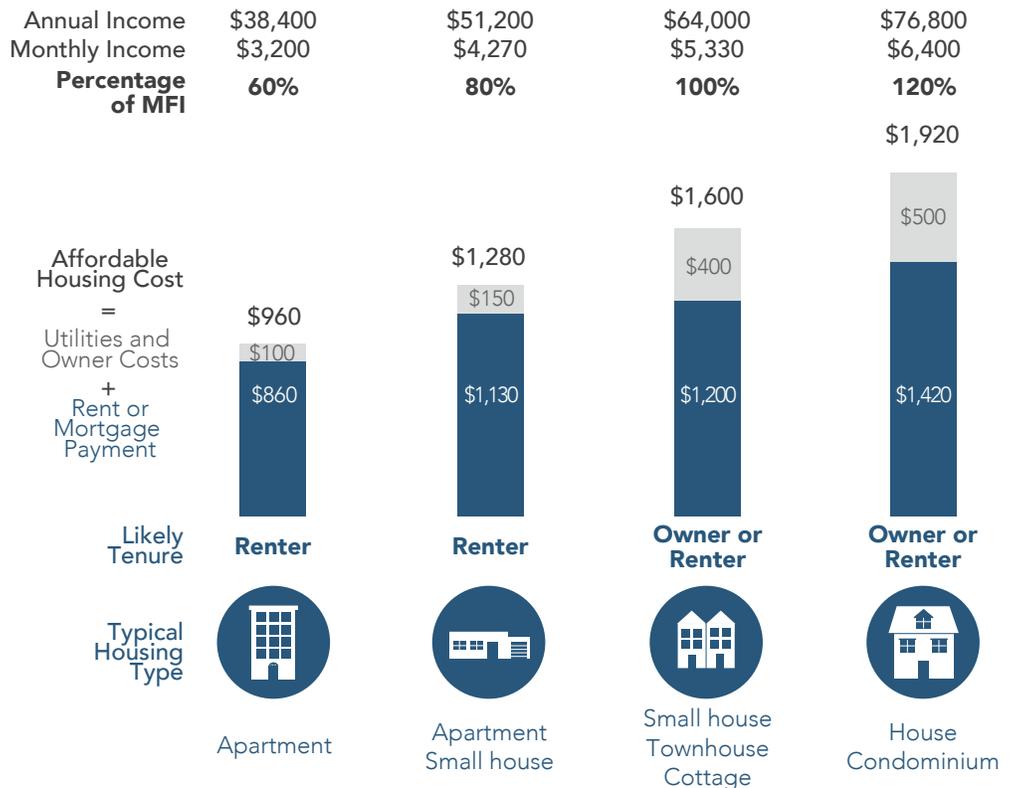
Housing Affordability

The term affordable housing refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for Hood River and the mid-Columbia Gorge region. Low-income households have fewer resources available to pay for housing and have the most difficulty finding affordable housing. Key points about affordability in Hood River include:

- Hood River will have an ongoing need for housing affordable to lower-income and moderate-income households.
- The City is planning for needed housing types for households at all income levels and will work with non-profit and private housing providers to ensure availability of housing affordable to lower- and moderate-income households.
- Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth. It seems likely that without public intervention, housing will become less affordable in Hood River.

HOUSING AFFORDABILITY BASED ON HOOD RIVER COUNTY MEDIAN FAMILY INCOME (MFI) OF \$64,000 IN 2014

Source: US Department of Housing and Urban Development, 2014



HOUSING AFFORDABILITY

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED, 2013

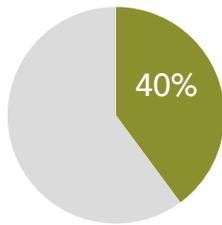
Cost-burdened households spend more than 30% of their gross income on housing.

32%
Hood River

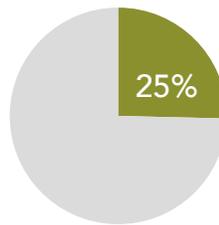
35%
Hood River Co.

40%
Oregon

PERCENT OF HOOD RIVER'S HOUSEHOLDS THAT ARE COST BURDENED, BY OWNERSHIP STATUS, 2013



Renter-occupied households



Owner-occupied households

One-third of Hood River's households are paying more than they can afford for housing, with one-quarter of owner-occupied households cost burdened and 40% of renter households cost burdened.

MEDIAN HOME SALES PRICES, 2014

Source: Zillow, 2014

\$311,400
Hood River

\$311,300
Hood River Co.

\$239,600
Oregon

RATIO OF MEDIAN OWNER-OCCUPIED HOUSING VALUE TO MEDIAN HOUSEHOLD INCOME, 2013

Lower ratios indicate that housing is more affordable. HUD's standard is 3.0.

6.4
Hood River

5.7
Hood River Co.

4.7
Oregon

AFFORDABLE HOUSING WAGE FOR A 2-BEDROOM APARTMENT, 2013

The affordable housing wage is based on the Fair Market Rent for a 2-bedroom apartment provided by the U.S. Department of Housing and Urban Development (HUD). HUD calculates the Fair Market Rent for each metropolitan statistical area (MSA) as the amount below which 40% of standard-quality apartments are rented. A household making the affordable housing wage will be able to afford Fair Market Rent without spending more than 30% of household income on housing costs.

\$16.25
Hood River

\$15.46
Bend

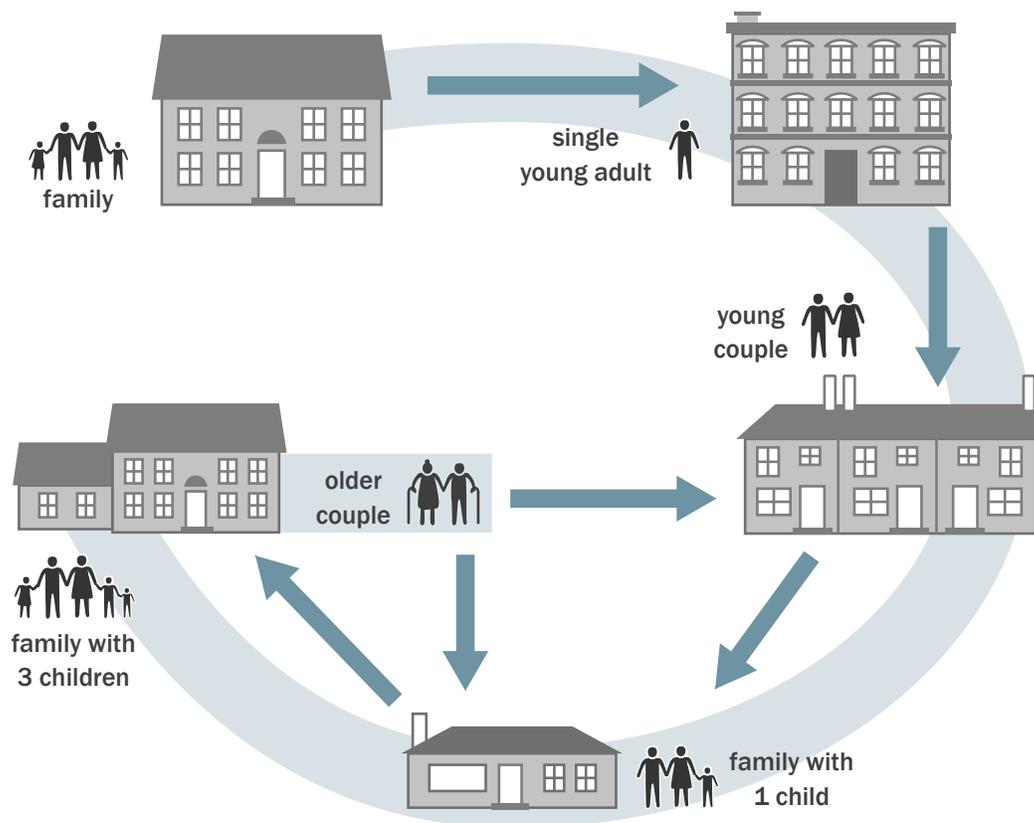
\$18.15
Portland

Factors Affecting Housing Need

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice, as shown in the figure below. Key relationships include:

- Housing needs change over a person’s lifetime.
- Homeownership rates increase as income increases.
- Homeownership rates increase as age increases.
- Choice of single-family detached housing increases as income increases.
- Renters are much more likely to choose multifamily housing than single-family housing.
- Income is a strong determinant of tenure and housing-type choice for all age categories.

HOUSING LIFE CYCLE



The linkages between demographics and housing need can be used to predict future housing need in Hood River. Three demographic trends are particularly important for Hood River:

- Aging of the Baby Boomer Generation (born 1946 to 1964)
- Aging of the Millennial Generation (born early 1980s to early 2000s)
- Continued growth of the Hispanic/Latino population

Aging of the Baby Boomers

Consistent with state and national trends, Hood River’s population is growing older. By 2035, 28% of the population of Hood River Counties is forecast to be 60 and over, up from 21% in 2015.

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:



Implications for Hood River’s Housing:

Need for smaller, lower-cost housing near transit and urban amenities such as shopping and health care services.

Aging of the Millennials

Hood River’s population is younger than the State averages and Hood River has a larger share of people aged 20 to 39. Hood River’s ability to attract and retain Millennials will depend on availability of affordable owner- and renter-occupied housing.

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:



Implications for Hood River’s Housing:

Need for affordable owner and renter housing, especially in walkable neighborhoods.

Millennial incomes will increase as they age. They will need opportunities for affordable, owner-occupied single-family housing, such as cottages or townhouses.

Continued growth of the Hispanic/Latino Population

Hood River’s Hispanic/Latino population grew by more than 550 people (3%) between 2000 and 2013. Nationwide, the Hispanic/Latino population is predicted to be the fastest growing racial/ethnic group over the next few decades.

CHARACTERISTICS OF HISPANIC HOUSEHOLDS COMPARED TO NON-HISPANIC HOUSEHOLDS:



Implications for Hood River’s Housing:

Need for larger, lower-cost renting and ownership opportunities for larger households with more children and multiple generations.

Development Capacity

Definitions

Buildable residential land: Unconstrained suitable vacant and partially-vacant land designated for residential development.

Vacant land: Unconstrained suitable land designated for residential development.

Partially vacant land: Unconstrained suitable land with existing residential development that could support additional residential development.

Constrained land: Land that is not available for development based upon one or more factors such as environmental protections or lands committed for public use.

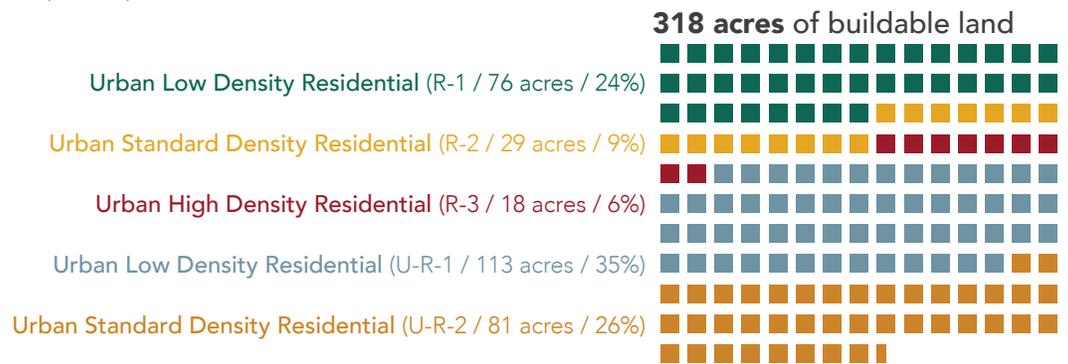
Capacity: Number of dwelling units that can be accommodated on buildable land at planned densities.

Housing density: Number of dwelling units in an acre of land, with 43,560 square feet to 1 acre.

Hood River has about 318 acres of residential land that is vacant or partially vacant. The majority of Hood River’s buildable residential land is in low density designations and in the urbanizing area between the city limits and the Urban Growth Boundary.

HOOD RIVER’S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY PLAN DESIGNATION, 2015

1 square represents 2 acres.



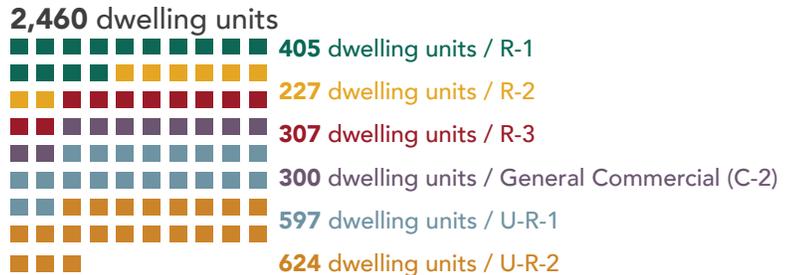
The capacity analysis estimates the number of new dwelling units that can be accommodated on Hood River’s buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way.

Hood River’s vacant and partially vacant residential land base, plus land in the General Commercial (C-2) designation, can accommodate 2,460 new dwelling units at historical development densities.

Capacity on Buildable Residential Land

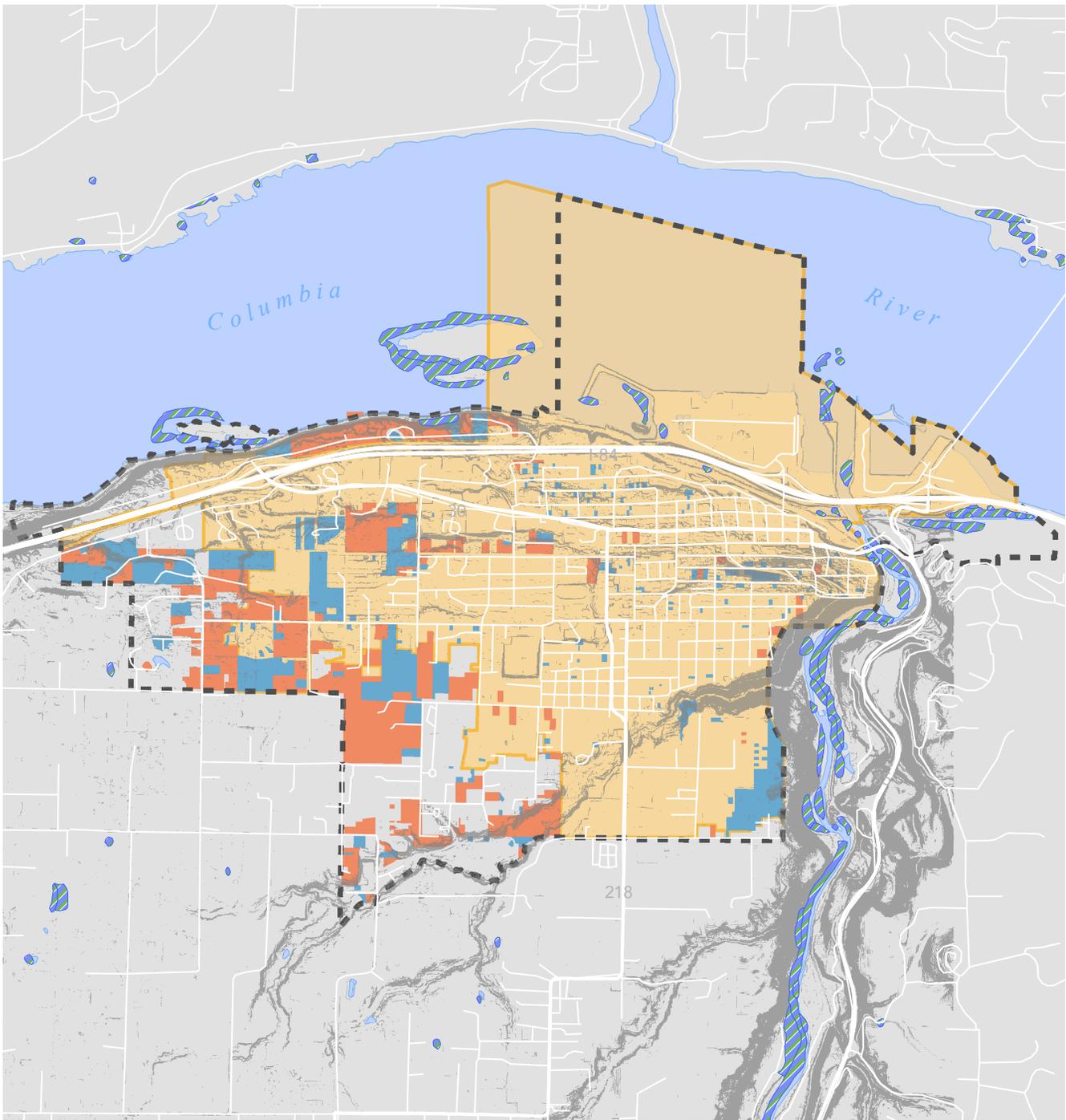
CAPACITY ON RESIDENTIAL LAND, BY PLAN DESIGNATION

1 square represents 30 dwelling units.



DENSITY ON HOOD RIVER’S RESIDENTIAL LAND BASED ON HISTORICAL DENSITIES, DWELLING UNITS PER GROSS ACRE



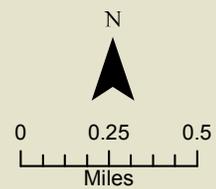


**Hood River Residential BLI
Vacant and Partially Vacant
Land by Development Status
with Constraints**

Hood River, Oregon

Development Status

- Partially Vacant
- Vacant
- Wetlands
- Slopes > 25%
- Hood River City Limits
- Hood River UGB, 2012



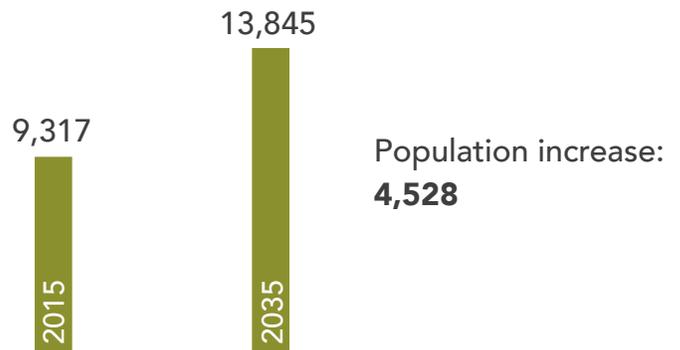
Accommodating Needed Housing

Hood River’s population is forecast to grow at 2% per year, adding more than 4,500 new residents.

Demand for Residential Land, by Housing Type

Hood River’s population growth over the next 20 years will affect the number of new households created and the demand for residential land. Hood River’s forecast for new housing is based on the forecast for population growth within the Hood River UGB. Using Hood River County’s population forecast as the basis, Hood River population will grow at a rate of 2.0% per year, adding 4,528 new people between 2015 and 2035.

FORECASTED TOTAL NEW POPULATION, HOOD RIVER UGB, 2015-2035



Hood River’s population growth will result in the addition of 1,985 new dwelling units between 2015 and 2035.

New population in Hood River will require 1,985 new dwelling units over the 20-year period. The analysis of housing affordability, the factors affecting housing need, and demographic changes suggests that Hood River needs more diverse and affordable housing types, including more small-scale single-family detached housing, townhouses, and more multifamily housing.

Comparison of Housing Capacity to Housing Demand

The last step in the Housing Needs Analysis is to compare the capacity of Hood River’s vacant and partially-vacant residential land with demand for housing by Comprehensive Plan designation. Hood River has enough land in its residential plan designations to accommodate growth of single-family detached and single-family attached (townhouses). Hood River has enough capacity in the Urban High Density and General Commercial designations to accommodate multifamily growth. This assumes that about 300 dwellings locate in General Commercial, on second and third stories of mixed-use buildings. Without residential development in C-2, Hood River would have a deficit of land for multifamily development.

