



**PUBLIC MEETING NOTICE  
FOR THE  
WASHINGTON COUNTY PLANNING COMMISSION**

**ZOOM VIRTUAL MEETING**

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**WEDNESDAY, DEC. 1, 2021**

**PUBLIC MEETING 1:30 PM**

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NOTE: Planning Commission meetings are being held virtually, until further notice, via Zoom.

**Join online:** <https://us02web.zoom.us/j/86926794496>

*Online participants will be able to see and hear the proceedings. Online participants' microphones will be muted, unless they are called upon to speak/testify. Participants' cameras will not be activated at any time.*

**Join by phone:** +1-346-248-7799 or +1-669-900-6833; Webinar ID: 869 2679 4496

*Participants on phones will be able to hear the proceedings. Phone participants' microphones will be muted, unless they are called upon to speak/testify.*

Prior to scheduled public hearing items, the Planning Commission conducts a Work Session to receive briefings from County staff. No public testimony is taken on Work Session items.

Following the Work Session, the Planning Commission considers agenda items, including scheduled public hearing items and consideration of minutes. The public is welcome to speak during the public hearings and time is limited to 3 minutes. The public may also speak on any item **not** on the agenda during Oral Communications. Time is generally limited to 5 minutes for individuals and 10 minutes for an authorized representative of a Citizen Participation Organization (CPO). The Chair may adjust time limits.

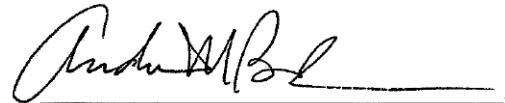
To provide testimony on agenda items or provide oral communication, please complete and submit the sign up form at [www.co.washington.or.us/PlanningCommissionTestimony](http://www.co.washington.or.us/PlanningCommissionTestimony) at least 24 hours before the start of a meeting.

To testify, either phone in or log in to Zoom (see instructions above): When your name is called, your microphone or phone will be unmuted. You will have five seconds to begin speaking.

If you do not speak, the next topic/speaker may be called. Please follow these guidelines:

- When your name is called, state your name and home/business address for the record.
- Groups or organizations making a presentation must designate one spokesperson in the interest of time and to avoid repetition.
- When there is more than one speaker on any topic, please avoid repetition.

If you need a sign or spoken language interpreter, please call 503-846-3519 (or 7-1-1 for Telecommunications Relay Service) at least 48 hours prior to this event.



**Andy Back**

Planning and Development Services Division Manager

PUBLIC MEETING DATES	
<b>BOARD OF COMMISSIONERS WORK SESSIONS</b>	<b>PLANNING COMMISSION MEETINGS</b>
8:30 a.m. 1st and 3rd Tuesdays	1:30 p.m. 1st Wednesday
2 p.m. 4th Tuesday	6:30 p.m. 3rd Wednesday
<b>BOARD OF COMMISSIONERS MEETINGS</b>	<i>Note: Occasionally it may be necessary to cancel or add a meeting date.</i>
10 a.m. 1st and 3rd Tuesdays	
6:30 p.m. 4th Tuesday	



# WASHINGTON COUNTY OREGON

## PUBLIC MEETINGS BEFORE THE PLANNING COMMISSION

WEDNESDAY DEC. 1, 2021 1:30 PM

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### AGENDA

**CHAIR:** DEBORAH LOCKWOOD  
**VICE-CHAIR:** BLAKE DYE  
**COMMISSIONERS:** MARK HAVENER, STACY MILLIMAN, RACHEL MORI BIDOU, JEFF PETRILLO, SUSHMITA PODDAR, AND MATT WELLNER

### PUBLIC MEETING

1. CALL TO ORDER
2. ROLL CALL
3. DIRECTOR'S REPORT
4. ORAL COMMUNICATIONS (limited to items not on the Agenda)
5. PUBLIC HEARINGS
  - a. **Ordinance No. 881** (On Nov. 17 the Planning Commission closed the public hearing and no new testimony or evidence will be taken. The matter was continued only for deliberation by the Commission.)  
  
An ordinance amending the Transportation System Plan (TSP), an element of the Comprehensive Plan
6. WORK SESSION
  - a. **HB 2001 implementation**
    - Affordability strategies
7. CONSIDERATION OF MINUTES
  - a. **Oct. 20, 2021**
8. PLANNING COMMISSION COMMUNICATIONS
9. ADJOURN

Department of Land Use & Transportation · Planning and Development Services

#### Long Range Planning

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Nov. 24, 2021

To: Washington County Planning Commission

From: Andy Back, Manager   
Planning and Development Services

Subject: **PROPOSED LAND USE ORDINANCE NO. 881 – An Ordinance Amending the Transportation System Plan Element of the Comprehensive Plan Relating to General Updates**

**STAFF REPORT**

**For the Dec. 1, 2021 Planning Commission Meeting**

**I. STAFF RECOMMENDATION**

Recommend approval of Ordinance No. 881 to the Board of Commissioners.