The key findings of the housing needs analysis are:

- **Hood River’s policies generally comply with Goal 10, except for regulation of townhouse development.** Hood River’s zoning code only allows townhouses in R-2 and R-3, where they are a conditional use. Single-family attached housing is a needed housing type in Hood River and Goal 10 requires that needed housing types are regulated through clear and objective standards.
- **Hood River has limited opportunities for future expansion of the UGB.** While this project did not include consideration of a UGB expansion, the City has considered UGB expansion in the past. The City is surrounded by the Columbia River Gorge National Scenic Area and by farmland. Expansion in either of these areas will be extremely complicated and difficult.
- **Hood River has a limited supply of residential land for multifamily development.** Having enough land for multifamily development is important because multifamily housing is a comparatively affordable type of housing. Hood River’s residential land supply is essentially enough land to meet expected growth of new residents in Hood River over the next 20 years. Factors that may affect the City’s ability to accommodate residential growth are:
 - *Vacation rentals and secondary homes will require additional residential land for development.* The forecast for growth and sufficiency of land do not account for growth of short-term rentals and secondary housing.
 - *Timing of development of land will affect the availability of land for development.* About 60% of Hood River’s vacant residential land is in U-R-1 or U-R-2 and more than 65 acres are actively being used for agriculture. The supply of available residential land may become more constrained if landowners choose to delay development in these areas.
- **Hood River has an existing deficit of affordable housing.** Hood River’s housing prices, especially ownership prices, have increased substantially since 2000. The City’s policy options for providing opportunities to build affordable housing (both market-rate and government-subsidized affordable housing) are limited. The most significant way that the City can encourage development of housing is through ensuring that enough land is zoned for residential development, eliminating barriers to residential development, and providing infrastructure in a cost-effective way.
- **Hood River has a very limited supply of land for multifamily development.** Hood River has about 18 acres of vacant R-3 land and is able to accommodate much of the multifamily need on this land. Accommodating all multifamily growth requires assuming that some land zoned C-2 will develop with housing, as part of a mixed-use development. In the future, the City will need to use R-3 land as efficiently as possible and manage residential development in C-2 to ensure the long-term availability of land for employment uses.



Housing Strategy

The Housing Strategy addresses the key findings of the Housing Needs Analysis. The Housing Strategy presents the TAC's recommendations for policy changes to address the issues identified in the Housing Needs Analysis. These policy changes should be made over the next one to three years. Beginning in September 2015, City staff expect to begin working with the Planning Commission to implement changes to the land use code based on the direction of the Housing Strategy from the Planning Commission and City Council.

The Hood River Housing Strategy is organized into three broad strategic areas: increasing residential land use efficiency, regulation of secondary housing and short-term rental housing, and development of affordable housing.



Bell Tower in Wilsonville

Strategy I: Increase the efficiency of use of land within the Hood River UGB

The following recommended policy changes are intended to increase the capacity of Hood River's existing residential land base by increasing the efficient use of land. Using Hood River's residential land well is key to ensuring that Hood River has opportunities to grow from 2015 to 2035, and beyond.

Action 1.1: Identify land to rezone to allow additional multifamily development. This action will require that the City identify residential land to rezone for higher development densities, with the intention of providing more opportunities for development of moderate- and high-density multifamily housing. When selecting land to rezone, the City should focus on land that is vacant, along transportation corridors, in areas with current or planned water and wastewater service, in areas with current or planned access to retail and other services, and in a location that will not disrupt existing neighborhoods.

Action 1.2: Allow townhouses as a permitted use in R-2 and R-3. Townhouses are currently a conditional use in R-2 and R-3. To be in compliance with Goal 10, the City must adopt standards for townhomes in the R-2 and R-3 zoning districts that are clear and objective, and that do not restrict the development of townhomes through unreasonable cost or delay. The City can craft clear and objective standards that address community concerns about townhome development, such as their use for short-term rental housing.

Action 1.3: Reduce lot size in R-1 Zone to 5,000 square feet. This action would result in a change to Hood River's zoning code to allow 5,000 square foot lots, smaller than the existing minimum lot size of 7,000 square feet.

Action 1.4: Reduce lot size in R-2 Zone. This action would result in a change to Hood River's zoning code to set a new minimum lot size in R-2, such as 4,000 square foot lots or even 2,500 square foot lots.

Action 1.5: Revise Planned Unit Development (PUD). The purpose of changing the PUD ordinance is to make it easier to use and to encourage use of the ordinance by developers in Hood River.



Action 1.6: Develop a Cottage Code to allow development of denser single-family detached housing. This action would result in an ordinance that allows small single-family housing, often 800 to 1,300 square feet of built space, built in clusters around a common open space.

Action 1.7: Revise Accessory Dwelling Units (ADUs) ordinance. This action would continue the City's ongoing revision of the existing ADU ordinance.

Strategy 2: Regulate and manage secondary and short-term rental housing

The following recommended policy changes are intended to regulate and manage secondary and short-term rental housing in Hood River.

Action 2.1: Enhance the existing system for licensing and permitting short-term rental housing. The purpose of this action is to enhance the City's existing licensing and permitting system, tailored to Hood River's needs and preferences. This action would result in the following changes to Hood River's policies:

- Action 2.1A. Establish a fee for short-term rental permitting.
- Action 2.1B. Develop a system for inspections of short-term rental housing.
- Action 2.1C: Develop City guidelines for short-term rental housing management about occupancy, garbage collection, parking limitations, and other relevant issues.
- Action 2.1D: Require a local contact for short-term rentals.

Action 2.2: Monitor changes in the number and character of short-term rentals and revisit options for regulation or other limitations on short-term rentals in one year. The City will monitor the number of short-term rental units and secondary houses in the City and report the findings of this monitoring annually to the City Council. In one year (Fiscal Year 2016 to 2017), at the direction of the Council, the City may consider additional options for the regulation or limitation of short-term rentals.



Strategy 3: Develop affordable housing

The following recommended policy changes are intended to encourage development of market-rate and government-subsidized affordable housing in Hood River.

Action 3.1: Identify publicly-owned properties that could be used for affordable housing and partner with the Mid-Columbia Housing Authority to develop affordable housing. The City and County should identify surplus properties, work with the Mid-Columbia Housing Authority to evaluate whether these properties are suitable for affordable housing development, and determine the best way to proceed forward with developing affordable housing on these properties.

Action 3.2: Establish a policy that notifies and allows local governments or qualified nonprofits the right of first refusal on surplus or tax delinquent private properties. This action would ensure that local agencies involved with affordable housing development would have an opportunity to purchase publicly owned surplus or tax delinquent properties for affordable housing development.

Action 3.3: Reduce parking requirements for affordable or multifamily housing. The purpose of this action is to reduce development costs where that reduction in costs will directly result in the development of housing with lower than average rents, such as government-subsidized housing. This policy may be one that the City chooses to implement selectively, such as affordable senior housing.

Action 3.4: Use Tax Increment Financing in the Heights Urban Renewal area to support government-subsidized and market-rate multifamily housing development. As the City amends the Urban Renewal Plan for the Heights, the City should consider including urban renewal projects that support development of government-subsidized and market-rate multifamily housing.

Action 3.5: Work with a nonprofit to develop a community land trust to support development primarily of owner-occupied housing. The City's role in a community land trust would be to work as a partner with a nonprofit, who would lead the development and management of housing to ensure that housing remains affordable over a long period of time.

Action 3.6: Identify sources of funding to support government-subsidized affordable housing development. Hood River does not currently have funding to support affordable housing development. This action would direct the City to identify sources of funding to support affordable housing development.

Action 3.7: Develop a tax abatement program, such as the multiple-unit limited tax exemption program, to promote development of affordable and market-rate multifamily housing. The purpose of this action is to provide an incentive for development of government-subsidized and/or market-rate multifamily housing.

Action 3.8: Develop a program to defer systems development charges for affordable housing development. The purpose of the policy is to defer payment of systems development charges (SDC) through financing SDC payments over time, making it easier for developers to pay for projects by reducing upfront costs.



Hood River Economics of Housing Market Frequently Asked Questions

June 2020

Prepared for: City of Hood River

ECONorthwest

ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

As conversations continue about long range growth management policy, the City of Hood River is increasingly hearing questions from community members, civic and institutional leaders, and others regarding how the economics of the regional and local housing market affect the City's current and future supply and affordability of housing. These stakeholders have observed that demand for housing in Hood River outstrips available supply and home prices have risen rapidly. Meanwhile, adding developable land is challenging, given that Hood River is surrounded by the Columbia River and Columbia Gorge National Scenic Area.

In this context, what policies can Hood River consider to support the development of a range of housing types at different price points that match residents' income? Furthermore, how can production of housing play a role in post-COVID-19 economic recovery.

Questions addressed in this FAQ:

This FAQ will address two broad housing market economic topics affecting Hood River:

Factors affecting housing demand:

- What factors influence Hood River's growth and housing market? Will they change over time?
- What might Hood River look like in the future if current development patterns continue?

Effects of housing production:

- How can Hood River increase housing supply to positively impact housing affordability?
- What impact does allowing increased development capacity have on the housing market?
- What's the relationship between SDC's and housing prices?

1. Factors Affecting Demand for Housing in Hood River

What factors influence Hood River’s growth and housing market?
How might those factors change over time?

Hood River’s economy and population is growing. Between 2014 and 2018, Hood River County’s annual wage increased 5.5 percent — the largest increase of all counties in Oregon¹. During this same time period, median household income rose 14 percent². Wage and income growth are strong evidence of the general economic growth that has increased business productivity, personal income, and economic diversity in Hood River.

At the same time, however, median housing prices across all housing types have risen 41 percent, a much larger increase than median incomes or wages³. Housing prices have increased for a variety of interconnected reasons, but primarily because **housing production has not kept pace with demand**. The moderate low supply of housing⁴ has created a shortage of housing that has consequently increased demand and housing prices. While average incomes have grown, so have **wage disparities: the gap between high-income earners and low-income earners has grown**. This exasperates the need for housing that is affordable to a wide range of incomes at the same time that housing production, when it has occurred, has met the needs of only the highest income earning residents. This also makes the existing housing stock less affordable to current residents.

One of the challenges to producing more housing in Hood River is the **availability of land**. For a variety of reasons, expanding Hood River’s Urban Growth Boundary (UGB) will be very difficult. Hood River is surrounded by the Columbia River Gorge National Scenic Area and by farmland which will make expanding its UGB extremely difficult. A UGB expansion process for Hood River could take years to be approved; this long lead time creates challenges for policy to be responsive to growing housing needs.

Housing supply constraints such as the **high cost of labor, high land prices, and tightened financial lending standards from banks** have all contributed to higher development costs. As a result, housing has been underbuilt relative to population growth in the past decade. Even in the nation’s fast-growing metro areas, new housing construction is not keeping pace with demand.

¹ Oregon Office of Economic Analysis. County Wage Growth (Map of the Week). Available from: <https://statelibraryclips.wordpress.com/2019/09/06/county-wage-growth-map-of-the-week/>

² ECONorthwest Analysis. American Community Survey, 2009-2014; 2013-2018 5-year estimates, Table XXX or the City of hood River.

³ ECONorthwest Analysis of housing appreciation, Hood River County Assessor’s Office

⁴ Hood River had a vacancy rate of 6% during the 2013-2017 period, compared to 4% in Oregon

The rise in the number of **second homes** has further decreased the availability of new and existing homes. As housing prices increase and the number of housing units that are affordable decrease, people are pushed to find housing that is affordable to them elsewhere. Increasingly, Hood River’s workforce is locating and relocating in other counties or nearby smaller towns where housing is more affordable and traveling further away to continue working in Hood River.

The COVID-19 pandemic has pushed us all into uncharted territory. While it remains unclear how, it will certainly affect housing need and demand in Hood River. Claims filed for unemployment assistance have hit previously unknown heights. Just as in past crises, we know that our lowest-income and historically marginalized communities are likely to experience the worst impacts. Stable housing is needed to stop the spread of COVID-19. However, **changes in employment security lead immediately to housing insecurity for many, and those without housing face even more dire circumstances.**

We are only just beginning to understand how COVID-19 and social distancing might impact housing markets and what opportunities recent federal and local crisis response funding might create. We see three phases of this crisis: (1) the shutdown; (2) the reopening, and (3) the recovery. Oregon is now in the reopening phase, but the pandemic continues. Broadly, ECO has observed several key trends related to the pandemic:

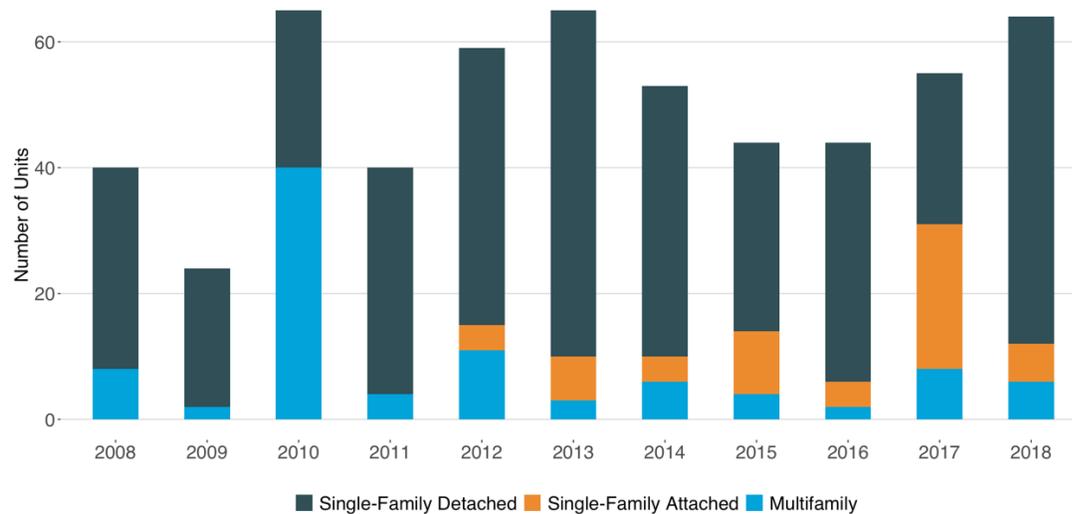
- In the shutdown phase, it appears that the combination of policy decisions and federal relief funding through the [CARES Act](#) may provide substantial relief for renters and homeowners.
- Oregon’s eviction moratorium will stabilize some households for the time being, and protect some multifamily property owners.
- During the shutdown period, we expect current and new construction starts to slow or stop.
- While interest rates are low, financial markets—including secondary mortgage markets where residential mortgages are packaged, bought, and sold—[are in turbulence](#).
- Protections in place for home owners and renters are limited, temporary, and do not address back-debt.

It is unclear at this point what the longer-term impacts will be on housing markets and housing production. Our view is the impacts will be contingent on the depth and duration of the pandemic, the continuation of federal support for the unemployed, and the nature and amount of federal and state subsidy to support rebuilding the economy.

What might Hood River look like in the future if current development patterns continue?

Single-family detached homes make up the largest share of new housing development since 2008 (Exhibit 1). This housing type is increasingly unaffordable to most residents and people who work in the City. Without changes to development policies, affordability and land supply challenges will continue and intensify further.

Exhibit 1 Hood River Recent Development Trends, 2008-2018



Source: City of Hood River Permitting Database

Note: Multifamily is separated into two subgroups of attached structures other than single-family detached units, manufactured units, or single-family attached units. The two subgroups are defined as (1) duplexes, triplexes, and quadplexes; and (2) multifamily buildings with five or more units.

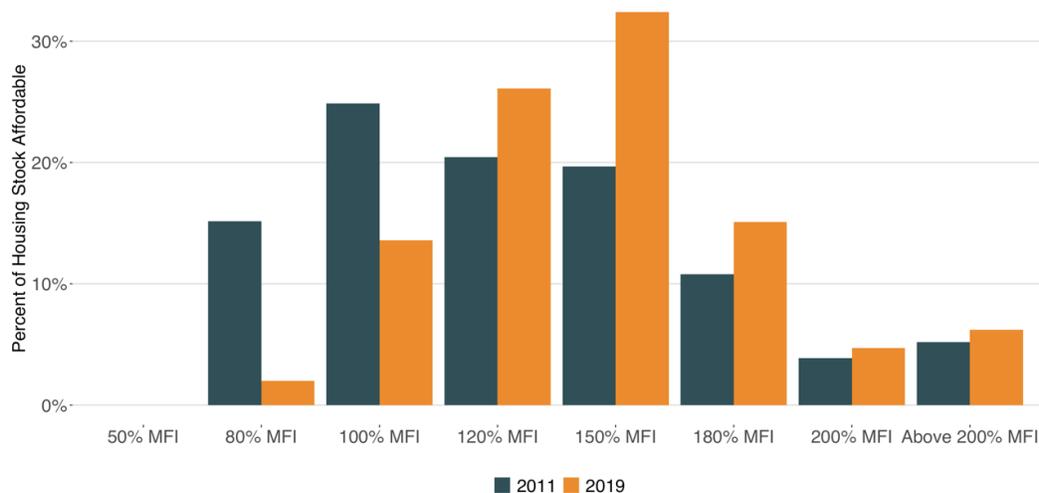
Between 2011 and 2019, the median home sales prices increased 41 percent, or \$148,000, across all housing types in Hood River⁵. In comparison, between 2011 and 2019, median incomes across the county increased 27 percent, or \$16,000. **Home sales prices are rising far more quickly than incomes.** New housing construction is predominantly marketed to households with higher incomes who can afford to purchase single-family detached and secondary homes. This buying power of higher income households is driving the changes in affordability across the City.

Exhibit 2 below shows how increases in home prices has decreased housing affordability over time. **Housing affordability has decreased for families making 100 percent or less of MFI** between 2011 and 2019. In 2011, 40 percent of the housing stock was affordable to families making 100 percent or less of median family income (MFI). In 2019, only 15 percent of the housing stock was affordable to the same families making 100 percent or less of MFI. Housing affordability has brought changes to Hood River, for example:

⁵ Zillow Research. Inventory, listings, and sales. Available from: <https://www.zillow.com/research/data/>

- **More of Hood River’s housing stock is now second homes.** The percent of second homes have increased to 6.4 percent in 2019, up from 4.2 percent in 2014⁶.
- **New residents have more buying power and demand different types of housing.** More than half of new Hood River County residents are from out of state, and on average earn about 18%, or \$11,753, more than county residents⁷.
- **Hood River increasingly imports its workforce.** Only 23 percent of Hood River’s workforce lives in the City limits. The rest of the workforce lives in Hood River County and other neighboring counties in Oregon and Washington. As prices rise, people have to commute farther to work in Hood River
 - **Hood River is increasingly becoming an affluent community.** Demographic changes have shifted toward increasingly older residents with higher incomes and a fewer workforce of working age.

Exhibit 2 Housing Affordability Change, 2011 to 2019



Source: ECONorthwest Analysis of Assessed Real Market Values; Hood River County Records and Assessor Office, 2019; HUD MFI, 2019

Note: the chart x-axis indicates the income range of median family income (MFI) in Hood River (100% MFI represents the median county household income). The y-axis represents the percentage of housing stock that is affordable to families in a specific income range.

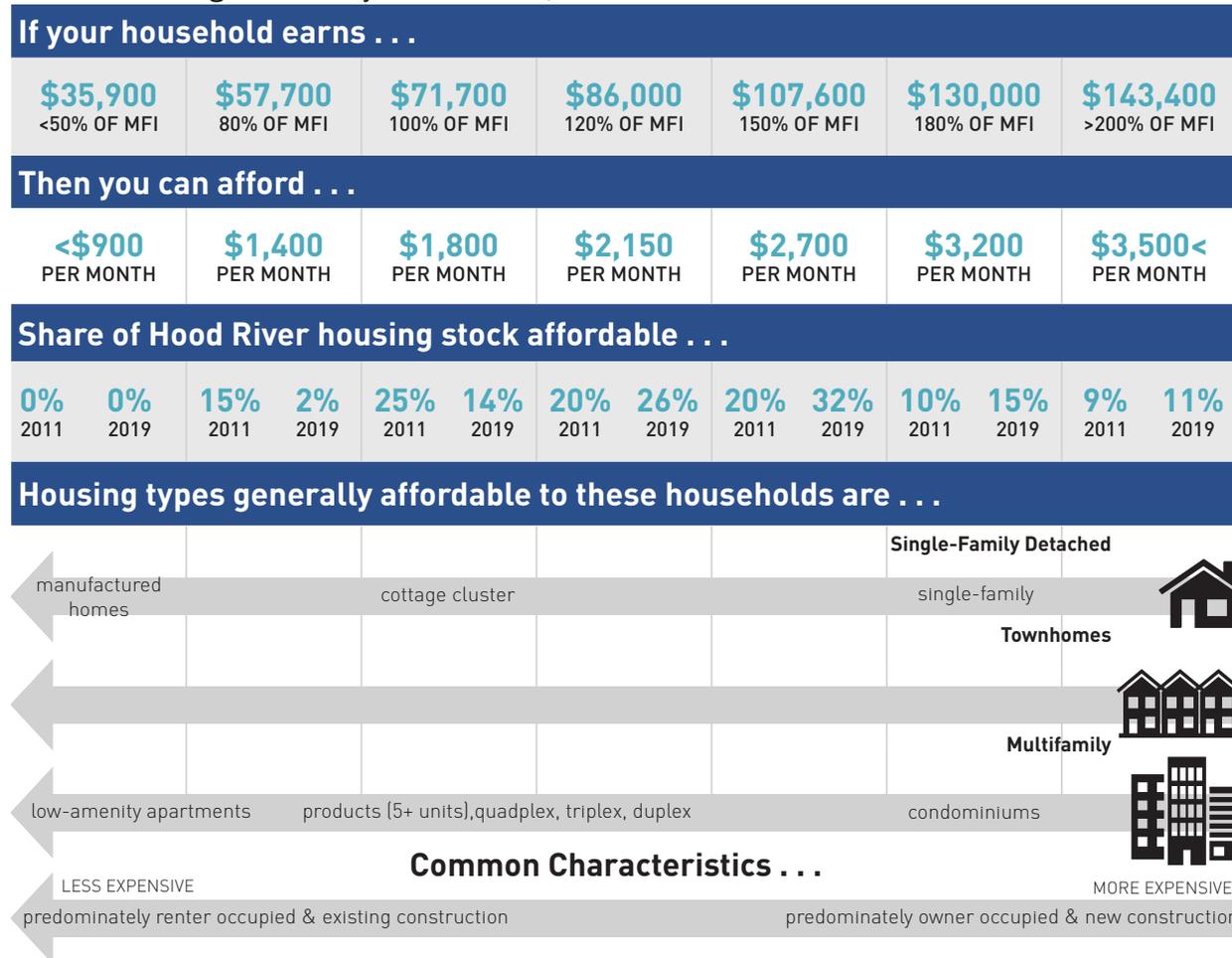
Exhibit 3 below, illustrates how much a household in Hood River can afford to pay for housing and the type of housing that is typically affordable to households with different income levels. In general, households on the lower-end of the income scale can typically afford to pay less for housing than those making 100 percent or more of MFI and the type of housing affordable is predominately renter occupied such as apartments or lower-costs ownership housing like manufactured homes. In contrast, households earning 200 percent or more of MFI can afford to pay more for housing and have a greater number of housing types that they can afford. For

⁶ City of Hood River.

⁷ IRS data for Hood River County.

example, these higher earning households can afford newer construction single-family homes and condominiums, including older housing stock affordable to households with lesser incomes. In a housing market with relatively low new housing construction, higher income households can put downward pressure on other housing types that would be affordable to households with lesser income and increase demand and housing prices.

Exhibit 3 Housing Affordability in Hood River, 2020



Source: ECONorthwest, HUD MFI 2020

Note(s): 1. MFI is based on HUD 2020 MFI income limits for Hood River County.

2. Affordability is calculated based on a household should not pay more than 30% of their income on housing costs.

To understand what affordability could look like in the future, we developed an affordability projection model that estimate what percentage of Hood River’s housing stock will be affordable at different income ranges. Exhibit 4 below shows the projected affordability in 2028.

Housing Stock - refers to all housing units within a geographic area and are not necessarily up for sale currently.

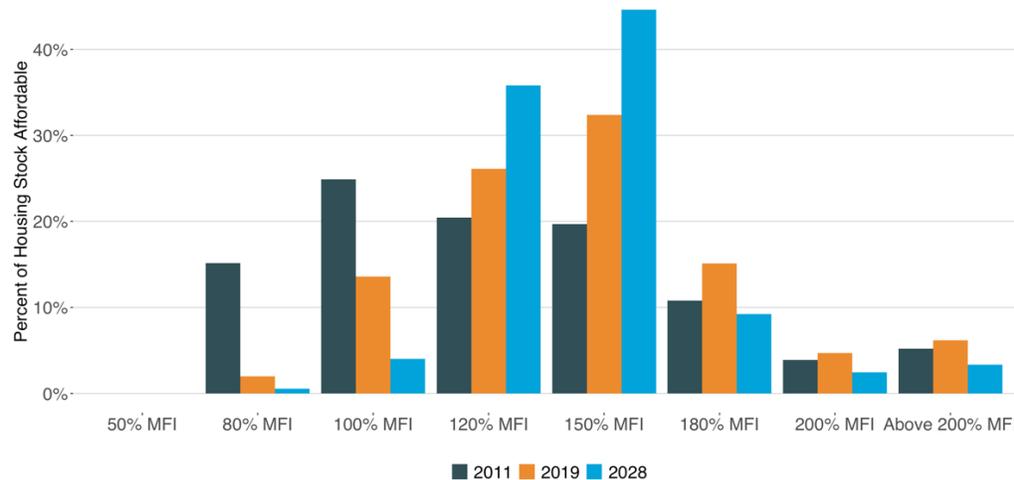
By 2028, if current housing market trends continue, **5 percent of the housing stock will remain affordable to households making 100 percent or less of MFI**, compared to 15 percent in 2019. In the long run, the only way to slow rising home prices and affordability issues is to add housing stock to match household growth. **Without more units available in Hood River’s market, housing will continue to be increasingly unaffordable**, creating a **growing need for highly priced subsidized affordable units**, and **driving workers to live farther and farther away from Hood River**. The current development patterns in Hood River are unsustainable. Hood River had just enough land to accommodate 20 years of growth⁸. Without policy changes, Hood River will face a limited land supply to build and have greater housing affordability issues.

Affordability Projection Model

our model takes into account assessed home values and home appreciation percentages between 2011-2019 to forecast housing affordability. This is a conservative model knowing that home sale prices on average are about 20 percent higher than assessed home values.

Using inputs from development patterns from building permits, home value appreciation, and housing affordability changes since 2011 in Hood River, we developed a projection model that can estimate how housing affordability might look like 8 years from now. Furthermore, our model assumes incomes increasing (at the rate they were) and a status quo development pattern and permitting continuing. These assumptions mean that there will be the same number of housing units constructed yearly, and the same housing construction type of predominantly single-family detached homes

Exhibit 4 Projected Housing Affordability, 2028



Source: ECONorthwest Analysis of Assessed Real Market Values; Hood River County Records and Assessor Office, 2019; HUD MFI, 2019

Note: the chart x-axis indicates the income range of median family income (MFI) in Hood River (100% MFI represents the median county household income). The y-axis represents the percentage of housing stock that is affordable to families in a specific income range.

⁸ Update on Housing Market & Demographic Changes in Hood River: 2015 to 2019

2. Effects of New Housing Production

How can Hood River increase housing supply to positively impact housing affordability?

Building new housing supply, even if it is priced at the high end of the income distribution, can have two important impacts on Hood River's local housing market.

First, building new housing in the high-market segment can keep higher income households from moving down-market and bidding up the price of older housing that would otherwise be affordable to middle- and lower-income households. When there is not enough supply in the high-end of the market segment, demand from higher income households manifests in older housing stock, increasing the demand and prices while further crowding out housing options for lower income households.

Second adding new high-priced housing will, over time, increase the supply of housing that is affordable to middle-income families as the housing stock ages and becomes more affordable. As higher income households move into newer more expensive housing units, the vacated units at lower prices become available, in addition to the steady depreciation of all homes in the market.⁹

Building new market-rate housing alone cannot solve housing affordability issues across all income levels. **Subsidized affordable units** will need to be part of Hood River's solution for the City's lowest-income earners, because the housing market will not produce units at these price points. In all housing markets, the lowest-income households face challenges of cost burdening (often spending 50% or more of their income housing) that require public funding. Subsidies such as housing vouchers for renters or tax credits for developers can help bridge the gap. The City needs to take a proactive role in ensuring that its most vulnerable households can still afford to live and work in the City by partnering with local housing service providers and developers and state entities.

⁹ Rosenthal, Stuart S. 2014. "Are Private Markets and Filtering a Viable Source of Low-Income Housing? Estimates from a "Repeat Income" Model." *The American Economic Review* 104(2): 687-706.

Muth, R. 1972. "A Vintage Model of the Housing Stock." *Regional Science Association* 30: 141-56.

Sweeny, James L. 1974. "A Commodity Hierarchy Model of the Rental Housing Market. *Journal of Urban Economics* 1: 288-323.

Additionally, **middle housing development** is a key strategy for achieving a supply of units that are more affordable to more people. Middle housing development is a mix of residential housing types where the size and number of units fall in between a traditional single-family house and a multifamily apartment building and are compatible in the look and feel with single-family detached homes. Middle housing units are generally smaller, making them more affordable than larger detached units, while requiring less land than current stock of detached housing units.

Even before the COVID-19 pandemic, there was a lack of affordable housing across all income levels, and now it has made housing ever more critical. COVID-19 has had an impact on the production of housing which include construction delays as a result of supply chain interruptions, construction slowdowns, and the inability to issue inspections or permits. These delays will keep housing developers from meeting critical deadlines and will likely increase costs, keeping badly needed housing units from being completed and causing serious business sustainability issues for organizations developing homes.

Building more housing should be a cornerstone of Hood River’s response to the unfolding economic crisis. Increasing housing production can better meet housing need that existed even before COVID-19 struck. Additionally, housing production could reduce the depth to which the City’s economy slows down. Building more housing employs people in construction jobs (including those along the supply chain). It also adds to the City’s tax base and could also help lessen the tax revenue short falls that several local governments are experiencing during the COVID-19 pandemic crisis.

What is Middle Housing?

Middle housing varies in the number of housing units that it contains; however, they are compatible in the look and feel with single-family homes.

Middle housing types include:

- Townhomes
 - Cottage Cluster
 - Duplex
 - Triplex
 - Fourplex
-

What impact does allowing increased development capacity have on the housing market?

Due to geographic constraints and other land use regulations, the amount of land available to build new housing is and will continue to be limited throughout the region. In Hood River's land use context, increasing the buildable capacity of land is a necessary first step toward increasing housing supply, and creating the financial feasibility of new housing types without expanding outside City limits (UGB). Increasing buildable capacity of land means allowing more units per residential lot (or designating land for residential use that previously did not allow it).

Increasing entitlements also provides a pathway for middle housing to be built. The price of land, the cost to build housing, and what the market is willing to pay for housing all factor into the financial feasibility of what type of housing gets built. If the cost of land is low enough that developers can meet required rates of return, then they will build it. In a housing market where land prices are high, increasing the number of units that can be built on a single lot can lower the cost of land per unit, and ultimately the completed unit's market price – compared to a newer traditional single-family house. Increasing buildable capacity of land can also provide other benefits such as creating more walkable areas, and supporting neighborhood amenities like transportation, retail, parks, and schools.

Getting more housing through increasing buildable capacity of land can vary significantly across different geographies. For example, if a neighborhood is zoned to allow a ten-story building, but demand can only support a two-story building, the result is that developers will only construct a two-story building. As a result, changes to zoning entitlements alone might not be enough to increase the number of housing units, especially affordable units, that the City needs or would like to build. Appropriate policies will need to be developed that incentivizes and/or provides subsidies to allow for affordable housing units built. For example, zoning entitlements can be tied to income restrictions to ensure that new units are affordable to households who work in Hood River but cannot afford to live in the City.

One common concern attributed to increasing the entitlements on a parcel of land is that it will increase the speculative value of land, therefore making it more difficult to build new units, or will result in the creation of wealth for the current landowner. There are several considerations that mitigate the potential for land speculation:

1. Increasing the total value of the land may not increase the cost per unit. Therefore, higher land prices do not necessarily reduce the financial feasibility of adding new units.
2. Without increasing development capacity, prices of land will continue to increase as demand is greater than the supply of units. The counterfactual should always be

Zoning Entitlements Influences Development in Two Ways:

1. It limits land use by separating residential, commercial, industrial, and agricultural zones from one another.
 2. It directs physical built form by prescribing the size of a building, often by setting maximums in terms of height, lot coverage, density, and occupancy, and minimums in terms of unit size, setbacks and parking.
-

considered when discussing policy changes—in this case, it is possible land prices could increase less than they would have otherwise, absent the increase in buildable capacity.

3. Through voluntary incentive policies, additional capacity can be permitted, but need to be purchased through a transfer of development rights program, thereby mitigating the speculative value of the land. Alternatively, additional capacity could be granted at no charge through an inclusionary housing policy that provides development capacity in exchange for producing a rent/price regulated unit.

What’s the relationship between SDCs and housing prices?

Successful housing developers must balance three financial variables: land price, cost of construction, and the market price of housing. The price of land, the cost of building housing, and what the market is willing to pay for housing all factor into the financial feasibility of what housing type developers can build while making a decent return on their investment.

Because SDCs are one-time fees, they are viewed as costs by developers and added to a developer’s budget for construction costs. The primary effect of an SDC and an individual development project is as an added cost to construct the project. In the terms of economics, prices change in response to changes in factors of supply and demand, and SDCs affect primarily the supply (cost) side of the that relationship. They can, however, affect the demand side to the extent that they lead to the building of better infrastructure that provides better services that businesses and housing consumers are willing to pay for—for example sewer compared to septic, or the addition or improvement of a local park.

Reducing the cost of building housing through lowering SDCs does not directly translate to lower housing prices. The price of housing is influenced by demand relative to supply. In a market where demand is high and the cost of building is lower, housing prices will still remain high due to the demand for housing and consumer’s willingness to pay. The effect of reducing SDCs will increase the probability of development – especially middle housing – to achieve financial feasibility because of lower construction costs.

The key when understanding the impact of an SDC on the amount of development is to understand the incidence of the fee—that is to say who pays for the fee—the landowner, the developer, the buyer. The incidence rarely is absorbed entirely by one party, however, the share of who pays varies based on local market conditions and the type of development.

One key distinction in the incidence of the SDC is for single-family homes compared to apartments. For a single-family home developer, they have the option of building more square feet when not constrained by density limits. If they do not change the bedroom and bathroom count, presumably that would not change the SDC amount. In doing so, they are able to decrease the impact of a fixed fee SDC over more square footage, thereby reducing the impact

What are SDCs?

In general, System Development Charges (SDCs) is a one-time fee on new construction or additions imposed by cities and towns. SDCs are an important funding source for cities and towns to pay for new infrastructure.

and increasing the ability to pass on the fee to the buyer. The implication of this is that there is an incentive to increase the price of new homes as SDCs increase. There are three possible market impacts that follow:

1. The market preferences and ability to pay for higher price homes are present, and developers will deliver homes that have higher prices and therefore less affordable to the broad market.
2. The market demand does not support higher price homes, therefore the supply of new construction is decreased.
3. The landowner decreases the price of the land and incurs the full incidence of the increased SDC. In order for this to happen, the lower land price must be a higher and better use than the current use of the property.

Conversely, for apartment development, the incentive structure does not apply in same manner. The relationship between apartment size and rent is non-linear—that is to say as you increase the size of the apartment, the per square foot rent decreases.¹⁰ Developers would be worse off building larger units, so there is not the same ability to distribute a higher fixed SDC and pass it off to the tenant. Therefore the incidence of the SDC is more likely to be paid by the landowner or developer.

¹⁰ Another constraint is that apartment developments are more likely to be constrained by height and FAR limits, so they can not increase the size of the development.

Housing Production Strategies Guidance for Cities

Oregon Administrative Rules (OAR) Chapter 660, Division 8 Exhibit B

Updated November 23, 2020

To assist cities in the creation and drafting of their Housing Production Strategy Report in compliance with OAR Chapter 660, Division 8, the Department of Land Conservation and Development (DLCD) provides this guidance document of Housing Production Strategies a jurisdiction could employ to facilitate housing production in their community. The document contains a list of Strategies organized into seven categories. Each Strategy will include a brief description and an overview of its intent and purpose. Each Strategy also includes a projection of its expected impact by housing tenure and by income bracket.

As the city prepares a Housing Production Strategy Report, the city may, but are not limited to, select specific Strategies listed in this document that work best for their community and that address their identified housing needs. The jurisdiction would simply reference the Strategy number (i.e. B6) when describing the adoption, implementation, and expected magnitude of impact of each Strategy in their Report. If the jurisdiction has a strategy that is not listed they would propose this under Category Z.

This guidance document is intended to be curated and updated by DLCD over time but is not meant to be comprehensive. The Department will add, remove, and adjust Strategies in this guidance document as cities across Oregon draft and implement Housing Production Strategies in the future. If you have questions about how to use this document or the information within, or if there are Strategies that you feel should be included but are not, please send an email to housing.dlcd@state.or.us.

Housing Production Strategy Categories:

The categories contain tools, actions, or policies that are intended to:

1. Reduce financial and regulatory impediments to develop Needed Housing;
2. Create financial and regulatory incentives for development of Needed Housing;
3. Leverage access to local, state, and federal resources; and
4. Allow cities to customize innovative and unique Housing Production Strategies.

Category A	Zoning and Code Changes	These are Strategies that a city can take to proactively encourage needed housing production through zoning and code modifications. These Strategies may also include regulations to ensure housing goals are met.
Category B	Reduce Regulatory Impediments	These Strategies address known impediments to providing needed housing. These include, but are not limited to, process, permitting, and infrastructure impediments.
Category C	Financial Incentives	These are a list of financial incentives that cities can offer to developers to encourage them to produce Needed Housing.
Category D	Financial Resources	These are a list of resources or programs at the local, state, and federal level that can provide for housing projects. The majority of these resources are intended to provide money for subsidized affordable housing projects.
Category E	Tax Exemption and Abatement	These are a list of tax exemption and abatement programs that are intended to encourage developers to produce housing.
Category F	Land, Acquisition, Lease, and Partnerships	These are Strategies that secure land for needed housing, unlock the value of land for housing, and/or create partnerships that will catalyze housing developments.
Category Z	Custom Options	Any other Housing Production Strategy not listed in Categories A through F that a city wishes to implement will be outlined in this section and numbered accordingly.

Equitable Outcomes Note: Some of the strategies may not create an overall housing production increase however, they do increase or maintain housing for a specific affordability target or population.

Caution Note: Jurisdictions should be careful when picking strategies to ensure that housing strategies together in their aggregate do not work to suppress the overall supply of housing production.

Category A: Zoning and Code Changes

These are Strategies that a city can take to proactively encourage needed housing production through zoning and code modifications. These Strategies may also include regulations to ensure housing goals are met.