**II. BACKGROUND**

The Planning Commission (PC) held the first public hearing for Ordinance No. 881 on Nov. 3. The testimony and deliberation focused primarily on the SW 185th Avenue extension, with some comments on the SW 175th Avenue curve adjustment. At the conclusion of the public hearing, the PC voted 7 to 0 to continue the public hearing to Nov. 17 for further testimony and deliberation.

At the Nov. 17 hearing, the PC heard additional testimony and conducted deliberations, again primarily focused on Exhibit 2, the proposed SW 185th Avenue extension. The PC acknowledged the complexity of the topic. While there is general support for the other elements of the proposed ordinance, the PC was unable to reach a recommendation due to differing opinions about the SW 185th Avenue extension and a request by one member for more time to review the materials. The PC voted 6 to 2 to close the public record and continue deliberations on Dec. 1 to give more time for members to review the materials.

**Department of Land Use & Transportation**  
**Planning and Development Services • Long Range Planning**

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Ordinance No. 881 is scheduled for consideration by the Board at a Dec. 7 public hearing. Staff will provide the results of the Dec. 1 PC deliberations at the Board hearing.

### **Summary of Proposed Changes**

Ordinance No. 881 proposes to amend Transportation System Plan (TSP) to incorporate the recommendations of recently completed transportation studies.

These amendments include:

- Amend the planned alignment of the curves on SW 175th Avenue between SW Kemmer Road and SW Scholls Ferry Road.
- Adopt a planning-level alignment of the SW 185th Avenue extension between SW Gassner Road and SW Kemmer Road, as a Collector.
- Identify the general alignment of the curves on SW Grabhorn Road between SW Gassner Road and SW Tile Flat Road.
- Amend the functional classification of SW Tile Flat Road between SW Clark Hill Road and SW Grabhorn Road from rural Local roadway to rural Collector roadway.
- Identify the general alignment of the Tonquin Employment Area East-West Collector between SW Oregon Street and SW 124th Avenue.
- Identify the alignment of the TV Highway Regional Trail Refinement Area between SW 198th Avenue and SW 160th Avenue.
- Several amendments associated with changes adopted by the City of Wilsonville in 2019.
- An amendment to the Functional Classification Design Parameters table.



Nov. 23, 2021

To: Washington County Planning Commission

From: Andy Back, Manager  
Planning and Development Services

Subject: **MIDDLE HOUSING (HB 2001) WORK SESSION: HOUSING AFFORDABILITY AND HB 2001**

**BRIEFING MEMO #7**

**For the Dec. 1, 2021 Planning Commission Meeting**

**I. BRIEFING TOPICS**

This is the seventh in a series of briefing memos for Planning Commission (PC) Work Sessions on implementation of House Bill (HB) 2001 to provide education and the opportunity to discuss key points in advance of future hearings. This briefing memo covers housing affordability and how that might be addressed through implementation of HB 2001.

**II. OVERVIEW**

Housing affordability is of great interest in the region as housing prices and rents rise faster than incomes. The attached *Housing Analysis Paper 2021-08: Housing Affordability and Middle Housing* broadly discusses housing need and affordability, establishes the policy context for an affordability discussion, explores the factors affecting housing price, and how County land use policies and programs can support and encourage housing affordability. HB 2001 and middle housing have implications for affordability, and those are further explored in the remainder of the paper.

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Nov. 24, 2021

## LONG RANGE PLANNING HB 2001 ANALYSIS PAPER 2021-08

### *Housing Affordability and Middle Housing*

#### I. ISSUE STATEMENT

House Bill (HB) 2001 requires certain housing affordability strategies be considered to increase the affordability of middle housing. This paper provides an overview of housing affordability and housing need, provides policy context for this topic, reviews past County land use policies and programs to address affordability, and discusses middle housing within this context.

Oregon state law (ORS 197.309<sup>1</sup>) explicitly prohibits local governments from “effectively establishing housing sale or rental price,” with very limited exceptions.<sup>2</sup>

#### II. OAR REFERENCES

Oregon Administrative Rule (OAR) 660-046-0205 through 660-046-0235 and OAR 660-046 Exhibit B (Model Code).

#### III. DEFINITIONS

##### **Housing Affordability**

Housing is considered affordable when housing costs are no more than 30% of a household’s gross income (which is usually nearly 50% of net income). This means the amount that is theoretically “affordable” varies for each household and shifts as households change over time.

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<sup>1</sup> ORS 197.309 (1999), revised by Senate Bill (SB) 1533 (2016) to allow inclusionary zoning for some multifamily buildings in jurisdictions that have adopted an inclusionary zoning policy. This does not include middle housing. [https://oregon.public.law/statutes/ors\\_197.309](https://oregon.public.law/statutes/ors_197.309)

<sup>2</sup> SB 1533, 2016. <https://olis.oregonlegislature.gov/liz/2016R1/Measures/Overview/SB1533>

### Regulated Affordable Housing Development

Housing that is limited to eligible households at specified income levels is known as regulated affordable housing. It is complex, has specific requirements for eligibility, allowable rates and many other details. The majority of these requirements are not controlled by the County. Washington County Department of Housing Services and the Office of Community Development are the County divisions that administer regulated affordable housing and homeless assistance funds. See Appendix A for more detail about and discussion of regulated affordable housing.

## IV. BACKGROUND AND ANALYSIS

Oregon House Bill 2001, passed in 2019, requires Washington County and other jurisdictions to allow middle housing—duplexes, triplexes, fourplexes, cottage clusters and townhomes—in all residential districts that allow single-detached housing. Jurisdictions can apply siting and design requirements as long as they don't discourage the development of middle housing through "unreasonable cost or delay."

The Legislature stated that one of the intents of HB 2001 is to increase housing variety and supply, partially as a means to encourage greater housing affordability. However, HB 2001 requires local governments to allow middle housing regardless of price point. HB 2001 is not anticipated to result in significant neighborhood redevelopment in the short term,<sup>3</sup> but over time increased housing supply may reduce the rate of housing cost increases.

While HB 2001 does not *require* local governments to take any specific actions to support housing affordability, either in general or for middle housing in particular, it does require jurisdictions to *consider* specific strategies. HB 2001 Section 3 (4) states:

*In adopting regulations or amending a comprehensive plan under this section, a local government shall consider ways to increase the affordability of middle housing by considering ordinances and policies that include but are not limited to:*

- (a) Waiving or deferring system development charges;*
- (b) Adopting or amending criteria for property tax exemptions under ORS 307.515 to 307.523, 307.540 to 307.548 or 307.651 to 307.687 or property tax freezes under ORS 308.450 to 308.481; and*
- (c) Assessing a construction tax under ORS 320.192 and 320.195.*

These are assessed later in this paper.

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<sup>3</sup> ECONorthwest for Washington County. (2021, June). "House Bill 2001 Implementation Economic Analysis and Market Research: Findings and Recommendations."

<https://www.co.washington.or.us/LUT/Divisions/LongRangePlanning/PlanningPrograms/CommunityPlanning/Housing/middle-housing.cfm>



## Housing Need in Washington County and the Metro Region

A wide range of housing choices, with affordable options available for all community members, is essential for a healthy community. However, housing costs for owners and renters in the Metro region have risen faster than income over the last decade. Part of the reason rents and home prices have risen is that housing supply has not grown as fast as the population. Because housing costs have increased so much, many households are forced to spend most of their income on housing. This is especially true for renters since the property owner can raise the rent every year. When people have to spend most of their income on housing, they may not have enough left to cover bills, buy groceries, or pay for medication or other care.

The housing shortage (and increasing housing costs) is not unique to Washington County. The majority of communities in Oregon—and many other places nationally—have a multitude of unmet housing needs. Many of the people who already live here are spending too much of their income on housing that may not meet their needs, because they cannot find or afford options that could work better.

Washington County is also projected to have increasing housing needs in the future. According to recent forecasts by Metro, urban unincorporated Washington County may need homes for up to 47,000 new households by 2045.<sup>4</sup> New households may have different needs and preferences than those who live here now, and the housing needs of existing community members will change over time. A variety of housing for households at all income levels is necessary to meet the housing needs of all community members, now and in the future.

## Policy Context

Washington County's [Comprehensive Framework Plan for the Urban Area](#) (CFP) maintains compliance with Oregon's Statewide Land Use Planning Goals. Goal 10 is Housing.<sup>5</sup> The policies and strategies in the CFP are reflected in the Community Plans and Community Development Code (CDC). Requirements and standards applied to development applications, including land divisions and new development, are included in the CDC. These documents are the responsibility of Land Use & Transportation.