#	Strategy	Description	Affordability Target	Tenure Target	Source (if available)
A1	Ensure Land Zoned for Higher Density is not Developed at Lower Densities	This strategy will work to establish minimum density standards, updating development codes to prohibit new single-family detached housing in high density zones, and allow single-family detached homes in medium density zones only if they meet minimum density or maximum lot size requirements.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Morrow County HNA, 2017
A2	Zoning Changes to Facilitate the Use of Lower-Cost Housing Types	In many cities, towns, and counties, changes to local zoning policies can help to facilitate the development of lower-cost housing types, such as Accessory Dwelling Units (ADU's), manufactured homes, multifamily housing, micro-units, or single-room occupancy developments. Changes to local zoning policies can also help to facilitate the development of safe overnight sheltering options for unhoused residents, such as Safe Park programs, Conestoga Hut Micro-shelters, sleeping pod micro-shelters, and others. To increase the likelihood the market can produce lower-cost housing types, it is important to make them allowable as of right in all locations and neighborhoods. If not, still provide flexibility in zoning code to still issue variance or conditional use permits that allow deviations from existing regulations on a case-by-case basis.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingolutions.org/act/housing-policy-library/zoning-changes-to-facilitate-the-use-of-lower-cost-housing-types-overview/zoning-changes-to-facilitate-the-use-of-lower-cost-housing-types/
A3	FAR, Density, or Height Bonuses for Affordable Housing	FAR, density, and height bonuses for affordable housing developments. Note: FAR/density bonuses may not be sufficient if there is not adequate height to make additional development feasible.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
A4	Housing Rehabilitation Codes	Housing rehabilitation codes (or rehab codes) are building codes designed to reduce the costs of renovating and rehabilitating existing buildings, thereby facilitating the continued availability and habitability of older rental housing and owner-occupied homes. This is especially helpful to facilitate conversion into multiplex housing.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingolutions.org/act/housing-policy-library/housing-rehabilitation-codes-overview/
A5	Code Provisions for ADUs	ADUs are smaller, ancillary dwelling units located on the same lot as a primary residence. They are typically complete dwellings with their own kitchen, bathroom and sleeping area. Given that there is great potential for ADUs to be built by individual homeowners with limited experience or financial resources, code provisions can have a significant influence on the feasibility of their development and enable more widespread production. For example, easing occupancy requirements, allowing more ADUs on a lot, and expanding maximum size requirements. Certain building and development code regulations can inadvertently drive up ADU construction costs. More flexibility in siting, design, construction and lower fees are also needed to achieve feasibility in many cases.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	http://www.ci.the-dalles.or.us/sites/default/files/imported/public_docs/PDFs/the_dalles_housing_strategies_report_final.pdf
A6	Broaden the Definition of Housing Type	Broaden the definition of "housing unit" to allow for more flexibility across use types. For example, SROs are not always allowed in certain residential zones. Including them in the definition of housing unit, or broadening the set of uses allowed across all residential districts, would allow for greater flexibility of housing type.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
A7	Allow for Single	Allow for SRO, Adult Dorms, and Cohousing in all residential zones. Note: SROs may be favored due to their	Publicly-Subsidized (< 30% AMI)	For Rent	-

	Room Occupancy in Residential Zones	ability to serve more people for less cost; it is not always a better housing type for all populations. Considerations should be given to ADA accessibility when planning SROs.	Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Sale	
A8	Promote Cottage Cluster Housing	Cottage clusters are groups of relatively small homes typically oriented around shared common grounds with 4-14 homes typically between 1,000-1200 square feet in size. By further defining cottage cluster design and development standards, housing code can effectively address a predictable process for developers, and potentially encourage greater production for this housing type. Some examples may include: allowing for a wide range of sizes and attached/detached options for housing; not specifying ownership structure so that both renters/owners can live on the same cluster; ensuring that minimum site size, setbacks and building coverage requirements do not prohibit cottage cluster development on smaller lots; draft design requirements that ensure neighborhood compatibility, and efficient use of land, but are not so specific as to restrict the ability to adapt to varying neighborhood contexts. Other ideas include: uniformed codes, form-based codes, and allowing shared underground infrastructure when practical (e.g. sewer lines from each cottage can connect to one main that runs out to street, rather than 8 parallel lines out to street).	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of The Dalles Housing Strategy Report, April 2017
A9	Short-Term Rentals Regulations	Short-term rentals can be seen as an investment strategy for small investors, but can also remove rental housing supply from the market, in effect driving up rent from the local housing market. To avoid this effect, regulations can include definitions for various forms of short-term rentals, defining use, and occupancy standards, and even adding limits to the number of days that a short term rental can be in operation in order to mitigate their impact on the local housing market. Short Term Rental Regulation should begin with/include registration requirements for all short term rentals.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Morrow County HNA, 2017
A10	Inclusionary Zoning	Requiring that a portion of the units within a market rate development be set aside as affordable housing. This tool will often be combined with property tax exemptions, fee waivers, or development bonuses to offset the cost of affordable housing units. Careful consideration should be employed when enacting inclusionary zoning. Note: A number of studies, including those analyzing the IZ Ordinance in Portland, have shown that IZ suppresses, rather than increases, the creation of new housing. Given that, if IZ is proposed, the financial components need to be calculated right to ensure that the inclusionary rate is not too high for the offsets provided and that overall housing production increases as a result.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
A11	Add Restrictive Covenants to Ensure Affordability	Adding restrictive covenants to ensure affordability over time at a certain income level for affordable housing developments. Restrictive covenants are usually placed on a property in exchange for a local or state government providing financial contribution to the project. These covenants work best over the short-term (up to 30 years); after that they become unable to accommodate changed circumstances.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
A12	Align Lot Division Density with Zoning Density	Sometimes there are conflicting regulations between the density that is allowed by the zoning code versus the density that is allowed when lot division (for fee-simple lots) is considered. This can cause unintentional reductions in density, only caused by the fact that the developer would like to create for-sale housing on fee-simple lots. Ideally, the densities would be aligned, so there is not a density reduction between - condominium versus fee-simple developments.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
A13	FAR & Density Transfer Provisions	Enable and encourage Transfer of Development Rights (TDR) to maximize available Floor Area Ratio (FAR) provided public benefit (e.g. historic preservation & affordable housing) are attained and covenants ensure long term benefit. This strategy assumes that there are adequate, realistic, and relatively easy receiving areas for TRDs.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
A14	Re-examine Requirements for Ground-floor	Critically re-assess requirements for ground floor retail; lively streetscape is a worthy goal, but not for every street. Jurisdictions can inadvertently impose massive costs on developers by requiring ground floor retail and commercial space even when it's unlikely to be fully occupied or generate nearly enough revenue to pay for	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI)	For Rent For Sale	City of Bend

	Retail/Commercial	itself. Ground floor uses should be driven by market demand; with residential use more beneficial to meet needed housing in some cases (eg. affordable housing).	Market Rate (> 120% AMI)		
A15	Encourage Diverse Housing Types in High-Opportunity Neighborhoods	Enable developments that support multiple unit sizes, types, and tenure options to promote diverse housing options in high-opportunity neighborhoods. This strategy will serve to meet the goal of reversing historical patterns of racial, ethnic, cultural and socio-economic exclusion. Using an analysis of "Access to Opportunity" to decide which zones or locations (via zoning overlay) to determine where this is appropriate, the goal is to promote access to opportunity (e.g., high performing schools, multiple transportation options, services, etc.) to households with a range of backgrounds and incomes. The jurisdiction could pare this strategy with a robust program of incentives (e.g, deeper financial incentives, greater range of housing types, more regulatory waivers, etc.) to be made available in these areas than in other areas of the city.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
A16	Manufactured Housing Community Preservation Zone	Change the zoning of existing manufactured housing communities to be preserved to a single-use zone that only allows manufactured housing communities. Consider lifting restrictions of stick-built homes in cooperatively-owned and other manufactured homes.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Portland http://opb-imgserve-producion.s3-website-us-west-2.amazonaws.com/original/901_exhibit_b_recommended_draft_1534960268770.pdf
A17	Small Dwelling Unit Developments	Allow a land division where small lots or parcels are created below the standard lot/parcel size for dwelling units that are limited in size. Calculate density differently for the dwelling units due to their limited size. Density example: a. Dwelling units 600 square feet or smaller: 0.25 of a dwelling unit. b. Dwelling units 601 to 1,200 square feet: 0.50 of a dwelling unit.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Bend
A18	Increase Density near Transit Stations and Regional Multi-use Trails	Adopt increased density codes by right near both proposed and current transit stations, with higher levels of density near high capacity/high frequency stations, then tier down into residential areas. Automatically upzone based on transportation corridor classifications; meaning wider ROWs get more flexibility in land use by right. This will add some flexibility for new transit stops, including bus stops.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
A19	High Density Requirements for to-be-Annexed Land	Requiring a certain portion of to-be-annexed land to include a percentage of high density. Cities should be careful that this strategy is not used as a way for low density areas in high-infrastructure locations to evade responsibility to upzone.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Newberg
A20	Pre-Approved Plan Sets for Middle Housing Typologies	Providing a pre-approved set of plans for middle housing typologies (ex. Cottage clusters, townhomes, and SROs). The plans would be highly-efficient, designed for constrained lots and low cost solutions, and would allow for streamlined permitting. This would help attract developers that typically develop only single-family housing to get into the missing middle housing production. Consider partnering with a university, design institution, or developing a competition to produce plans.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
A21	Pre-Approved Plan Sets for ADUs	Provide a pre-approved set of plans for ADU designs (6-10 sizes/configurations) that, if chosen by a developer/owner, would lead to automatic approvals and reduced permitting schedule. Plans would reduce the need for architectural costs and reduce barriers to entry.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-

A22	Mixed Housing Types in Planned Unit Developments	Require or incentivize a mix of housing types within Residential Planned Unit Developments (PUD).	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Forest Grove
A23	Accessible Design	Provide incentives in the development code to increase the number of units designed to meet Universal Design, Lifelong Housing Certification, and other similar standards. Examples of incentives include: expedited review and permitting processing, planning and building fee reductions, system development charge deferrals, density or building height bonuses.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-

Category B: Reduce Regulatory Impediments

These Strategies address known impediments to providing needed housing. These include but are not limited to process, permitting, and infrastructure impediments.

#	Strategy	Description	Affordability Target	Tenure Target	Source (if available)
B1	Remove or Reduce Minimum Parking Requirements	Removing parking requirements for residential uses provides the opportunity to reduce the amount of lot area used for pavement and provides more space for housing and open space. This strategy offers greater flexibility to site housing and reduces costs associated with providing parking. Allow developers to respond to market demands and transit access without having the burden of parking minimums. Consider removing parking requirements near transit or for affordable housing.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Tigard
B2	Remove Development Code Impediments for Conversions	Streamlining the conversion of larger single-family homes into multi-unit dwellings (e.g. duplex or triplex). This should be aligned with reduced off-street parking requirements, so that conversion doesn't trigger the need to add additional driveways (or isn't halted by inability to add additional driveways).	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Tigard
B3	Expedite Permitting for Needed Housing Types	Expedited permitting will help to reduce costs of development of Needed Housing as identified by the City. Consider projects with direct or indirect funding from local government as essential and projects with long term affordability covenants through tax abatement or inclusionary requirements as high priority and/or only expedite housing according to the jurisdictions identified needed housing types. Local governments might also consider assigning a designating staff to shepherd projects through the construction process in order to expedite that part of the process.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Portland (direct funding only)
B4	Expedite Lot Division for Affordable Housing	Expedite lot divisions and subdivisions for affordable housing projects	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
B5	Reduce Regulatory Barriers to Lot Division	Remove barriers such as minimum street frontage, driveway requirements, etc., that impact minimum lot size/density during lot division. Preferably allow by-right lot division up to max number of units allowed.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
B6	Streamline Permitting Process	In some cities, towns, and counties, the process associated with obtaining approval for new construction is so time-consuming or costly that it dampens the amount of new development and adds significantly to its costs. To help streamline the process, cities, towns and counties can initiate a comprehensive review of all steps in the development approval process to identify the factors that most significantly suppress new residential construction and redevelopment. With a clearer picture of the obstacles, local leaders can then begin to assess whether they can be reduced or eliminated to stimulate development activity. In doing the comprehensive review, it is critical that actual timeline performance be evaluated not just the planned timeline.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingsolutions.org/act/housing-policy-library/streamlined-permitting-processes-overview/streamlined-permitting-processes/
B7	Flexible Regulatory	Often, nonprofit housing developers and housing agencies face regulatory impediments to building affordable housing, which can often derail projects. This strategy provides a flexible framework for delivery of affordable	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI)	For Rent For Sale	Morrow County HNA, 2017

	Concessions for Affordable Housing	housing including, but not limited to, reduced minimum setbacks, height bonuses, and/or allowing for flexibility in how units are delivered. This strategy is not intended to allow for a lower quality of dwelling units for affordable housing buildings.	Workforce (80-120% AMI) Market Rate (> 120% AMI)		
B8	Waive Off-Site Infrastructure Requirements for Needed or Affordable Housing	Waive infrastructure build-out requirements for infill affordable or needed housing projects constructed in neighborhoods without a network of those amenities currently. Example: Waive requirements for curb, gutter and sidewalk build-out on the lot if it is located in an area without either connecting curb, gutter, and sidewalk currently or viable plans for funding infrastructure construction within the next decade. This is especially relevant in smaller, more rural locations.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Clackamas County Housing Report
B9	Capital Improvements Programming (CIP)	Programming work in a Capital Improvements Programming (CIP) so that projects are constructed sooner to support development of middle housing or to open up more land in an Urban Growth Boundary (UGB) for development of middle housing. Coordinate housing planning with CIP work to prioritize those projects that would support development (e.g. new water line, sewer pumping station). If the UGB is amended or the premises on which the CIP were based upon changed substantially, the CIP should be revised.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
B10	Public Facility Planning	Completing water, sewer, and transportation PFPs and getting capital improvement projects (CIP) built so that costs to develop on land zoned for needed housing can be further anticipated and supported. In addition, public utilities planning also allows for more unit capacity, especially in areas that are upzoned for denser housing.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Tigard City of Bend
B11	Pro-Housing Agenda	Change the culture of Planning / Development Services departments to have a pro-housing agenda for both rental and homeownership. Supplement with fair housing education and education on the supply and demand impact on housing prices. The State could support jurisdictions in this effort by providing an incentive (e.g. funding set-aside) for jurisdictions that adopt aggressive pro-housing policies. In the State of California housing funds are prioritized for cities that adopt pro-housing policies. A pro-housing agenda strategy may be counterintuitive, since this allows anti-housing cities to avoid housing altogether. Alternatively, the State of Oregon could consider a stick rather than carrot approach (e.g. withholding highway funds).	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
B12	Pro-Affordable Housing Agenda	Change the culture of Planning / Development Services departments to have a pro Affordable Housing agenda for both rental and homeownership. Supplement with fair housing education and education on the supply and demand impact on housing prices. The State could support jurisdictions in this effort by providing an incentive (e.g. funding set-aside) for jurisdictions that adopt aggressive pro Affordable Housing policies. This agenda should include a plan to ensure that affordable housing is not suppressed in single-family zones or in wealthier communities. As part of this, encourage departments to look closely at how existing approaches may inadvertently favor one type of tenure over another.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
B13	Align Bike Parking Requirements with Actual Use	Require bicycle parking requirements more in line with actual use. Example: No more than 1-1.5 bike parking stalls per unit.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-

B14	Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan	Amend the comprehensive plan to explicitly make Affirmatively Furthering Fair Housing a Housing Policy. Example below, based on federal guidance on affirmatively furthering fair housing and current state protected classes. Jurisdictions may add additional protected classes, such as ancestry, ethnicity, or occupation. Additionally, a jurisdiction could create an Analysis of Impediments to Fair Housing (AI), even when not required, and conduct fair housing training for Council, Planning Commission, and other relevant policymakers. Jurisdictions would work to make known evidence and best practices in planning, to reverse discrimination and exclusion as well as concentrations of wealth, a required aspect of the comprehensive plan process.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
B15	Reduce the Power of NIMBYism to stop, slow, change, or reduce affordable housing	Many jurisdictions give communities/neighborhoods too much veto power on both zoning policy, and particular project proposals to keep others who they don't approve of from moving in. Dedicate funds to educate citizens on poverty, exclusion, and racial dynamics. Remove policies that allow neighborhood opposition to evidence-based zoning proposals and individual projects. Decisions about what kind and how much housing goes where it needs to be data-driven and focused on equitable outcomes instead of the best outcomes for those with the most money and/or privilege.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
B16	Holistic Planning to Distribute New Density More Equitably	Geography is often at odds with social equity; natural beauty is often in wealthy neighborhoods, as are historic buildings, allowing them to exclude new development and affordable housing. Develop a targeted plan to distribute density within the jurisdiction more equitably to areas with quality schools, access to natural resources etc. Additionally, work to distribute transit equitably to ensure that exclusionary neighborhoods don't remain that way because they don't offer transit for higher density housing.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
B17	Reduce on-site Common/Active Open Space Requirements	Remove or reduce requirements for on-site common/active open space. Instead, ensure that adopted Parks plans fully consider the needs of every neighborhood, and that the jurisdiction is actively working toward satisfying those needs.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
B18	Prioritize Home Ownership	Jurisdictions would develop a comprehensive review of the impediments to the development of homeownership opportunities and actionable steps to remove those impediments. Note: An important impediment to condominium development is the risk associated with the current condominium law in Oregon. A revamp of this law is needed to increase homeownership opportunities that are smaller in size. This would require action at the state level.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
B19	Survey Applicants on Development Program Decision-Making	Add a section to the city's development application asking developers how they decided on their development program and which public incentives were part of the consideration. This would lead to better information about how to tailor city strategies toward production. An alternative to requiring cities to collect this info, is to consider this approach as part of a production strategy. To be a strategy it needs additional action like logging and making publicly available the aggregated survey information on the city's housing/ development /planning webpage or similar. The information could be collected on a form separate from the development application, so it is clear that the additional information is not part of the permit decision.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Housing Production Strategy Technical Advisory Committee

Category C: Financial Incentives

These are a list of financial incentives that cities can offer to developers to encourage them to produce needed housing.

#	Strategy	Description	Affordability Target	Tenure Target	Source (if available)
C1	Reduce or Exempt SDCs for Needed Housing	Reducing, deferring, and/or financing System Development Charges (SDCs) at a low interest rate for needed housing types. This strategy reduces development costs.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Tigard
C2	Modify SDC fee schedules	Updating SDC fee schedule so that is tied to dwelling size. This strategy ensures that smaller dwelling sizes in single and multi-family housing are not disproportionately burdened by fees and therefore encouraged. Consider per square foot fees rather than per dwelling.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.ci.florence.or.us/sites/default/files/fileattachments/building/page/916/sdc_fy_19-20_rework_v2.pdf
C3	Reduce or Exempt SDCs for ADUs	Waivers/reductions of SDCs for ADU production in order to improve the feasibility of the development. Create a model ordinance for the waiver, or deferment, of SDCs. Scale SDCs based on size, resource efficiency, and access to alternative transportation.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Portland
C4	Incentivize Manufactured and Modular Housing	Give Bonus Density Incentives for manufactured and factory built housing. Consider tying bonus to modular housing that demonstrates if housing meets affordability targets of below 120% AMI.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Metro King County RMHP
C5	Waive or Finance Park Impact Fees for Affordable Housing	A policy providing for the exemption (preferred) or financing park impact fees (helpful) for affordable housing ensures a mix of affordable housing. Financing the fee while still collecting can mitigate the cost of the fee to coincide with the available cash flow of the affordable housing.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Tualatin Hills Park & Recreation District
C6	Publicly Funded Infrastructure Improvements	Fund off-site improvements for workforce or affordable housing; e.g. street intersection improvements triggered by development.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
C7	Reconsider Applying Park SDCs	If there are appropriate levels of parks and open space near the project, these impact fees should not be charged or should be assessed at a much lower rate. They are not general funds to be allocated without a nexus to the development.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
C8	Transportation SDCs Tied to Parking	Tie transportation SDCs to the number of parking spaces, as the number of parking spaces is a more accurate predictor of the number of trips that will start or end at every development. By tying transportation costs directly to vehicle storage, the system will both be assessing transportation impacts fairly and encouraging alternate modes of transportation.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-

Category D: Financial Resources

These are a list of resources or programs at the local, state, and federal level that can provide money for housing projects. The majority of these resources are intended to provide money for subsidized affordable housing projects.