There are additional, regularly updated long-range County plans and strategies (such as the 10-Year Plan to End Homelessness and the 5-Year Consolidated Plan) prepared by other departments that include recommendations related to housing and housing affordability. These plans include recommendations for a wide range of strategies. Recommendations in these plans are not limited to land use-related strategies implemented through the CDC or the CFP, and often include recommendations beyond Washington County's authority and/or control.

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<sup>4</sup> There were about 212,000 residents in urban unincorporated Washington County in 2020.

<https://pamplinmedia.com/pt/9-news/525649-418070-will-neighbors-found-a-new-city-in-urban-washington-county>

<sup>5</sup> <https://www.oregon.gov/lcd/OP/Pages/Goal-10.aspx>

State, Metro and Washington County policies encourage the development of an adequate supply of affordable housing to meet the needs of residents. There have been a number of historic efforts to encourage local governments to collect data and assess their ability to meet local housing need. For example, in the early 2000s Metro established a voluntary affordable housing production goal<sup>6</sup> that Washington County acknowledges in CFP Policy 21: Housing Affordability. Local governments submitted compliance reports to Metro until 2012.

Washington County's housing policies include many broad aspirational statements and direction to *consider* a range of actions and strategies related to housing. The CFP includes 44 policies but does not explicitly prioritize or rank them relative to one another. Typically, the Board of Commissioners determines how to balance competing community priorities and needs.

CFP Policy 21: Housing Affordability, states:

*It is the policy of Washington County to encourage the housing industry to provide an adequate supply of affordable housing for all households in the unincorporated urban county area.*

Implementing strategies include that the County will:

- (d) Review design and development standards for residential projects as part of an effort to reduce unnecessary housing costs while maintaining housing and neighborhood quality.*
- (e) Review the utilization of residential planned densities on a periodic basis to determine if any Plan changes are required...*
- (f) Encourage compatible development in partially developed residential areas to make optimal use of existing urban service facility capacities and maximize use of the supply of residential land.*

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- (h) Encourage the housing industry and both public and private housing agencies to build a sufficient number of new affordable housing units within unincorporated Washington County to meet Metro's voluntary affordable housing production goal.*
- (i) Periodically assess the feasibility of establishing a voluntary inclusionary housing program and a transfer of development rights program to improve the opportunities for affordable housing within Washington County.*

Other housing-related policies in the CFP include:

- Policy 16 – Quantity of Growth
- Policy 18 – Plan Designations and Locational Criteria for Development
- Policy 19 – Infill

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<sup>6</sup> Title 7: Housing Choice. <https://www.oregonmetro.gov/affordable-housing-compliance-reports>

- Policy 22 – Housing Choice and Availability
- Policy 23 – Housing Condition
- Policy 24 – Housing Discrimination
- Policy 40 – Regional Planning Implementation

### Factors Impacting Housing Price

Housing development is complicated and the eventual price charged for housing depends on a number of factors. The factors include the price paid for the land, financing costs, design and engineering fees, land use and building permit fees, construction material and labor prices, cost of infrastructure improvements needed, profit, and service provider fees and charges. Price will also be influenced by the market, rent and sales prices in the vicinity, and whether a builder is for-profit or nonprofit. Many of the factors that impact development cost and eventual price are outside local government control.

### How County Land Use Policies and Programs Can Support and Encourage Affordability

State law prohibits *mandatory* inclusionary zoning, requiring that developers provide a certain number (or percentage) of regulated affordable units when they build market-rate projects. Portland is the only local jurisdiction that currently has an inclusionary zoning requirement, developed under state law. Staff has briefed the Board in the past on such provisions, however the Board has not directed staff to explore an inclusionary housing policy for the urban unincorporated area.

The County can, however, consider regulatory and financial options that could impact housing cost. The County can also offer incentives to encourage *voluntary* affordable development. Research indicates that requiring affordable units tends to produce more affordable housing (especially for low income households) but voluntary programs may be effective when incentives are very attractive.<sup>7</sup>

The *Washington County Equitable Housing Site Barriers and Solutions Final Report (2018)*<sup>8</sup> indicated that some changes to County development standards could reduce development costs and a number of these recommendations have been implemented (see below). Analysis during the study also indicated that land use changes *alone* had limited impact.

Major incentives, such as land donation, can result in a *maximum* of 10%-30% increase in affordability. That could lower unit rent by hundreds of dollars—*if* the developer passes the *entire* savings on to tenants. However, unless the County requires, monitors and enforces an

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<sup>7</sup> Brunick, N, L. Goldberg, S. Levine. (2004, Aug.). "Voluntary or Mandatory Inclusionary Housing? Production, Predictability, and Enforcement." [www.bpichicago.org/documents/mandatoryv.voluntary5.06.pdf](http://www.bpichicago.org/documents/mandatoryv.voluntary5.06.pdf)

<sup>8</sup> Angelo Planning Group for Washington County. (2018, May). "Washington County Equitable Housing Site Barriers and Solutions Final Report."

<https://www.co.washington.or.us/LUT/Divisions/LongRangePlanning/PlanningPrograms/CommunityPlanning/Housing/index.cfm>

affordability agreement with the property owner,<sup>9</sup> there is no guarantee that *any* cost savings by developers *will* be passed on to residents. This illustrates the need to pair land use and development code incentives with other programs to achieve cost savings that result in meaningful affordability benefits for community members.

### Recent Changes to Support Housing Affordability

Washington County has made a number of CDC changes to support housing affordability since 2015, including:

- Ordinance No. 867: Allowed safe parking program for people living in vehicles in some land use districts.
- Ordinance No. 853: Updated open space and other requirements to improve flexibility for Planned Developments.
- Ordinance No. 842: Amended CDC to address recommendations from the Equitable Housing Site Barriers and Solutions Project.
- Ordinance No. 841: Added flexible design option for regulated affordable housing to reduce code requirements and add optional density bonuses.
- Ordinance Nos. 835 and No. 859: Updated Accessory Dwelling Unit (ADU) standards to reduce barriers and allow two per lot with single-detached dwelling.
- Ordinance No. 832A: Updated CDC related to fair housing and group care.
- Ordinance No. 827: Added parking reductions for all housing and further reductions for regulated affordable housing.

The 2016 parking reduction for regulated affordable housing was supported by affordable housing developers and regulated developments proposed in unincorporated Washington County since that time have taken advantage of the reduction. Washington County has also seen an increase in applications for ADUs since 2016.

It is not clear what impact other amendments have had on housing affordability or housing production. The County does not currently routinely collect or analyze data to assess on-the-ground impacts of changes to CDC standards. Incremental CDC improvements may result in cost decreases for developers and some portion of that benefit may be passed on to buyers or renters.

The *House Bill 2001 Implementation Economic Analysis and Market Research: Findings and Recommendations* report indicated less than 3% of eligible lots would be economically feasible to develop or redevelop with middle housing. The marginal impact of development code changes can push an almost-feasible development into feasibility—but it is unlikely to be significant enough to overcome major financial barriers without other resources. This reinforces

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<sup>9</sup> This is outside the scope and authority of Land Use & Transportation. The Department of Housing Services and the Office of Community Development monitor affordability for regulated affordable developments that they fund and/or operate.

the fact that land use and development code incentives, while important, can be more effective when implemented in conjunction with other housing supports and programs.

### **How Does Middle Housing Fit In?**

Middle housing can include new and/or redeveloped middle housing units that are less costly than a new single-detached home in a similar neighborhood. Historically, when middle housing is present in a neighborhood, it helps provide variety in sales and rental prices. Diversity of housing can help bring diversity to the community. ECONorthwest's financial feasibility assessment also indicated that middle housing may be feasible at price points below single-detached homes.

State law prohibits the County from setting prices for housing. Most middle housing is expected to be produced by for-profit builders or homeowners, who set sale or rental prices based on development cost, market demand for housing and some amount of profit. Nonprofits like Habitat for Humanity and Community Partners for Affordable Housing (CPAH) have also expressed interest in middle housing and may be able to produce some units as regulated affordable housing.

### **Aspects of Middle Housing Regulations That Can Impact Affordability**

Staff is considering various aspects of the middle housing regulations through an affordability lens. Some code amendments may impact affordability by adding or eliminating specific requirements, while others may reduce development timelines (and time is money). Developers typically pass cost increases on to buyers and tenants by raising prices. State law does not allow local governments to prohibit developers from doing this.

The potential development cost impacts must be weighed against other important policy goals, such as neighborhood livability, adequate infrastructure, transportation connectivity and preservation of natural resources.

### General Policy Consideration

Further review by ECONorthwest of the implications of SB 458, expedited land divisions for middle housing, suggests that, in general, housing most similar to 'standard' single-detached homes are likely to appeal to developers and be more economically feasible to develop than other housing types.