#	Strategy	Description	Affordability Target	Tenure Target	Source (if available)
D1	Community Development Block Grant (CDBG)	CDBG Grants are federal funds set aside in the form of grants to be used to meet national objectives: direct benefit for low and moderate income households; benefit to predominantly low income areas; elimination of slums and blight. Eligible activities include public works infrastructure, community facilities, new housing development, housing rehabilitation, and public services (counseling, social services & microenterprise training, including short-term emergency rent assistance). Eligibility is based upon the levels of low- and moderate-income families that may benefit from services provided by the eligible projects. While Cities can choose not to apply for CDBG, control of whether or not they receive CDBG is ultimately at the Federal level and like the State of Oregon, these funds can be used for things that have little to do with housing, so may have limited impact. A better gauge may be HOW cities use their CDBG; for housing benefit or other.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Tigard City of Eugene City of Beaverton City of Hillsboro City of Gresham City of Portland City of Bend City of Redmond State of Oregon
D2	Low Income Housing Tax Credit (LIHTC)	Federal tax provision that encourages private investment in affordable rental housing by providing qualified investors with a dollar-for-dollar reduction in federal income tax liability in exchange for investment in qualifying new construction and rehabilitation projects. LIHTCs may also be paired with Tax Exempt Revenue Bonds.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingolutions.org/act/housing-policy-library/low-income-housing-tax-credit-overview/
D3	Housing Trust Funds	Housing Trust Funds are a flexible source of funding that can be used to support a variety of affordable housing activities. Because they are created and administered at the city, county, region, or state level, housing trust funds are not subject to the restrictions of federal subsidy programs and therefore can be designed specifically to address local priorities and needs. The entity administering the fund determines eligible activities, which can include anything from emergency rent assistance for families facing the threat of eviction or homelessness to gap financing for new construction of affordable housing to repairs for older homeowners.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingolutions.org/act/housing-policy-library/housing-trust-funds-overview/
D4	Operating Subsidies for Affordable Housing Developments	Operating subsidies are payments made annually (or more frequently) to owners of affordable housing developments that make the housing more affordable by covering a portion of the ongoing costs of operating the development.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingolutions.org/act/housing-policy-library/operating-subsidies-for-affordable-housing-developments-overview/
D5	Employer - Assisted Housing Programs	Employer-assisted housing programs provide a channel through which employers can help their employees with the cost of owning or renting a home, typically in neighborhoods close to the workplace. Assistance may be provided in a variety of ways, including through down payment grants or loans that are forgiven over a period of employment, homeownership counseling and education, rental subsidies and, less commonly, direct investment in the construction of rental housing.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingolutions.org/act/housing-policy-library/employer-assisted-housing-programs-overview/
D6	HOME Program	HOME is a federal program established by Congress in 1990 that is designed to increase affordable housing for low- and very low-income families and individuals. All States and participating jurisdictions receive HOME funds from HUD each year, and may spend HOME on rental assistance, assistance to homebuyers, new construction, rehabilitation, improvements, demolition, relocation, and limited administrative costs.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
D7	Dedicated Revenue Sources for Affordable Housing	A dedicated revenue source for affordable housing provides an ongoing committed stream of revenue for affordable housing, often deposited into a Housing Trust Fund. This can be helpful in increasing the total funding available for affordable housing. The fund can receive its sources from: Transient Lodging Taxes collected from Short Term Rentals, developer fee and real estate transfer taxes (<i>not constitutional in Oregon</i>).	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingolutions.org/act/housing-policy-library/dedicated-revenue-sources-overview/

					City of Portland Housing Investment Fund
D8	Demolition Taxes	Cities, towns, and counties establish demolition taxes and condo conversion fees as a way to generate revenue and replace affordable housing lost to these activities. The proceeds from both demolition taxes and condo conversion fees are typically deposited in a Housing Trust Fund to support affordable housing activities. To ensure that a demolition tax on residential development does not deter needed redevelopment - this strategy should only be applied if the housing replacement is 1:1. If the proposed development is more dense than the original structure, there should not be a demolition tax.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingsoptions.org/act/housing-policy-library/demolition-taxes-and-condominium-conversion-fees-overview/
D9	Construction Excise Tax (CET)	A Construction Excise Tax (CET) is a tax on construction projects that can be used to fund affordable housing. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Portland City of Eugene City of Sisters
D10	Tax Increment Financing (TIF) Set-Aside	Create a TIF set-aside for affordable housing development programs within designated Urban Renewal Areas (URAs). Target could be to begin setting aside funds for affordable housing projects as a medium-term action, over the next 5 years or so. For example: Portland City Council designates 45% of the gross amount of TIF for designated housing purposes (rental housing for households under 60% of Area Median Income (AMI) and homeownership for households under 80% of AMI.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Portland
D11	Flexible Use of Housing Choice Vouchers	Public Housing Authorities have the ability to attach up to 20% of their voucher assistance to specific housing units for each low income housing project, up to 25% of any single project. Project-Based Rental Assistance (PBRA) vouchers provide rental assistance for eligible individuals and families who occupy specific housing units managed by private owners who have entered into agreements with a housing agency. The household pays an established amount to the owner each month (typically approximately 30% of monthly income) and the housing agency pays the balance of the rent due. If public housing authorities include homeownership in their administrative plan, housing vouchers may also be used to facilitate low income homeownership.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingsoptions.org/act/housing-policy-library/project-basing-of-housing-choice-vouchers-overview/
D12	Targeted Vouchers	Vouchers that target renters at the 60-80% AMI who are often left out of the housing funded by bond funds and other public sources that are focused on lower income levels. Housing Authorities use affordable housing dollars and issue vouchers that are good for one year and pay any landlord the difference between what the tenants can afford and market rent. This takes the reporting burden off the landlord and essentially allows any existing unit to be affordable. Each year the tenant would have to prove to the Housing Authority if they were still income qualified and if not.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
D13	Low-Interest Loans / Revolving Loan Fund	Housing Repair and Weatherization Assistance for low and moderate income households may be capitalized by Tax Increment Financing (TIF), Community Development Block Grant (CBDG) Funds, or local Housing Trust Funds.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Portland
D14	Eviction Prevention Programs	Eviction Prevention Programs provide financial assistance to help renters on the verge of eviction stay in their homes. These programs are generally designed for families who are being evicted due to nonpayment of rent during or following an unforeseen crisis, such as job loss or serious illness, rather than those who face more persistent affordability challenges. Jurisdictions may be interested in investing in eviction prevention to address concerns about displacement of low-income renters and also to avoid or reduce use of other more costly local services, like homeless shelters.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingsoptions.org/act/housing-policy-library/eviction-prevention-programs-overview/
D15	Bond - for Resident Support Services and	Limited Tax General Obligation Bond that creates a funding source for supportive housing services, such as access to health care, mental health, and other social services that better support and stabilize residents who face complex challenges and will benefit from affordable housing programs.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI)	For Rent For Sale	Oregon Metro City of Portland

	Permanent Supportive Housing Services		Market Rate (> 120% AMI)		
D16	General Obligation Bonds – for Affordable Housing	Following the passage of Measure 102 Oregon local governments, including cities and counties, can now issue voter-approved general obligation bonds to provide direct funding for construction and other capital costs associated with the development and construction of affordable housing. These funds can be loaned or granted to both public and privately owned affordable housing projects. “Affordability” is required to be determined by voters and each jurisdiction, and can be above or below minimum affordability levels established for the federal LIHTC program and other established federal and State affordable housing finance programs, defining affordability by reference to Area Median Income (AMI) as established by HUD. The bonds could be paired with other financing such as Low Income Housing Tax Credits, or could be used for homeownership opportunities.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Oregon Metro City of Portland https://ballotpedia.org/Oregon_Measure_102,_Removes_Restriction_that_Affordable_Housing_Projects_Funded_by_Municipal_Bonds_be_Government_Owned_(2018)
D17	Use IHBG funds for Urban Native Americans	Mixing of Indian Housing Block Grants (IHBG), typically used for housing for Native Americans on reservation land, with other traditional affordable housing funding sources allows preference for Native members in urban affordable housing projects.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	NAYA and CDP and Confederated Tribes of the Siletz
D18	Weatherization Funds through Community Action Agencies	Use weatherization funds administered by statewide network of Community Action Agencies to preserve aging housing stock occupied by income-qualified residents.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.oregon.gov/ohcs/Pages/low_income_weatherization_assistance_oregon.aspx
D19	Transit-Oriented Development Grants	Provide financial incentives to developers to create transit-oriented communities. Funding can be used for site acquisition, infrastructure projects and residential/mixed-use projects.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.oregonmetro.gov/tools-partners/grants-ad-resources/transit-oriented-development-program
D20	Local Innovation and Fast Track (LIFT) Program for Affordable Rental Housing Development	The Local Innovation and Fast Track (LIFT) Housing Program's objective is to build new affordable housing for low income households, especially families. Funds are available for Serving Historically Underserved Communities, Rural and Urban Set-asides, Urban Communities, Service to Communities of Color, and Rural Communities. Available for affordable homeownership units (below 80% AMI).	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.oregon.gov/ohcs/Pages/multifamily-lift-housing-development-program.aspx
D21	Mental Health Trust Fund Awards	Fund Awards are administered by the Oregon Health Authority for capital construction costs.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
D22	Foundations Awards	Local, regional, and national foundations provide both capital funding and program funding for a wide variety of innovative housing models and programs.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Meyer Memorial Trust and Oregon Community Foundation (OCF)

D23	State of Oregon Debt	State of Oregon to offer non-recourse low-interest debt that can be used to fund workforce or affordable housing. This could be provided through an existing relationship like Network for Oregon Affordable Housing (NOAH). This would be a valuable tool for providing housing in rural communities, where conventional debt funding may not be readily available. Note: This strategy has been suggested by the housing development community but are not yet programs in place in the State of Oregon.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
D24	State of Oregon Debt Support	State of Oregon to provide some form of collateralization to support private debt placement for a workforce or affordable housing project. For example, the State could provide Letters of Credit and/or Guarantee on behalf of the developer to the private lender. This would be a valuable tool for providing housing in rural communities, where conventional debt funding may be hesitant to invest without substantial backing that the State could provide. Note: This strategy has been suggested by the housing development community but programs are not yet in place in the State of Oregon.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
D25	Luxury Tax for Equitable Housing	Oregon State sales tax on luxury items, 2nd homes, etc. dedicated to providing funds for affordable housing funds. Note: This strategy has been suggested by the housing development community but are not yet programs in place in the State of Oregon.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
D26	Reallocate Health and Public Safety Resources to Housing	Because healthy housing makes a huge difference in health care, public safety, and other costs, identify paths to redirect budgets from those sectors toward housing construction funds and supporting services. Use advanced modeling projections and adjust as needed over time.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
D27	Georgist Land Tax	A Georgist Land Tax is used to tax unimproved land for rents based on implicit future improvements, in order to finance public goods. One example could be to generate tax revenue for affordable housing by reducing the gains accrued from public investments that are capitalized into private value. Rather than tax those who are benefiting from affordable housing for these improvements, landowners are taxed so that affordable housing can be benefited as a public good.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-

Category E: Tax Exemption and Abatement

These are a list of tax exemption and abatement programs that are intended to encourage developers to produce housing.

#	Strategy	Description	Affordability Target	Tenure Target	Source (if available)
E1	Nonprofit Low-Income Rental Housing Exemption	This tool can provide a simplified way for affordable housing owned and operated by a nonprofit (as well as land held by a nonprofit for future affordable housing development) or Community Land Trusts (at least in land value) to qualify for a property tax exemption. Work should be done to make it easier for projects/land to qualify; minimizing the number of taxing authorities needed to grant an approval.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	See Oregon Revised Statute Chapter 307.540 https://www.oregonlegislature.gov/bills_laws/ors/ors307.html
E2	Property Tax Exemption for Affordable Housing Tied to Level of Affordability	Create a Property Tax Exemption for affordable housing that is tied to level of affordability instead of the ownership structure. For example, grant a property tax exemption for affordable housing that serves households making less than 60% of AMI at initial lease up. Don't tie the property tax exemption to ownership (LLC, non-profit, housing authority) and only require income verification at the beginning of a residents tenancy. The property should still get the exemption even if the household increases income after their initial lease up so they can build assets in place.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
E3	Vertical Housing Development Zone Tax Abatement	Partial property tax exemption program on improvements for new mixed use development. To qualify, a project must have improved, leasable, non-residential development on the ground floor and residential development on the floors above. A partial abatement on land value is allowed for each equalized floor of affordable housing. This abatement could be made better by an adjustment to the floor equalization formula - right now, there is a 20% abatement per equalized floor, but if the project ends up being 3.8 equalized floors it only gets 3 floors worth of the abatement rather than an apportioned abatement.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Authorized by Oregon Revised Statute, 307.841. City of Hillsboro City of Beaverton City of Milwaukie Oregon City City of Gresham City of Tigard City of Wood Village City of Forest Grove
E4	Multiple Unit Property Tax Exemption (MUPTE)	This strategy can be used to incentivize production of multifamily housing with particular features or at particular price points by offering qualifying developments a partial property tax exemption over the course of several years.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	See Oregon Revised Statute, Chapter 307.600. https://www.oregonlegislature.gov/bills_laws/ors/ors307.html
E5	Multiple Unit Limited Tax Exemption (MULTE)	Under the Multiple-Unit Limited Tax Exemption (MULTE) Program, multiple-unit projects receive a ten-year property tax exemption on structural improvements to the property as long as program requirements are met.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Authorized by Oregon Revised Statute, Chapter 307.600 https://www.oregonlegislature.gov/bills_laws/ors/ors307.html https://www.portlandoregon.gov/phb/74691
E6	Homebuyer Opportunity Limited Tax Exemption Program (HOLTE)	Under the HOLTE Program, single-unit homes receive a ten-year property tax exemption on structural improvements to the home as long as the property and owner remain eligible per program requirements.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Authorized by Oregon Revised Statute, 307.651. https://www.portlandoregon.gov/phb/74639
E7	Homestead Tax	Consider allowing Homestead Tax on second homes to support development of affordable housing.	Publicly-Subsidized (< 30% AMI)	For Rent	-

			Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Sale	
E8	Property Tax Relief for Income-Qualified Homeowners	Property taxes are based on property values and so can go up regardless of the taxpayers' ability to pay. In the case of homeowners, rising property taxes can be an obstacle to housing affordability and stability. A tool used in a number of jurisdictions for mitigating these effects on those with limited incomes is by capping the amount of property tax that homeowners have to pay as a share of their income. Some jurisdictions also provide relief to lower-income renters by treating some portion of their rent as attributable to property taxes and then providing an income tax credit to offset the increase in taxes. In addition to basing the benefit on income, eligibility for caps can also be restricted to specific populations such as seniors, disabled persons, and/or veterans.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.localhousingsolutions.org/act/housing-policy-library/property-tax-relief-for-income-qualified-homeowners-overview/
E9	Investing into Federal Opportunity Zones (OZ)	Qualified Opportunity Zones (QOZ) were created by the 2017 Tax Cuts and Jobs Act. These zones are designed to spur economic development and job creation in distressed communities throughout the country and U.S. possessions by providing tax benefits to investors who invest eligible capital into these communities. Taxpayers may defer tax on eligible capital gains by making an appropriate investment in a Qualified Opportunity Fund and meeting other requirements.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions#qof
E10	Delayed Tax Exemptions	Allow housing to be built and operated at market rate while allowing developers to choose a path that maintains or reduces rents over time. Once the property falls below 80%AMI (but maintains HUD quality standards), tax exemptions would kick in. This could be an alternative to upfront incentive dollars, SDC reductions, etc for providing affordable housing.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-

Category F: Land, Acquisition, Lease, and Partnerships

These are Strategies that secure land for needed housing, unlock the value of land for housing, and/or create partnerships that will catalyze housing developments.

#	Strategy	Description	Affordability Target	Tenure Target	Source (if available)
F1	Land Banking	Public purchasing of vacant/under-utilized sites of land in order to save for future affordable housing development. House Bill 2003, section 15 supports land banking: <i>SECTION 15. (1) As used in this section, "public property" means all real property of the state, counties, cities, incorporated towns or villages, school districts, irrigation districts, drainage districts, ports, water districts, service districts, metropolitan service districts, housing authorities, public universities listed in ORS 352.002 or all other public or municipal corporations in this state.</i>	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Metro TOD Program
F2	Joint Development Agreements	The Federal Transit Administration (FTA) enables local transit agencies to enter into Joint Development Agreements (JDAs) with private or non-profit developers of low income housing, market-rate housing, and/or commercial development. Joint Development is a process by which public transit or other local or state agencies agree to make land available at donated or reduced prices for private development, which may include affordable housing. Projects must demonstrate benefit to transit operations (ridership) and infrastructure and are subject to FTA approval.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
F3	Community Land Trusts	Land acquired by nonprofits or community-based organizations that maintain permanent ownership of land. Prospective homeowners are able to enter long-term (i.e., 99-year), renewable leases at an affordable rate. Upon selling, homeowners only earn a portion of the increased property value, while the trust keeps the remainder, thereby preserving affordability for future low- to moderate-income families	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
F4	Public/Private Partnerships (P3)	Partnerships between government and the private sector and/or nonprofits have the capacity to bring resources to the table that would otherwise not be available if each institution were able to help communities provide housing on its own. This can come in the form of coalitions, affordable housing task forces, and collaboratives.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
F5	Preserving Low-Cost Rental Housing to Mitigate Displacement	Preventing displacement and preserving "naturally occurring" affordable housing through acquisition, low-interest loans/revolving loan fund for preservation, and/or code enforcement. Example: The Oregon Legislature committed \$15 million in lottery bonds to Oregon Housing and Community Services (OHCS) in 2019 to create a naturally occurring affordable housing loan fund. Modeled after the Greater Minnesota Housing Fund.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://gmhf.com/about/programs/noah-impact-fund/
F6	Preserving Safe, Affordable Manufactured Homes	Manufactured home parks often provide a form of affordable housing stock, but are particularly vulnerable to redevelopment pressures since lots are temporarily leased out. In order to preserve safe, affordable options into the future, manufactured home parks may be protected through assistance that allows community purchase of the underlying land, manufactured homes and provide funds used to maintain upkeep of these dwelling units. This strategy is often implemented through use of Land Trusts, Resident-Owned Cooperatives, Public Ownership of Land, or Condominium Conversion of the real estate assets to preserve the community(ies). Oregon Housing and Community Services (OHCS) has regularly received lottery bonds or general funds from the Oregon Legislature to preserve manufactured home parks through either Resident Owned Cooperatives or Non-profit ownership.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Portland OHCS https://www.oregon.gov/ohcs/mmcrp/pages/index.aspx
F7	Providing Information and Education to Small Developers	Providing information to small, local developers that will help them understand land use permitting processes and give them a sense of clarity and certainty about requirements so they can better provide smaller scale housing at an affordable level.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
F8	Conversion of Underperforming or Distressed Commercial	Acquisition of underperforming or distressed commercial assets (commercial, retail, industrial, or hotel) or partnerships with owners of the assets for conversion into needed housing.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-

	Assets				
F9	Enhanced Use Lease of Federal Land	The US Department of Veterans Affairs (VA) may lease land for up to 85 years to developers of projects which provide the VA with compensation. Such enhanced use leases have been used to provide land for permanent affordable housing for people experiencing homelessness including veterans in Oregon, Minnesota and Washington States.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	Housing Authority of Douglas County
F10	Prioritize Housing on City/County Owned Land	Surplus property suitable for housing is offered up for affordable development.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Eugene
F11	Combine Community Land Trust with Limited Equity Cooperative Model	Combine a Community Land Trust (CLT) with a Limited Equity Cooperative for a lower barrier entry to homeownership of a share of a permanent small/tiny home community.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	SquareOne Villages
F12	Surplus Land for Affordable Housing	Sell land at the State or City's cost (below market) to developers of affordable housing. Long-term leases are very minimal cost to developers for land the City is not yet ready to surplus. County surplus supply of foreclosed land can also be used to provide land to affordable housing developers and/or housing authority.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Bend
F13	McKinney-Vento Federal Surplus	Cities may partner with the Federal Government to surplus Federal land for homeless housing or services under McKinney Vento.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Bend
F14	Right of First Refusal for Land Purchase	Affordable housing providers could be offered a Right of First Refusal for city, county, or state owned land when the land would be used for affordable housing. Examples include a manufactured home program where residents can buy out the manufactured home park when the owner is ready to sell.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	CASA of Oregon https://casaoforegon.org/for-individual/manufactured-housing-cooperative-development/
F15	Ordinances that Address Zombie Housing	More assertive tax foreclosures to enable zombie housing to be rehabbed into occupied housing.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
F16	Regulatory Agreement	Regulatory Agreement, between the jurisdiction and developer, in place with the land sale that keeps the units affordable for 20 years in exchange for SDC waivers. This is straightforward without going through a difficult or costly process.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	City of Beaverton
F17	Designated Affordable Housing Sites	A jurisdiction would establish designated sites with a completely different set of regulations than apply to the balance of the public and private building sites. The sites would be overseen by an Affordable Housing Commission that is empowered to prioritize, fast track, and approve affordable housing projects (with designated and required affordability objectives) and bypass the majority of the city's fees and regulations. The Commission would have its own set of requirements (structural approval, zoning allowance, etc.), but they would be streamlined, and tailored to facilitate a faster and much less expensive process.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-

F18	Utilize Surplus Land Owned by Faith-Based Organizations for Affordable Housing	Over the past few decades, faith institutions across the country have been declining. This has prompted conversations within different faith communities about how to refocus their mission of social change. The housing affordability crisis in many cities around the country has brought these institutions into the work of creating affordable housing in their communities. This strategy would: 1) Identify faith and community-based organizations that are interested in offering their available land for development of affordable housing, 2) Provide design and finance consultation for three organizations to prepare them for future affordable housing development projects, and 3) Determine barriers to development and how those can be addressed and/or streamlined.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	https://www.portland.gov/bps/ah-grant
F19	Affordable Housing Preservation Inventory	Prepare an inventory of subsidized and naturally occurring affordable housing to support proactive policies intended to preserve the affordable housing stock. This strategy is intended to help offset some of the need for costly new construction.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	The Center for Housing Policy, Washington DC Opportunity Zone Toolkit, US Department of Housing and Urban Development
F20	Fair Housing Education, Referral, and Other Services	Provide residents, property owners, property managers, realtors, lenders and others involved with real estate transactions with access to Fair Housing information and referrals. Ensure that city staff know how to identify potential Fair Housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies. Partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-
F21	Public or Mission-Driven REITs and Turn-Key Delivery	Most public subsidies and tax incentive programs are complex due to the need for regulation and corruption prevention, imposing many impediments to developing affordable housing. Jurisdictions would participate in a public REIT that buys turn-key projects for set costs. This would motivate mission-minded developers to drive down cost knowing that risk is minimal by having a buyer at the end. If the developer doesn't deliver the required specs, quality, and competitive construction cost, then they have to sell or rent on the open market or find other incentives in current, standard fashion. The jurisdiction could invest state pension funds in these REITs. Note: Though this strategy has been suggested by the housing development community, it is not clear if this program is currently available to jurisdictions in the State of Oregon.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-

Category Z: Custom Options

Any other Housing Production Strategy not listed in Categories A through F that the jurisdiction wishes to implement will be outlined in this section and numbered accordingly.