Some middle housing options could expand opportunities for developers to build middle housing similar to small-lot single-detached homes, without needing to meet subdivision requirements for street improvements. This could result in less development of other middle housing options such as townhomes and attached plexes—middle housing types that tend to be less costly than new single-detached housing.

### Possible CDC Regulations to Improve Affordability

Staff believes that the following recommended regulations to implement HB 2001 may reduce development costs, indirectly improving housing affordability:

- Allow SB 458 expedited land divisions for middle housing, with the option to process development/building permit and land division at the same time.
- Process all middle housing through a Type I development review process.
- Use clear and objective design standards.
- Limit the size of cottages (as provided in the Model Code) to encourage smaller and potentially more affordable units.
- Eliminate outdated sections of the CDC that may be limiting housing development.
- Continue to refine standards to be clear, objective, and easy to understand and implement.

Staff also supports several ways to specifically encourage *regulated* affordable housing, including incentives for smaller units and other strategies outlined in *House Bill 2001 Implementation Economic Analysis and Market Research: Findings and Recommendations* (pgs. 52-53). However, at this time staff does not have sufficient capacity to assess the potential benefit of additional affordability incentives and finish the basic work to implement HB 2001, or for the community, Planning Commission (PC) and Board to consider implications. Further development of such incentives is recommended as part of future work to support housing affordability generally, after initial compliance with HB 2001 requirements.

### Possible CDC Regulations That Provide Benefits but May Increase Development Costs

Staff is preliminarily recommending requiring sidewalks and right-of-way dedication for all housing, including new single-detached homes on existing lots and middle housing. This new sidewalk requirement could boost pedestrian safety in neighborhoods and help address longstanding concerns with sidewalk gaps. New right-of-way requirements could facilitate further street frontage improvements by the County and defray related acquisition costs.

Such changes, however, would increase requirements and likely raise costs for all residential development. While the County's Comprehensive Plan policies encourage housing affordability, they also require new development to pay for a portion of its infrastructure. The County's need for more housing must be balanced with the need for sidewalks and other street improvements typically provided with development. Balancing these competing priorities will be an ongoing challenge. This topic will be discussed with the PC in detail in an upcoming Work Session.

### **HB 2001 Required Considerations**

HB 2001 explicitly requires local governments to *consider ways to increase the affordability of middle housing* through three specific means.<sup>10</sup>

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<sup>10</sup> See *House Bill 2001 Implementation Economic Analysis and Market Research: Findings and Recommendations*, pgs. 54-57 for more discussion on these three strategies.

### Waiving or Deferring System Development Charges

System development charges (SDCs) have been discussed as a barrier to housing development and housing affordability many times in the Metro region. Recommendations to reduce SDCs have been included in Washington County plans to support housing affordability since at least the late 1990s. The Department of Housing Services and Land Use & Transportation conducted more than one SDC assessment, and produced several discussion papers exploring possible SDC waivers, deferrals and reductions between 2016 and 2018. The Board did not provide specific direction or recommendations about SDCs during that time.

While SDCs are significant, and undeniably impact housing development and housing costs, they also fund critical infrastructure that communities need. Washington County administers SDCs for transportation through the Transportation Development Tax (TDT) as well as supplemental SDCs for transportation applied only in North Bethany and Bonny Slope West. In addition, Washington County collects SDCs for special service districts in the unincorporated area. Clean Water Services (CWS) applies an SDC for its services, which could be included in a policy review of SDCs under the Board's control. However, the County has no control over other service providers such as Tualatin Hills Park & Recreation District (THPRD). These providers establish their own SDC rates and policies, and Washington County simply collects the fee and passes it on to the service provider.

The TDT is often a focus of conversations around reducing SDCs. It is applied countywide, and administered individually by cities and the County. Changes to TDT rates require approval by the Board and it may be possible for the Board to consider options to exempt all regulated affordable housing while still following the adopted program rules. Any substantial changes to the TDT program may need to be approved by a public vote. Given the process required to change the TDT, it is not clear this strategy would have a meaningful impact on housing affordability in the immediate future. Adjustments may be considered as part of a broader evaluation of measures to support housing affordability generally, after compliance with HB 2001 is complete.

A comprehensive study of SDCs is being conducted by the Oregon Housing and Community Services Department (OHCS) as part of HB 3040<sup>11</sup> implementation. This study will result in a report to the Legislature by June 2022 and possible recommendations for local jurisdictions to consider.