#	Strategy	Description	Affordability Target	Tenure Target	Source (if available)
Z1	TBD	Any other Housing Production Strategy not listed above in Categories A through F that the jurisdiction wishes to implement should be filled in here and numbered accordingly.	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)	For Rent For Sale	-

**City of Hood River
City Council – Special Meeting
March 29, 2021**

Council: Mayor Kate McBride, Mark Zanmiller, Megan Saunders, Tim Counihan, Jessica Metta, Erick Haynie, Gladys Rivera

Staff: City Manager Rachael Fuller, Finance Director/ACM Will Norris, City Attorney Dan Kearns, Fire Chief Leonard Damian, Police Chief Neal Holste, Public Works Director Mark Janeck, City Engineer Wade Seaborn, City Recorder Jennifer Gray, GIS Analyst Jonathan Skloven-Gill

Absent:

I CALL TO ORDER

Mayor McBride called the meeting to order at 6:00 p.m.

Land Acknowledgement Statement and Pledge of Allegiance

II PUBLIC HEARING

1. Continuation of Deliberation of Middle Housing Public Hearing File: 2020-37, D. Nilsen

Councilor McBride reopened the continued hearing at 6:03p.m. She read the legislative script regarding reopening the hearing. Mayor McBride stated she is reopening the public hearing on the legislative amendments to the Hood River zoning code related middle housing file number 2020-37 and Ordinance 2061. This is a continuation of the public hearing first opened on March 8 and continued to March 15. At the March 15 hearing, public comment was closed, and the hearing was continued for Council deliberations on the draft regulations. There will be no public testimony tonight. For tonight's hearing, they will first hear from City staff and Council will deliberate the proposed regulations. Council may choose to continue the hearing prior to rendering a decision. Councils' decision is not final until it is reduced to writing and officially issued. All the decisions are final when the written decision is issues. It may be appealed to the Land Use Board of Appeals.

Nilsen presented staff report and PowerPoint presentation. PowerPoint was added to the record. The purpose of tonight's meeting is to allow for Council deliberation on the draft regulations. The attached code works is a part of the City Council 2020 Work Plan. The purpose of the legislative amendment is to establish a clear process and regulatory framework, to allow a greater diversity of needed housing types, that would be implemented in a stand-alone code under unified regulations for uses permitted outright, such as duplexes, single family homes or townhouses. In each of the residential zones that would be reviewed under clear and objective standards through an expedited review process. Tonight, is the 14th public meeting since this project was initiated through the Work Plan.

Nilsen followed up with some issues that were reraised during the last meeting. As updated since the last meeting in the code, they now have the following changes incorporated in the

draft legislation.

Landscape area now includes the term “naturally preserved” to address in credit natural areas that are incorporated into the site designs. The interior building separation was changed from 10 feet to 6 feet, between exterior walls. Required parking is now a minimum of one space per dwelling unit and the rounding provision that was initially in the code has been eliminated. The outright prohibition of short-term regulations has been removed from the regulations and the regulations will rely on the current licensing requirements. Another issue that was raised not in the code but in response to some public commentary was in regard to water and sewer capacity. Based on the City water management plan and conservation plan, the City not only has the ability to meet the current daily peak demands with the existing system, but the system has significant excess capacity, well in excess to the 20-year planning horizon. Similar are the water and sewer capacity for wastewater treatment in excess of the peak wastewater demands, with no treatment capacity issue identified for the foreseeable future. In the packet there were a number of issues related to regulations that Council wished to continue to deliberate on. These include the clarification that regulations in allowances for short-term rentals and middle housing to be developed in the C-1 zone, subject to license regulations. There is no real change indicated in the code. The discussion of an added regulation to allow the reduction of site area requirements for dwellings under 800 square feet within the R-1 zoning designation, similar to regulations that are now included in the other residential zones. The clarification of the six-unit development cap in the R-1 zone can be comprised of two-unit duplexes and/or single dwelling cottages. Discussion regarding the restriction of parking between dwellings and street frontages. Clarification that developments are required to take access from an alley may be allowed a second access point. Clarification that smaller dwelling units 800 square feet or less as indicated in the code would be allowed to 300 sq ft bonus to accommodate a garage, similar to the larger units. Clarification sites that add dwelling units while maintaining the existing dwelling would be allowed to maintain their preexisting driveways and access points. Discussion regarding the amendment related to the periodic review and reporting of middle housing construction and development, which is currently not in the code.

Council asked Nilsen clarification questions before entering into deliberations.

Mayor McBride stated during Council deliberation, the list of issues will be discussed and addressed. At the end of the hearing, she will be looking for a motion to close the public hearing and direct staff to prepare the final regulation and ordinance for reading at the April 12 City Council meeting, if Council gets through the items and come to a conclusion.

Short Term Rentals in R-1 Zone

Council discussed short-term rentals in the in the R-1 and C-1. There was a majority of Council members that were in favor of keeping the code as written regarding short-term rentals in the R-1 zone. The R zone does not need to be written into the proposed code changes. C-1 Zone will be discussed later in the meeting.

Site area requirement for dwelling units 800 square in R-1

Council discussed. The majority of council agree to reduce the floor area requirements for units under 800 square feet.

6-unit development cap in the R-1 zone can be comprised of duplex and/or detached single dwelling cottages

Council discussed and all members of Council agreed to remove the word cottage and allow a 6-unit cap.

Short Term Rentals in C-1 Zone

Nilsen confirmed the current C-1 zone regulations does not have the 90-day ceiling. It has the required parking, but it does not have the primary residency requirement or a 90-day limit for new license. Council members agreed the middle housing code should state units-built pursuant of this code may not be used for short-term rentals. This should not lead to a path for short-term rentals in the C zones.

There was discussion regarding Councilor Counihan question allowing short-term rental in the in the C-1 zone, but they must be used as described in the R zone (primary residences and 90-day limit).

Nilsen stated there would need to be a special provision and something special in the administering of STR's to flag these as unique, since there is not land use associated with them. It would possibly add a logistical licensing twist to it.

Fuller stated it would be the ongoing monitoring that will be the most difficult. If this is something that is a barrier to individuals; developing housing in the C-1 zone that would be something Council can come back and discuss. There is also a broader question of how much housing and what type of housing should be built in the C-1 zone. It raises more questions than they can answer tonight.

Parking between dwelling and street frontages

A majority of Council was in favor of allowing parking between dwelling and street frontages, and not in favor of putting more restrictions that would make it more difficult for development. There were three Councilors that were not in favor without conditions.

Secondary access for sites which are required to use an alley

All members of Council agreed to allow alley access and allow access off the street; existing or new.

Smaller dwellings (800 square feet less) would be allowed the additional 300 feet to accommodate a garage similar to larger units

A majority of Council agreed to allow the additional 300 feet to accommodate a garage.

Conversions and sites that add dwellings will be allowed to maintain preexisting driveways and access

Mayor McBride stated this has been covered, being able to have access both from an alley and from the street. Nilsen stated if Council is okay with it being for new dwellings. He thinks the idea is specific to existing dwellings that remain in place and that some of these access points may not be compliant but allowing them to stay. It relates to lots that are converting and places that have preexisting driveway. Will those driveways be allowed to remain and not removed?

All members agreed to leave preexisting driveways and access.

An amendment relating to the periodic reporting of middle housing

Discussion regarding an amendment proposed by City Councilor Haynie relating to the periodic reporting of middle housing construction and development. Not current section of

the draft code.

Fuller stated Council already has the authority to request information about policy decisions. If Council wants a report on how many permits have been issued for the middle housing code, that is something staff could easily provide to Council at any time.

Council discussed. All members of Council agreed they want a report from staff regarding housing development, but a majority of Council felt it does not need to be placed in the code.

There was discussion regarding if there is a separate garage. Does Council want to reduce it to 6 feet like the other dwelling on the interior spaces, if it is allowed by fire code. A majority of Council members agreed with 6 feet to keep it consistent.

Mayor McBride spoke about the covered porch language in the draft code. Each dwelling unit shall have a covered porch, to be at least 60 feet square (5 feet by 12 feet). 50% of the total front facing façade length. She spoke about what she has seen built by developers that have been done well, that do not go 50% across the dwelling but it is an entrance that is covered. The draft code in her opinion is a certain style. She thinks it is a good idea to have some type of welcoming covered entrance but requiring it to be 60 square feet and be half the distance of the front house, feels too prescribed. A majority of Council agreed with Mayor McBride to have less restricted language; eliminating Front Porches: 4. (b) and 4. (d).

Motion: I move to close the hearing and consider the first reading of Ordinance 2061 at the April 12 City Council meeting, with the suggested amendments discussed tonight.
First: Counihan
Second: Rivera
Discussion: None
Vote: Motion passed (roll called)
Ayes: McBride, Zanmiller, Saunders, Counihan, Metta, Rivera
Nays: Haynie
Abstentions: None
Excused: None

Each member of Council and Mayor McBride made brief statements regarding the decisions that have been made to address the housing issues in Hood River. They all agreed this Ordinance will not solve all of the housing issues but it is a start, and continued reporting to Council on development is important.

III CONSENT AGENDA

1. OLCC Permit Application Approval – Downwinder, 107 First Street #2
2. OLCC permit Application Approval – Tolago, 506 Columbia Street
3. Forth Mobility Electric Carshare – Amendment #1, W. Norris

Motion: I move to approve the consent agenda.
First: Saunders
Second: Metta
Discussion: None
Vote: Motion passed (roll called)
Ayes: McBride, Zanmiller, Saunders, Counihan, Metta, Haynie,

Rivera
Nays: None
Abstentions: None
Excused: None

IV MAYORS CALL

1. Public Art Donation to City, Mayor McBride

Council agreed to write a letter of support for Chas Martin for a grant he is apply for. He would gift the sculpture to the City.

V COUNCIL CALL

Councilor Saunders stated there is a current bill going through the Oregon Legislator, Senate Bill 852. It would end the mortgage interest deduction for second homes and homeowners making over \$250,000 a year. It would take the savings and create an Oregon housing opportunity account, that would fund affordable housing. There is a hearing this week. She asked if Council would like to submit an opinion.

Council agreed to make a brief statement supporting anything the Legislation does to reduce incentives for buying a second home. Councilor Zanmiller suggested stating the City Council is generically supportive of things that reduce the competition from second home buyers in the community, as opposed to stating they like one tax over another tax. Fuller will create a statement based on Councils stated goals around affordable housing.

VI ADJOURN – Adjourned by unanimous consent at 9:10p.m.

Kate McBride, Mayor

Jennifer Gray, City Recorder

Approved by City Council on _____



LIQUOR LICENSE APPLICATION

PRINT FORM

RESET FORM

1. Application. **Do not include** any OLCC fees with your application packet (the license fee will be collected at a later time). Application is being made for:

License Applied For:	CITY AND COUNTY USE ONLY
<input type="checkbox"/> Brewery 1 st Location	Date application received and/or date stamp:
Brewery Additional location (2 nd) <input type="checkbox"/> (3 rd) <input type="checkbox"/>	
<input type="checkbox"/> Brewery-Public House (BPH) 1 st location	Name of City or County:
BPH Additional location (2 nd) <input type="checkbox"/> (3 rd) <input type="checkbox"/>	
<input type="checkbox"/> Distillery	Recommends this license be:
<input type="checkbox"/> Full On-Premises, Commercial	
<input type="checkbox"/> Full On-Premises, Caterer	<input type="checkbox"/> Granted <input type="checkbox"/> Denied
<input type="checkbox"/> Full On-Premises, Passenger Carrier	By: _____
<input checked="" type="checkbox"/> Full On-Premises, Other Public Location	Date: _____
<input type="checkbox"/> Full On-Premises, For Profit Private Club	
<input type="checkbox"/> Full On-Premises, Nonprofit Private Club	
<input type="checkbox"/> Grower Sales Privilege (GSP) 1 st location	
GSP Additional location (2 nd) <input type="checkbox"/> (3 rd) <input type="checkbox"/>	OLCC USE ONLY
<input type="checkbox"/> Limited On-Premises	Date application received: <u>4/8/21</u>
<input type="checkbox"/> Off-Premises	Date application accepted: <u>4/8/21</u>
<input type="checkbox"/> Warehouse	
<input type="checkbox"/> Wholesale Malt Beverage & Wine	
<input type="checkbox"/> Winery 1 st Location	License Action(s):
Winery Additional location (2 nd) <input type="checkbox"/> (3 rd) <input type="checkbox"/>	<u>N/O</u>
(4 th) <input type="checkbox"/> (5 th) <input type="checkbox"/>	

2. Identify the applicant(s) applying for the license(s). **ENTITY (example: corporation or LLC) or INDIVIDUAL(S)**¹ applying for the license(s):

Wild Bill Properties LLC dba Inn at the Gorge

App #1: NAME OF ENTITY OR INDIVIDUAL APPLICANT

App #2: NAME OF ENTITY OR INDIVIDUAL APPLICANT

App #3: NAME OF ENTITY OR INDIVIDUAL APPLICANT

App #4: NAME OF ENTITY OR INDIVIDUAL APPLICANT

3. Trade Name of the Business (Name Customers Will See) Inn at the Gorge		
4. Business Address (Number and Street Address of the Location that will have the liquor license) 1113 Eugene St		
City Hood River	County OR	Zip Code 97031

¹ **Read the instructions on page 1 carefully.** If an entity is applying for the license, list the name of the entity as an applicant. If an individual is applying as a sole proprietor (no entity), list the individual as an applicant.



LIQUOR LICENSE APPLICATION

5. Trade Name of the Business (Name Customers Will See) Inn at the Gorge			
6. Does the business address currently have an OLCC liquor license? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
7. Does the business address currently have an OLCC marijuana license? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
8. Mailing Address/PO Box, Number, Street, Rural Route (where the OLCC will send your license certificate, renewal application and other mailings as described in <u>OAR 845-004-0065[1]</u> .) 1113 Eugene St			
City Hood River	State OR	Zip Code 97031	
9. Phone Number of the Business Location 541-386-4429		10. Email Contact for this Application and for the Business michaelsprague1@me.com, amanda@ampbookkeepingllc.com	
11. Contact Person for this Application Michael Sprague		Phone Number 541-645-5717	
Contact Person's Mailing Address (if different)	City	State	Zip Code

Please note that liquor license applications are public records. A copy of the application will be posted on the OLCC website for a period of several weeks.

ATTESTATION: **READ CAREFULLY AND MAKE SURE YOU UNDERSTAND BEFORE SIGNING THIS FORM**

I understand that marijuana is prohibited on the licensed premises. This includes marijuana use, consumption, ingestion, inhalation, samples, give-away, sale, etc. I attest that all answers on all forms and documents, and all information provided to the OLCC as a part of this application are true and complete.

I affirm that I have read OAR 845-005-0311 and all individuals (sole proprietors) or entities with an ownership interest (other than waivable ownership interest per OAR 845-005-0311[6]) are listed as license applicants in #2 above. I understand that failure to list an individual or entity who has an unwaivable ownership interest in the business may result in denial of my license or the OLCC taking action against my license in the event that an undisclosed ownership interest is discovered after license issuance.

Applicant(s) Signature

- Each individual (sole proprietor) listed as an applicant must sign the application below.
- If an applicant is an entity, such as a corporation or LLC, at least one **INDIVIDUAL who is authorized to sign for the entity** must sign the application.
- An individual with the authority to sign on behalf of the applicant (such as the applicant's attorney or an individual with power of attorney) may sign the application. If an individual other than an applicant signs the application, please provide written proof of signature authority. Attorneys signing on behalf of applicants may list the state of bar licensure and bar number in lieu of written proof of authority from an applicant. **Applicants are still responsible for all information on this form.**

Michael Sprague		03/25/2021	
App. #1: (PRINT NAME)	App #1: (SIGNATURE)	App #1: Signature Date	Atty. Bar Information (if applicable)
App. #2: (PRINT NAME)	App #2: (SIGNATURE)	App #2: Signature Date	Atty. Bar Information (if applicable)
App. #3: (PRINT NAME)	App #3: (SIGNATURE)	App #3: Signature Date	Atty. Bar Information (if applicable)
App. #4: (PRINT NAME)	App #4: (SIGNATURE)	App #4: Signature Date	Atty. Bar Information (if applicable)



OREGON LIQUOR CONTROL COMMISSION BUSINESS INFORMATION

Please Print or Type

Applicant Name: Michael Sprague Phone: 541-645-5717

Trade Name (dba): Inn at the Gorge

Business Location Address: 1113 Eugene St

City: Hood River, OR ZIP Code: 97031

DAYS AND HOURS OF OPERATION

Business Hours:

Sunday	<u>8:00am</u> to <u>9:00pm</u>
Monday	<u>8:00am</u> to <u>9:00pm</u>
Tuesday	<u>8:00am</u> to <u>9:00pm</u>
Wednesday	<u>8:00am</u> to <u>9:00pm</u>
Thursday	<u>8:00am</u> to <u>9:00pm</u>
Friday	<u>8:00am</u> to <u>9:00pm</u>
Saturday	<u>8:00am</u> to <u>9:00pm</u>

Outdoor Area Hours:

Sunday	<u>8:00am</u> to <u>9:00pm</u>
Monday	<u>8:00am</u> to <u>9:00pm</u>
Tuesday	<u>8:00am</u> to <u>9:00pm</u>
Wednesday	<u>8:00am</u> to <u>9:00pm</u>
Thursday	<u>8:00am</u> to <u>9:00pm</u>
Friday	<u>8:00am</u> to <u>9:00pm</u>
Saturday	<u>8:00am</u> to <u>9:00pm</u>

The outdoor area is used for:

Food service Hours: 8:00am to 11:00am

Alcohol service Hours: 11:00am to 9:00pm

Enclosed, how _____

The exterior area is adequately viewed and/or supervised by Service Permittees.

(Investigator's Initials)

Seasonal Variations: Yes No If yes, explain: _____

ENTERTAINMENT

Check all that apply:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Live Music | <input type="checkbox"/> Karaoke |
| <input type="checkbox"/> Recorded Music | <input type="checkbox"/> Coin-operated Games |
| <input checked="" type="checkbox"/> DJ Music | <input type="checkbox"/> Video Lottery Machines |
| <input type="checkbox"/> Dancing | <input type="checkbox"/> Social Gaming |
| <input type="checkbox"/> Nude Entertainers | <input type="checkbox"/> Pool Tables |
| | <input type="checkbox"/> Other: _____ |

DAYS & HOURS OF LIVE OR DJ MUSIC

Sunday	<u>4:00pm</u> to <u>8:00pm</u>
Monday	<u>4:00pm</u> to <u>8:00pm</u>
Tuesday	<u>4:00pm</u> to <u>8:00pm</u>
Wednesday	<u>4:00pm</u> to <u>8:00pm</u>
Thursday	<u>4:00pm</u> to <u>8:00pm</u>
Friday	<u>4:00pm</u> to <u>8:00pm</u>
Saturday	<u>4:00pm</u> to <u>8:00pm</u>

SEATING COUNT

Restaurant: _____ Outdoor: 15

Lounge: _____ Other (explain): _____

Banquet: _____ Total Seating: 15

OLCC USE ONLY	
Investigator Verified Seating: _____(Y) _____(N)	
Investigator Initials: _____	
Date: _____	

I understand if my answers are not true and complete, the OLCC may deny my license application.