### Adopting or Amending Criteria for Property Tax Exemptions or Freezes

Oregon law authorizes a number of property tax exemptions that require local adoption. The governing body may need to adopt the exemption, hold public hearings, designate areas in which the exemption will be granted, develop rules and guidelines, accept applications for exemptions, and administer the exemption program. The specific local action required to enable the exemption varies for each ORS-authorized tax exemption.

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<sup>11</sup> <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB3040>

- ORS 307.515 to 307.523 – Low-Income Rental Housing
- ORS 307.540 to 307.548 – Nonprofit Corporation for Low-Income Housing
- ORS 307.651 to 307.687 – Single-Unit Housing in Distressed Urban Areas (cities only)
- ORS 308.450 to 308.481 – Limited Property Tax Assessment in Distressed Areas

Property tax exemption has been included in Washington County plans to support housing affordability since at least the late 1990s. The Department of Housing Services produced several discussion papers exploring possible property tax exemptions to support regulated affordable housing between 2010 and 2012. Washington County enabled a Nonprofit Corporation for Low-Income Housing property tax exemption through Ordinance No. 761 in 2012. The Department of Housing Services administers this exemption, contained in Washington County Code Chapter 3.48,<sup>12</sup> in cooperation with the Department of Assessment and Taxation.

Enabling and implementing one or more additional property tax exemptions for regulated affordable housing could provide additional affordability benefits for some housing. However, many of the County's regulated housing providers already receive property tax exemption under the existing program. It is not clear that additional property tax exemptions would have a meaningful impact on housing affordability in the immediate future. In addition, the process of enabling and implementing tax exemptions often requires public hearings and development of local rules and regulations. The Board has not directed staff to review or assess additional property tax exemptions at this time.

Additional exemptions may be considered as part of a broader evaluation of measures to support housing affordability generally, after compliance with HB 2001 is complete.

#### Assessing a Construction Tax Under ORS 320.192 and 320.195

SB 1533 (2016) authorized local governments to impose a construction excise tax (CET) to fund local and state housing and affordable housing programs. The bill included limits on tax rates by development type and specified how CET revenue must be allocated, in addition to other details. Local governments have some ability to customize local housing programs within the guidelines established in the statutes.<sup>13</sup>

The Department of Housing Services and Land Use & Transportation produced several discussion papers exploring possible CET options and housing programs between 2016 and 2018. The Board did not provide specific direction or a recommendation to pursue a CET during that time.

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<sup>12</sup> [https://library.municode.com/or/washington\\_county/codes/code\\_of\\_ordinances?nodeId=TIT3REFI\\_CH3.48NOCOLCOHOTAEX](https://library.municode.com/or/washington_county/codes/code_of_ordinances?nodeId=TIT3REFI_CH3.48NOCOLCOHOTAEX)

<sup>13</sup> [https://www.oregonlegislature.gov/bills\\_laws/ors/ors320.html](https://www.oregonlegislature.gov/bills_laws/ors/ors320.html)



The affordability benefits of a potential CET would largely be derived from the programs funded with the new revenue. The CET *itself* would marginally increase<sup>14</sup> the cost of market rate development. The potential costs and benefits of a CET would have implications across several County departments, including Department of Housing Services and the Office of Community Development. Assessing the potential impact of a CET program would require significant collaboration across departments and may not be practicable at this time. It is also not clear that a CET would have a meaningful impact on housing affordability in the immediate future.

This strategy may be considered as part of a broader evaluation of measures to support housing affordability generally, after compliance with HB 2001 is complete.

## V. CONCLUSION

The Board has directed staff to examine development code barriers and encourage affordability through land use standards where possible. Washington County policy encourages supporting housing affordability while ensuring that infrastructure keeps pace with development, among other long-term goals.

The County has adopted a number of land use changes to encourage housing affordability since 2016, though the overall impact of these amendments on housing production and affordability are not clear. CDC changes may result in incremental cost decreases for developers and some portion of that benefit may be passed on to buyers and renters. Some HB 2001-related amendments may result in these kinds of affordability improvements.

### Other Ways of Providing Affordable Housing

Two major sources of funding for regulated affordable housing and other services to support low-income households are just beginning to have on-the-ground impacts in the region. The first developments supported by the 2018 Metro affordable housing bond have just reached occupancy and programs funded by the 2020 Supportive Housing Services (SHS) measure are still under development.<sup>15</sup>

These funding measures took many years of advocacy and significant community engagement to establish, and *are* making a difference in the region. These demonstrate that government and community action can make a difference, and also that producing such housing takes time.

The County may be able to increase its ability to impact housing affordability through closer coordination between the Office of Community Development, the Department of Housing Services and Land Use & Transportation. A consistent County housing strategy with clear

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<sup>14</sup> Residential tax rates are capped at 1%; commercial rates are not limited in the ORS.