Applicant Signature: [Signature] Date: 03/24/2021

1-800-452-OLCC (6522)
www.oregon.gov/olcc

(rev. 12/07)

CITY COUNCIL AGENDA ITEM COVER SHEET

DATE: April 26, 2021
TO: Honorable Mayor and City Council
FROM: Energy Council
RE: Letter of support HB 3221 - Green Tariffs

Purpose: The purpose of this item is to review a letter of support for House Bill 3221, at the request of the Energy Council.

Background:

The Energy Council is requesting the Mayors signature on the letter of support for HB 3221. The bill (FAQ and language included) was developed with Hood River County energy stakeholder input and would greatly increase the tools available to the community to implement the Hood River County Energy Plan, particularly goals around local generation. The bill would not require the City to implement anything if adopted but would allow the community the option of engaging in a process to make decisions regarding its energy sources and create a program that provides resilience for the residents and businesses in their communities.

Specifically, HB 3221 would create a voluntary, community-wide green tariff program, giving local and tribal governments the ability to make decisions regarding the energy sources that power and provide resilience for the residents and businesses in their communities. The program could enable communities to achieve clean energy goals while keeping electricity rates affordable, creating and sustaining energy-related jobs, investing in equitable economic development, promoting community resilience, and supporting a healthy environment. Importantly, the community would remain a customer of its existing utility. Under the bill a community would work with its utility to craft a program that meets its needs, then the Oregon Public Utility Commission (OPUC) would review the rates that would be necessary to implement the program.

Farmers Conservation Alliance reviewed the bill with the Energy Council at the Energy Council's March 11, 2021 meeting. The Energy Council encouraged sending a letter to the City for consideration and Energy Council subcommittee members helped draft the letter of support language. If you have any questions on the bill in advance of the meeting, please contact Farmer's Conservation Alliance and ask for Jed Jorgensen 541.716.6085 info@fcasolutions.org or for more context on the Energy Council's discussion on the bill, contact marla@mcadd.org. A draft letter of support is prepared for your signature and an FAQ about the program, bill text overview and amendment are included in the packet.

Discussion: Additional information is included in the letter, FAQ, bill text overview and amendment.

Staff Recommendation: Approve the letter of support on the consent agenda.

Suggested Motion: I move to approve the letter of support for House Bill 3221 and authorize the Mayor to sign the letter on behalf of the City.

Alternatives: Do not approve the letter of support on the consent agenda.

Fiscal Impact: The fiscal impact was not reviewed.

Environmental Impact: The letter of support is consistent with the energy plan.

Attachments:

Letter of Support

Oregon Renewable Options Program Overview and FAQ

A-Engrossed House Bill 3221

HB 3221-1 Amendment



CITY OF HOOD RIVER

211 2nd Street, Hood River, OR 97031 Phone: (541) 386-1488

April 26, 2021

To: Co-Chair Taylor, Co-Chair Reardon, and Members of the Joint Committee On Ways and Means Subcommittee On Natural Resources

RE: Support of HB 3221, the Oregon Renewable Options Program

Dear Co-Chair Taylor, Co-Chair Reardon, and Members of the Committee:

The City of Hood River is writing in support of HB 3221, a bill that would help our city, our residents, and our businesses achieve important clean energy goals.

Hood River County has set renewable energy goals that far outpace the goals of the state of Oregon. Through the commitments outlined in the 2018 Hood River County Clean Energy Plan, we intend to accelerate our city's transition to clean power, replacing power generated from fossil fuels with clean, renewable energy in buildings, water systems, and transportation by 30%, 50% and 80% in 2030, 2040, and 2050 as compared with 2016 levels. The plan also calls for investing in clean energy from local sources, to generate 50% of the county's energy needs from local, diversified energy sources and increased storage capacity by 2050.

There are many barriers to local small renewable energy development projects, including low available rates for electricity sold on the wholesale markets and the high costs of interconnecting to the utility grid. HB 3221 would not only create a green tariff program providing a process for our city to achieve our clean energy goals but also would give local renewable energy developers a path to making clean energy projects viable and able to deliver many important benefits to our community.

HB 3221 would give the City of Hood River a way to incorporate local projects into our near- and long-term renewable energy planning processes, work that is underway in the City and County right now. Additionally, we greatly value the co-benefits that HB 3221 supports, including local energy and economic development, increased resilience of electricity service to extreme events, and investments in farms, fish and healthy natural ecosystems, all while retaining our existing relationship with our current electricity provider, Pacific Power.

We respectfully request your support of HB 3221.

Sincerely,

Kate McBride, Mayor



Oregon Water Resources Congress

HB 3221 -1: Oregon's Renewable Options Program

Clean, affordable, and resilient energy for communities across Oregon

Oregon's Renewable Options (ORO) Program (HB 3221) would create a new, voluntary way for local and tribal governments, and local service districts to make decisions regarding the energy sources that power and provide resilience for the residents and businesses in their communities. Oregon's communities are diverse; if enacted, this flexible program would enable communities to achieve clean energy goals while keeping electricity rates affordable, creating and sustaining energy-related jobs, investing in equitable economic development, promoting community resilience, and supporting a healthy environment.

This flexible voluntary program would:

- Prioritize Oregon's communities' needs, such as increasing demand for clean, affordable, and resilient energy;
- Enable participants to remain partners with their existing electric utility;
- Provide affordable, transparent electricity rates;
- Increase renewable electricity, such as solar, wind, hydropower, biomass, and geothermal power;
- Support regional job creation, equitable economic development, community resilience, and a clean environment;
- Encourage the development of small, distributed renewable energy projects that are best able to provide local resilience (e.g., clean energy microgrids powered by in-conduit and small-scale hydropower projects, and community solar projects) that
 - Generate less than 20 megawatts (MW) of power; and
 - Provide a unique variety of local economic, environmental, and resiliency benefits.

Community Benefits

- Gives participants a voice in choosing and catalyzing the development of the renewable energy projects that power their communities;
- Prioritizes community-driven equitable economic development and community goals related to electricity pricing, community energy resilience, job creation, and environmental benefits;
- Establishes a transparent process to explicitly solicit input from and address the needs of participating customers -- especially those that are disadvantaged, climate-vulnerable, and energy-burdened -- via public stakeholder meetings and incorporation of stakeholder feedback; and
- Provides technical assistance for community energy resilience planning.

Resilience Benefits

- Encourages small (< 20 MW), distributed renewable energy facilities that can form the backbone of microgrids to provide community energy resilience;
- Increases resilience to extreme events, such as wildfire and earthquakes, by enabling backup power for critical emergency operations centers, hospitals, police/fire stations, emergency shelters, and other buildings necessary to provide basic

services to communities as they restore functions and return to normal life, (i.e., schools, housing, certain retail stores, and banks, etc.); and

- Helps prevent power disruptions due to Public Safety Power Shutoff (PSPS) from hazardous wildfire conditions.

Economic Benefits

- Provides low-cost energy that can include up to 100% renewable electricity from both small and large projects;
- Enables municipalities, residents, and businesses to reinvest in their communities;
- Facilitates rural community hydropower production as part of statewide irrigation modernization efforts;
- Creates new clean energy-related jobs;
- Provides a voluntary program for clean, reliable, and affordable electricity via continued partnerships with existing electric utilities with oversight by the OPUC; and
- Enables residential and business customers to opt out of the program.

Environmental Benefits

- Reduces pollution;
- Conserves water; and
- Invests in clean water and clean air.

How would the Oregon Renewable Options Program work?

- Under HB 3221 the Oregon Public Utility Commission (OPUC) may authorize Oregon’s investor-owned utilities to offer a voluntary, community-wide green tariff known as the Oregon Renewable Options (ORO) Program. The ORO Program would enable local governments, local service districts, and Tribes served by investor-owned utilities to make decisions regarding the energy sources that power and provide resilience for the residents and businesses in their communities. The OPUC would be responsible for adopting rules to enable the utilities to successfully coordinate with participating communities to create proposals under the program and to review and approve proposals that are created.
- Local governments (municipalities and counties), local service districts (defined as irrigation districts and other special districts supplying agricultural water), and Tribes would be eligible to be participating communities that could elect to create a proposal under the ORO Program. If approved by the OPUC, the proposal would become an ORO Community Program.
- Within a participating community, retail electricity customers would be brought into an ORO Community Program based on the size of the customer’s electrical load. Residential and small commercial customers with electrical loads of less than 30kW would be given the opportunity to opt-out of the ORO Community Program. Customers with electrical loads greater than 30kW would be given the opportunity to opt-in to the ORO Community Program.
- A community wishing to participate would coordinate with their utility to create a proposal that meets their renewable energy needs. Communities can work together to create broader proposals, if desired. Public engagement is required under the program to ensure that the needs of participating customers are considered and addressed, especially those that are disadvantaged, climate-vulnerable, and energy-burdened. Each participating community would be responsible for submitting a report to the OPUC documenting how feedback gathered from public engagement was incorporated into the proposal.
- Proposals under the program can be structured around either energy capacity or annual generation, whichever best meets a community’s renewable energy goals. The proposal would specify the timing for when renewable energy resources would need to be procured on behalf of the community and the combination of small or large renewable energy projects, or unbundled renewable energy certificates that would make up the community’s new energy mix. Under the ORO Program, small projects would be required to make up at least 5MW or 5% of the capacity or annual energy generation requested by the community. However, a community could request a waiver from this provision, if desired.
- A community could, at their choice, engage the Public Purpose Fund Administrator (currently Energy Trust of Oregon) to provide facilitation, energy resilience planning, or other technical assistance on a fee for service or other basis to cover costs.
- When complete, a community’s governing body (e.g. city council) would vote to submit the proposal to the OPUC for review and approval. The OPUC would also approve any required changes to rate schedules, including a rate of return on investments and cost recovery by the utility.

For more information or to provide feedback or suggestions, please contact either of the individuals listed below:

April Snell
Oregon Water Resources Congress
aprils@owrc.org
(503) 363-0121

Jed Jorgensen
Farmers Conservation Alliance
jed.jorgensen@fcasolutions.org
(541) 256-4450

Oregon's Renewable Options Program

Frequently Asked Questions

Who can participate?

Oregon's Renewable Options (ORO) Program would create a new, voluntary way for local and tribal governments, and local service districts to make decisions regarding the energy sources that power and provide resilience for the residents and businesses in their communities.

What if I do not want to participate?

The ORO Program would be entirely voluntary. If a government or local service district elects to join the ORO Program, residential and business customers would have the opportunity to opt out.

What if too many customers decide to opt-out?

The ORO Program requires that local and tribal governments and local service districts conduct an engagement process to explicitly solicit input from and address the needs of community members, especially those that are disadvantaged, climate-vulnerable, and energy-burdened, before a proposal is submitted to the OPUC. Information about the level of enthusiasm for the ORO Program from residential and business customers will be assessed in advance of submitting an Application, and if there is not sufficient interest, communities may decide not to move forward in creating a proposal with their utility.

How would different jurisdictions work together on the ORO Program?

The ORO Program is voluntary and provides for flexibility for jurisdictions who wish to work together to create a proposal with their utility. For example, under the ORO Program, jurisdictions that overlap (e.g., a city government within the jurisdiction of a county government) or jurisdictions that do not overlap (e.g., two city governments) may work together on a proposal. If desired, the Public Purpose Fund Administrator (currently Energy Trust of Oregon) could help the communities involved to figure out the best path forward for joint proposals.

Which electric utilities does the ORO Program apply to?

The ORO Program applies only to investor-owned utilities (IOUs), including Pacific Power, Portland General Electric, and Idaho Power, which are regulated by the Oregon Public Utility Commission (OPUC). It is our understanding that there is nothing prohibiting municipal or cooperative electric utilities from creating similar types of programs.

How does the ORO Program differ from Community Choice Aggregation (CCA)?

When a community adopts a CCA approach, it severs its energy supply relationship with its investor-owned utility. Under this policy model, the CCA offers different power generation sources to the consumers and the incumbent utility is responsible for the transmission and distribution of that electricity.

The ORO Program differs from CCA in that it would enable participants to remain partners with their existing electric utility. It would simply enable Oregon's state, local, and tribal governments, and local service districts to have greater options regarding the energy sources that power their residences and businesses while increasing the resilience of their communities.

How does the ORO Program differ from existing voluntary programs provided by Pacific Power (PAC) and Portland General Electric (PGE)?

PAC's Blue Sky Program and PGE's Green Future Program provide opportunities for individual customers to choose to buy clean power, to invest in habitat restoration, and in the case of the Green Future Program make choices about getting power from wind or solar. However, PAC and PGE's choice programs do not enable

communities to choose the energy from specific projects based on community resilience goals, or to elect or decline specific sources of renewable energy. In addition, the OPUC does not believe that PAC's Blue Sky Select Program is appropriate for use on a community-wide basis.¹

In contrast, the ORO Program would enable a community to choose specific renewable projects in support of community-defined goals around regional job creation, equitable economic development, community resilience, and a clean environment. The ORO Program would also provide transparency into how new rates are determined through oversight by the OPUC.

For example, under the ORO Program:

- A rural community could choose energy from a local, small-scale hydropower project that is developed as a result of irrigation modernization to support their community resilience and economic development goals.
- An urban community could choose a solar project coupled with battery storage to create a microgrid at a community center in support of local energy resilience and environmental justice goals.

Why do we need the ORO Program?

Oregon's communities are diverse, and there is no "one-size-fits-all" strategy to meet community energy needs and goals. The current PAC and PGE voluntary programs are rigid and some lack transparency and oversight from the OPUC. Oregon's communities need the flexibility to determine the locally-appropriate, low-cost types of renewable electricity projects that can meet their requirements.

The ORO Program would be a flexible voluntary program that:

- Prioritizes a communities' needs, such as increasing demand for clean, affordable, and resilient energy;
- Enables participants to remain partners with their existing electric utility;
- Provides affordable, transparent electricity rates;
- Increases renewable electricity, such as solar, wind, hydropower, biomass, and geothermal power;
- Supports regional job creation, equitable economic development, community resilience, and a clean environment; and
- Encourages the development of small, distributed renewable energy projects that are best able to provide local resilience (e.g., clean energy microgrids powered by in-conduit and small-scale hydropower projects, and community solar projects) that
 - Generate less than 20 megawatts (MW) of power; and
 - Provide a unique variety of local economic, environmental, and resiliency benefits.

How does the ORO Program consider the needs of energy burdened, disadvantaged, and climate-vulnerable communities?

A major focus of the ORO Program is to increase community energy resilience in an affordable way. The Program recognizes that each community has unique needs and goals and that community members must be able to participate or lead, as desired, in the design of a successful community energy resilience strategy. That is why the ORO Program would establish processes to ensure that the voices of energy-burdened, disadvantaged and climate-vulnerable community members are explicitly considered and incorporated into community energy resilience planning.

As envisioned, the ORO Program:

- Gives participants a voice in choosing and catalyzing the development of the renewable energy projects that power their communities;

¹ OPUC Order 20-473, published December 18, 2020. Page 134 states, "...we caution PacifiCorp not to consider Schedule 272 an appropriate mechanism to provide community-wide green tariffs." <https://apps.puc.state.or.us/orders/2020ords/20-473.pdf>

- Prioritizes community-driven equitable economic development community goals related to electricity pricing, community energy resilience, job creation, and environmental benefits;
- Establishes a transparent process to explicitly solicit input from and address the needs of participating customers -- especially those that are disadvantaged, climate-vulnerable, and energy-burdened -- via public stakeholder meetings and incorporation of stakeholder feedback; and
- Provides technical assistance for community energy resilience planning.

How would the ORO Program improve community resilience?

A core component of the ORO Program is that it would encourage the development of small (< 20 MW), distributed renewable energy facilities that can form the backbone of microgrids to provide community energy resilience.

For example:

- If a wildfire burns down a transmission line and severs a community's only connection to the main power grid, that community may have to endure a long power outage until repairs can be made to the transmission system and power is restored. With an alternative local supply of renewable power provided by the ORO Program, the community could continue to power critical services even while the connection to the main power grid is out; or
- If an electric utility utilizes a Public Safety Power Shutoff (PSPS) due to hazardous wildfire conditions and cuts power from the main power grid to a community, that community will suffer power outages of an unknown duration. With an alternative local supply of renewable power provided by the ORO Program, the community could continue to power critical services even during a PSPS event.

The ORO Program would:

- Increase resilience to extreme events, such as wildfire and earthquakes, by enabling backup power for critical emergency operations centers, hospitals, police and fire stations, emergency shelters, and buildings that are necessary to provide basic services to communities as they begin to restore functions and return to normal life, such as schools, housing, certain retail stores, and banks; and
- Help prevent power disruptions due to Public Safety Power Shutoff (PSPS) from hazardous wildfire conditions.

How much would the ORO Program Cost?

Costs to participating community will be determined based on what is required to achieve the community's goals. The rate structure for a participating community would be determined through transparent processes conducted by the OPUC and subsequent rate cases filed by the investor-owned utilities.

How would the ORO Program be paid for?

The costs of participating in the ORO Program over time would be covered as part of the participating customer rate structure. The initial costs of the ORO Program, which would include rulemaking and oversight by the OPUC would be comparable to existing OPUC costs related to green tariff activities; in fact, the Commission has issued a 2021 work plan that includes green tariffs and likely covers the type of oversight and rulemaking work that would be required by the ORO Program.

For more information or to provide feedback or additional questions, please contact either of the individuals listed below:

April Snell
Oregon Water Resources Congress
aprils@owrc.org
(503) 363-0121

Jed Jorgensen
Farmers Conservation Alliance
jed.jorgensen@fcasolutions.org
(541) 256-4450

A-Engrossed House Bill 3221

Ordered by the House April 9
Including House Amendments dated April 9

Sponsored by Representatives HELM, OWENS, Senator HANSELL; Representatives BREESE-IVERSON, LEIF, WILLIAMS, Senators DEMBROW, FINDLEY

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Establishes Oregon Renewable Options Program.] Grants Public Utility Commission authority to authorize Oregon Renewable Options Programs offered by qualified utilities.

Becomes operative January 1, 2023.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1 Relating to renewable electricity; and prescribing an effective date.

2
3 Whereas Oregon's state, local and tribal governments, local service districts, residents and
4 businesses want to achieve clean energy goals while keeping electricity rates affordable, creating
5 and sustaining energy-related jobs, investing in equitable economic development, promoting commu-
6 nity resilience and supporting a healthy environment; and

7 Whereas Oregon's state, local and tribal governments and local service districts want to main-
8 tain and build upon their long-standing relationships with investor-owned electric utilities; and

9 Whereas expanding renewable energy production, including both small, meaning 20 megawatts
10 or less, and large renewable energy projects, creates opportunities for economic growth and com-
11 munity benefits in Oregon; and

12 Whereas Oregon's state, local and tribal governments and local service districts support oppor-
13 tunities to generate and purchase affordable electricity from renewable energy projects; and

14 Whereas Oregon's state, local and tribal governments and local service districts desire access
15 to a transparent and accountable program that enables participating entities, in partnership with
16 their community stakeholders, to envision and solicit a locally appropriate, low-cost power mix that
17 can include up to 100 percent renewable electricity from small renewable energy projects; and

18 Whereas small renewable energy projects can provide a unique variety of local economic, envi-
19 ronmental and resiliency benefits; now, therefore,

20 **Be It Enacted by the People of the State of Oregon:**

21 **SECTION 1. Sections 2 to 6 of this 2021 Act are added to and made a part of ORS chapter**
22 **757.**

23 **SECTION 2. As used in sections 2 to 6 of this 2021 Act:**

24 **(1) "Community energy resilience" means the ability of a community to continue to pro-**
25 **vide electricity in order to power services from critical sectors both during and after a**
26 **magnitude 9.0 Cascadia subduction zone seismic event or other extreme natural event such**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 as a wildfire, flood or heat wave.

2 (2) “Critical sectors” includes:

3 (a) Emergency operations centers, hospitals, police stations, fire stations and emergency
4 shelters; and

5 (b) Buildings that are necessary for the provision of basic services to communities as
6 they begin to restore functions and return to normal life after an extreme natural event,
7 such as schools, housing, certain retail stores and banks.

8 (3) “Large renewable energy project” means a new or existing renewable energy project
9 with a generating capacity of more than 20 megawatts.

10 (4) “Local government” has the meaning given that term in ORS 174.116.

11 (5) “Local service district” means an irrigation district organized under ORS chapter 545,
12 a drainage district organized under ORS chapter 547, a water improvement district organized
13 under ORS chapter 552 or a water control district organized under ORS chapter 553.

14 (6) “Oregon Renewable Options Program” means a program offered by a qualified utility
15 as authorized under section 3 (1) of this 2021 Act.

16 (7) “ORO Community Program” means a program created under an Oregon Renewable
17 Options Program pursuant to section 3 (2) of this 2021 Act and approved by the Public Utility
18 Commission under section 3 (5) of this 2021 Act, under which renewable energy is supplied
19 to participating communities through renewable energy projects or unbundled renewable
20 energy certificates.

21 (8) “Participating community” means a local government, local service district or tribal
22 government whose residents or businesses are served by a qualified utility.

23 (9) “Participating customer” means a person that:

24 (a) Is a retail electricity consumer of a qualified utility located within the boundary of a
25 local government, local service district or tribal government in which an ORO Community
26 Program has been approved by the commission; and

27 (b) Has not exercised the right to decline to participate in the ORO Community Program
28 pursuant to section 4 of this 2021 Act.

29 (10) “Public Purpose Fund Administrator” has the meaning given that term in ORS
30 470.050.

31 (11)(a) “Qualified utility” means an entity engaged in the business of distributing elec-
32 tricity to retail electricity consumers in this state.

33 (b) “Qualified utility” does not mean:

34 (A) A consumer-owned utility as defined in ORS 757.600; or

35 (B) An electricity service supplier as defined in ORS 757.600.

36 (12) “Renewable energy” means:

37 (a) Electricity generated from resource types described in ORS 469A.025; or

38 (b) Electricity represented through unbundled renewable energy certificates.

39 (13) “Renewable energy project” means a small renewable energy project or a large
40 renewable energy project.

41 (14) “Retail electricity consumer” has the meaning given that term in ORS 757.600.

42 (15) “Small renewable energy project” means a new or existing renewable energy project
43 with a generating capacity of 20 megawatts or less.

44 (16) “Tribal government” means the governing body of a federally recognized Indian tribe
45 in Oregon or the governing body of an Oregon Indian tribe as defined in ORS 294.805.

1 (17) “Unbundled renewable energy certificate” means:

2 (a) An unbundled renewable energy certificate as defined in ORS 469A.005; or

3 (b) A renewable energy certificate that is sold to a retail electricity consumer without
4 selling to the retail electricity consumer, on a non-cost of service basis, the electricity as-
5 sociated with the renewable energy certificate.

6 **SECTION 3.** (1) Notwithstanding ORS 757.601 (3), the Public Utility Commission may au-
7 thorize a qualified utility to provide, through an Oregon Renewable Options Program, local
8 governments, local service districts and tribal governments with opportunities to have a
9 greater choice over the renewable energy that powers and increases the resilience of their
10 communities.

11 (2) An Oregon Renewable Options Program authorized by the commission under this
12 section must allow for:

13 (a) One or more participating communities to coordinate with one or more qualified
14 utilities that provide electricity in the service territory within which a participating com-
15 munity is located to create and submit to the commission a proposal for an ORO Community
16 Program under which renewable energy will be supplied to the participating communities
17 through renewable energy projects or unbundled renewable energy certificates;

18 (b) The Public Purpose Fund Administrator at the request of the participating commu-
19 nities and on a fee-for-service or other basis, to recover costs as directed by the commission
20 and provide facilitation services, resilience planning or other technical assistance in the de-
21 velopment of a proposal;

22 (c) All retail electricity consumers served within the boundary of a participating com-
23 munity with an electricity demand at any point of delivery that is less than 30 kilowatts to,
24 upon commission approval, be automatically placed on the rate schedule for the ORO Com-
25 munity Program by the qualified utility but to have an opportunity to decline to be served
26 by the ORO Community Program; and

27 (d) Any retail electricity consumer served within the boundary of a participating com-
28 munity with an electricity demand at any point of delivery that is 30 kilowatts or more to
29 opt in to participate in the ORO Community Program, if the participating community pe-
30 titions the commission and the commission has approved participation by the retail elec-
31 tricity consumer in the program.

32 (3)(a) In developing a proposal to be submitted to the commission under subsection (2)
33 of this section, each participating community engaged in the development must utilize a
34 public engagement process that includes explicit solicitation of feedback from, and that ad-
35 dresses the needs of, participating customers, especially participating customers that are
36 disadvantaged, climate vulnerable or energy burdened.

37 (b) A proposal must:

38 (A) Subject to subsection (4) of this section, specify the generating capacity or electricity
39 generation requested to be supplied under the proposal by small renewable energy projects,
40 large renewable energy projects or unbundled renewable energy certificates;

41 (B) Specify the date by which the renewable energy must first begin to be supplied;

42 (C) Subject to subsection (4) of this section, specify the combination of small renewable
43 energy projects, large renewable energy projects or unbundled renewable energy certificates
44 desired for the ORO Community Program;

45 (D) Include a report on how each participating community incorporated the feedback

1 solicited under paragraph (a) of this subsection in the proposal; and

2 (E) Include a record of the final vote of the governing body of each participating com-
3 munity on the decision to submit the proposal.

4 (4)(a) Small renewable energy projects included in a proposal developed under subsection
5 (3) of this section must demonstrate current or future potential to provide community en-
6 ergy resilience.

7 (b) Except as provided in paragraph (d) of this subsection:

8 (A) Small renewable energy projects included in a proposal developed under subsection
9 (3) of this section must cumulatively account for:

10 (i) At least five megawatts of generating capacity; or

11 (ii) Five percent of the generating capacity or electricity generation specified under sub-
12 section (3)(b)(A) of this section; and

13 (B) The generating capacity or electricity generation of all large renewable energy
14 projects or unbundled renewable energy certificates included in a proposal developed under
15 subsection (3) of this section may not cumulatively account for more than 95 percent of the
16 generating capacity or electricity generation specified under subsection (3)(b)(A) of this sec-
17 tion.

18 (c) The commission, at the request of a participating community, may waive the re-
19 quirements of paragraph (b) of this subsection.

20 (d) If a qualified utility participating in a proposal developed under subsection (3) of this
21 section is an electric company as defined in ORS 757.600 providing electricity services to
22 fewer than 25,000 consumers in this state, the maximum cumulative generating capacity of
23 all renewable energy projects included in the proposal may not exceed five megawatts unless
24 the commission, at the request of the qualified utility, approves a greater amount.

25 (5) Proposals for ORO Community Programs submitted to the commission under sub-
26 section (2) of this section must be reviewed for approval by the commission. In reviewing and
27 approving a proposal, the commission shall consider the requirements of subsections (3) and
28 (4) of this section. Tariff schedules and rates allowed pursuant to this subsection must allow
29 a return of and a return on an investment made by a qualified utility and shall be recovered
30 in a manner specified by the commission.

31 **SECTION 4.** (1) A qualified utility implementing an ORO Community Program shall:

32 (a) Include in the billing statements provided to participating customers information on
33 the costs of participation in the ORO Community Program; and

34 (b) Provide written notice to participating customers of any change in rate for partic-
35 ipation in the ORO Community Program.

36 (2)(a) Subject to the terms of the applicable Oregon Renewable Options Program, a
37 qualified utility may automatically enroll in an ORO Community Program all retail electricity
38 consumers served within the boundary of a participating community that:

39 (A) Have an electricity demand at any point of delivery that is less than 30 kilowatts; or

40 (B) Have an electricity demand at any point of delivery that is 30 kilowatts or more and
41 that have opted to participate in the ORO Community Program.

42 (b) The qualified utility shall provide retail electricity consumers that did not opt in to
43 the ORO Community Program an opportunity to decline being enrolled as a participating
44 customer. In the case of automatic enrollment of all retail electricity consumers described
45 in paragraph (a)(A) of this subsection, the qualified utility may not assess a fee or penalty

1 against a retail electricity consumer that declines to participate in the program within an
2 initial opt-out period as determined by the Public Utility Commission.

3 (3) A retail electricity consumer that previously declined to participate in the ORO
4 Community Program under subsection (2) of this section may become a participating cus-
5 tomer as allowed by the commission by rule and by giving notice to the qualified utility in
6 the manner required by the commission.

7 (4) A person shall be provided notice and an opportunity to decline participation in the
8 ORO Community Program if:

9 (a) The person first begins receiving electricity service from the qualified utility within
10 the participating community served by an ORO Community Program after the date of im-
11 plementation of the program; or

12 (b) The area in which the person is located was outside the participating community on
13 the date of implementation of the ORO Community Program, but after the implementation
14 date the area becomes annexed into the boundaries of the participating community.

15 **SECTION 5.** (1)(a) Upon its own motion or at the request of a qualified utility, the Public
16 Utility Commission may open an investigation to determine whether a qualified utility's
17 compliance with one or more of the requirements of an ORO Community Program is likely
18 to result in:

19 (A) Conflicts with or compromises to the qualified utility's obligation to comply with the
20 mandatory and enforceable reliability standards of the North American Electric Reliability
21 Corporation; or

22 (B) Compromises to the integrity of the qualified utility's electrical system.

23 (b) A qualified utility making a request under this subsection must submit an application
24 to the commission that includes:

25 (A) An explanation of the reliability or integrity issue and how a temporary exemption
26 from complying with one or more of the requirements of the ORO Community Program will
27 avoid the reliability or integrity issue; and

28 (B) A plan to achieve full compliance with the requirements of the ORO Community
29 Program.

30 (2) In applying for a temporary exemption under this section, a qualified utility has the
31 burden of demonstrating that compliance with one or more of the requirements of the ORO
32 Community Program is likely to result in:

33 (a) Conflicts with or compromises to the qualified utility's obligation to comply with the
34 mandatory and enforceable reliability standards of the North American Electric Reliability
35 Corporation; or

36 (b) Compromises to the integrity of the qualified utility's electrical system.

37 (3) If the commission determines under this section that compliance with one or more
38 of the requirements of the ORO Community Program is likely to result in the conflicts or
39 compromises described in subsection (2) of the section, the commission shall issue an order:

40 (a) Notwithstanding the terms of the ORO Community Program, temporarily exempting
41 the qualified utility from one or more of the requirements of the program for an amount of
42 time sufficient to allow the qualified utility to achieve full compliance with the requirements
43 of the program;

44 (b) Directing the qualified utility to file a progress report on achieving full compliance
45 with the requirements of the ORO Community Program within six months after issuing the

1 order, or within an amount of time determined to be reasonable by the commission; and

2 (c) Directing the qualified utility to take specific actions to achieve full compliance with
3 the requirements of the ORO Community Program.

4 (4) A qualified utility may request an extension of a temporary exemption granted under
5 this section.

6 (5) This section does not permanently relieve a qualified utility of its obligation to comply
7 with the requirements of an ORO Community Program.

8 **SECTION 6.** (1) The Public Utility Commission shall adopt rules necessary to carry out
9 the requirements of sections 2 to 6 of this 2021 Act.

10 (2) The commission may, by rule, adopt:

11 (a) Incentives to support successful coordination between participating communities and
12 qualified utilities in the creation of an ORO Community Program proposal under an Oregon
13 Renewable Options Program; or

14 (b) Provisions for requiring a qualified utility to coordinate with a participating commu-
15 nity in the creation of an ORO Community Program proposal under an Oregon Renewable
16 Options Program.

17 (3) Rulemaking by the commission under this section shall be conducted pursuant to an
18 open public process that ensures meaningful participation by local governments, local service
19 districts and tribal governments.

20 **SECTION 7.** (1) Sections 2 to 6 of this 2021 Act become operative on January 1, 2023.

21 (2) The Public Utility Commission may adopt rules, issue orders or take any actions be-
22 fore the operative date specified in subsection (1) of this section that are necessary to enable
23 the commission, on and after the operative date specified in subsection (1) of this section,
24 to carry out the provisions of sections 2 to 6 of this 2021 Act.

25 **SECTION 8.** This 2021 Act takes effect on the 91st day after the date on which the 2021
26 regular session of the Eighty-first Legislative Assembly adjourns sine die.

27

HB 3221 -1 Amendment

Introduced bill: As introduced, HB 3221 would create a community-wide green tariff program managed by the Oregon Public Utility Commission (OPUC). The program would enable local governments, local service districts, and Tribes served by investor-owned utilities to make decisions regarding the energy sources that power and provide resilience for the residents and businesses in their communities. The bill would also create a pathway for small renewable energy projects, such as irrigation district hydropower facilities, to work with communities to secure a power rate that reflects the additional benefits that local projects can provide. As introduced, HB 3221 established a process through which the OPUC would oversee the program and provide transparency into how electricity rates would be determined. The proposed -1 amendment retains the core components of the program, while reducing the administrative burden on the OPUC, and provides a streamlined approach for interested communities to move forward with these important projects.

Feedback that informed the -1 amendment: Prior to the legislative session, significant outreach was undertaken to gather input from communities, investor-owned utilities (IOUs), the OPUC, and non-governmental organizations. The initial feedback from these stakeholders informed the language of the introduced bill. Since bill introduction, additional feedback was gathered from these stakeholders, resulting in suggested revisions to refine and improve the bill while maintaining many of the important features of the original concept. The amendment includes a redraft of the bill for ease of reading and clarity on how the program would work.

Changes in the -1 amendment:

Streamlined process to speed up implementation and reduce costs: Feedback from stakeholders indicated structuring the concept to enable IOUs to manage program implementation, with final oversight and ratemaking by the OPUC, will speed implementation and minimize administrative costs for the OPUC. Under the -1 amendment, the OPUC is given the authority to make the necessary rules and set rates for this type of program, without being overly prescriptive.

Focused eligibility and flexibility: Stakeholders have expressed different opinions regarding the scope and pace of the program—the program needs to be flexible in some respects but not so flexible as to create uncertainty or decision paralysis for communities that wish to participate. The proposed -1 amendment to HB 3221 strikes a balance by:

- Providing communities more flexibility in choosing a combination of small projects, large projects, or unbundled RECs to meet their renewable energy goals.
- Giving communities the ability to automatically opt-in residential and small commercial electric utility customers (under 30kW of load), while giving each customer the ability to opt-out.
- Offering larger electric utility customers (30kW of load or greater, those able to participate in direct access programs) the ability to opt-in to a community's program.
- Narrowing the definition of "local service districts" to irrigation districts and similar water suppliers.
- Ensuring Idaho Power, at their request, is not precluded from providing community-wide green tariff options to communities they serve in Oregon.

CITY COUNCIL AGENDA ITEM COVER SHEET

DATE: April 26, 2021
TO: Honorable Mayor and City Council
FROM: Rachael Fuller, City Manager
RE: Executive Recruitment Services

Public Purpose: The purpose of this item is to authorize the City Manager to enter into a professional services agreement with an executive search firm to assist the Mayor and City Council during the recruitment and hiring of a new city manager.

Background: The City Manager serves as the Chief Administrative Officer for the City and is responsible for the direction and supervision of all activities of city departments, the execution of the budget and implementation of policy as established by the City Council. Earlier this year, the City Manager announced her decision to resign from the position, effective July 2, 2021. At the request of the City Council, the City issued a request for proposals from executive search firms to assist the City Council in filling the vacancy. On Monday, April 26, the City Council held a special meeting and interviewed two firms.

Discussion: This is a Council discussion item with the purpose of choosing a search firm to assist with the recruitment of a new city manager. It is expected that the process would take 3-6 months following execution of the contract.

Staff Recommendation: Staff recommends that the City Council authorize the City Manager to draft and sign a personal services agreement with one of the firms for executive search services.

Suggested Motion: I move to authorize the City Manager to draft and sign a personal services agreement with (insert firm name) for executive search services.

Alternatives:

1. The City Council could choose to restart the process and re-issue a request for proposals.
2. The City Council could choose to direct staff to handle the recruitment internally.

Fiscal Impact: The cost of services ranges from \$25,000 - \$28,000 + expenses. The expense can be accommodated in the FY 2020-21 budget.

Environmental Impact: N/A

Attachments: None. Responses to the RFP can be found in the agenda packet for the April 26, 2021 special meeting.

CITY COUNCIL AGENDA ITEM COVER SHEET

Meeting Date: April 26, 2021
To: Honorable Mayor and City Council
From: Kevin Liburdy, Senior Planner
Subject: Transportation System Plan Amendments – Ordinance No. 2062

Purpose: Adopt an implementing ordinance for Transportation System Plan (TSP) amendments. (Please see “Packet 2” for Ordinance No. 2062 due to file size).

The City Council reviewed the proposed TSP amendments during a public hearing on April 12, 2021, took public testimony, deliberated, and directed staff to prepare an implementing ordinance consistent with staff recommendations.

Background: This is a project on the City’s 2020 Work Plan to address the goal of promoting an efficient and safe multi-modal transportation system that alleviates traffic and parking congestion and encourages biking, pedestrian access and public transportation. The proposed Transportation System Plan (TSP) amendments are narrow in scope and focus on transportation system improvements on the west side of the city based on recommendations from the Westside Area Concept Plan process.

Amendments include new motor vehicle, pedestrian and bicycle projects including off-street paths and trails, as well as updated cost estimates for the proposed and existing projects described in the TSP. The amendments include a broader list of projects expanded funding to implement priority projects through a revised financially constrained plan. The broader list includes projects that are already in progress and that are critical for growth, and it addresses the 2020 Work Plan strategy of emphasizing updates to the bicycle/pedestrian, and trails projects during the TSP update.

Recommendation: Read Ordinance 2062 for the first time.

Suggested Motion: “I move to approve the first reading of Ordinance 2062.”

Alternative Motion: “I move to read Ordinance 2062 on May 10, 2021 beginning not earlier than 6 p.m.”

Fiscal Impact: Providing transportation infrastructure is a part of the City’s core services in terms of planning, capital expenses and maintenance. Funding to provide and maintain infrastructure is generated through a variety of sources. There is no immediate fiscal impact to the City associated with adoption of the plan amendments, however, the City must identify revenue sources that are reasonably likely to be available to fund capital projects that are identified in the TSP’s financially constrained plan, as well as to maintain improvements.

Environmental Impact: No direct impact at this time. However, promotion of an efficient and safe multi-modal transportation system may have positive impacts.

Attachments: Ordinance No. 2062 including Exhibits A and B (please see “Packet 2” for Ordinance No. 2062 due to file size).

Proclamation
May 2021 Hood River Bike Month Proclamation

National Bike month will occur in May of 2021, accompanied by the National Bike to School Day on May 5 and the National Bike to Work Week May 17-23. This year the Mid-Columbia Economic Development District is harnessing the national bike momentum by partnering with the non-profit Commute Options to launch the Hood River Walk and Roll Challenge, which will encourage residents to walk or bike to work during the month by offering prizes from local businesses for logging active transportation commute modes on the Oregon Department of Transportation's "Get There Oregon" platform.

The Walk and Roll Challenge encourages people to get out of single occupancy vehicles and find alternative, healthy ways to commute to work such as biking and walking. The program is free, open to all people who live or work in Hood River County, and participation is voluntary.

Other locally sponsored activities include the local nonprofit Thrive's Bikes for Kids project which will donate 12 bikes, locks, and helmets to Hood River K-12 students who want to bike to school, the May St. Elementary School parent-led Bike Train occurring every Friday through June 15, a parent-led Reinas del Ciclismo student bike club, and special events sponsored by another local nonprofit, Anson's Bike Buddies.

The City of Hood River's 2021 Work Plan Goals include "Efficient and Safe Transportation System for Walkers, Bikers, Transit Riders, and Drivers" with a project focus on a Safe Routes to School planning project funded by ODOT. The Hood River City Council also adopted the 2019 Hood River County Energy Plan that encourages local projects that shift behavior to low or net-zero modes of transportation to reduce fossil fuel impacts of travel. The Hood River Bike Month local activities help further these goals by encouraging Hood River residents to discover healthy, green travel options to get to work, school, and play.

As evidenced by our signature below, the Hood River City Council proclaims that May of 2021 is Hood River Bike Month and encourages participation of residents in local Bike Month activities as appropriate. The Hood River City Council also agrees to participate with the Mid-Columbia Economic Development District, Commute Options, and the Transportation Options Department of ODOT to promote this month of May 2021 as Hood River Bike Month.

Adopted this 26th day of April 2021.

Kate McBride, Mayor

Jennifer Gray, City Recorder