<sup>15</sup> <https://www.co.washington.or.us/Housing/SupportiveHousingServices/supportive-housing-services-funding-announcements.cfm>

priorities and coordinated implementation across divisions could help the County use its resources more efficiently and better meet the needs of the community. This could allow affordability and incentive programs to be designed and implemented to work together, maximizing the impact of public subsidy.

### **Policy Recommendation**

Washington County should consider a broader evaluation of measures to support housing equity and affordability in general. A collaborative effort to support housing equity across all County departments may provide more meaningful results than relying primarily on land use and code-based actions.

### *List of Attachments*

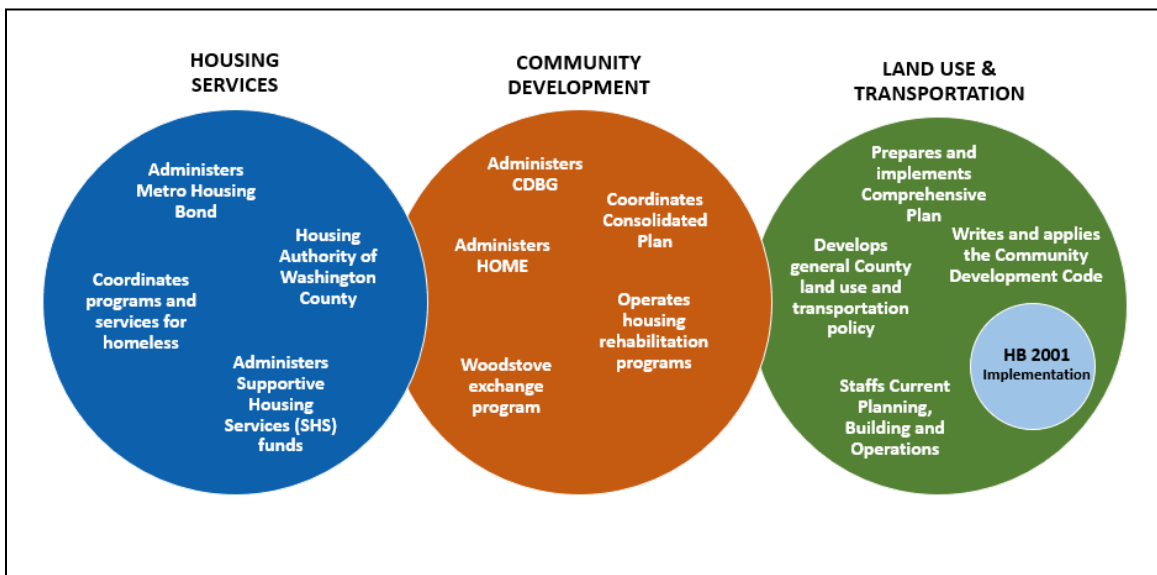
The following attachment identified in this analysis paper is provided:

Attachment A: Regulated Affordable Housing Basics

**REGULATED AFFORDABLE HOUSING BASICS**

This document is intended to provide a general overview of Washington County’s housing programs as well as some background and context information about housing affordability and regulated affordable housing. It does not (and is not intended to) go into exhaustive detail on this very complicated subject.

Washington County’s efforts to encourage housing affordable for all community members are supported by several departments, including but not limited to Land Use & Transportation, the Office of Community Development and the Department of Housing Services.



Existing County efforts and programs are outlined below:

- The Department of Land Use & Transportation works to support housing affordability through the Community Development Code and land use regulation. Recent Land Use & Transportation efforts to support housing affordability have included parking reductions and flexible development standards for regulated affordable housing development.
- The Office of Community Development administers a portion of the federal funding the County receives to support affordable development through the U.S. Department of Housing and Urban Development (HUD) HOME and CDBG programs, including awarding HOME funds to new affordable housing development. The Office of Community Development also administers the County’s existing home preservation and rehabilitation programs and is in the process of developing a homeownership program that will provide down payment assistance to income-qualified households.
- The Department of Housing Services administers Washington County’s Housing Choice Voucher and public housing programs, manages a number of affordable housing

properties and partners with developers to build new affordable housing. The Department of Housing Services also administers Washington County's HUD-funded programs to end homelessness, the Metro affordable housing bond program and the new Supportive Housing Services (SHS) program.

- The Office of Community Development and the Department of Housing Services also support the County's homeless and severe weather shelter network, in cooperation with many County and community partners.

### ***What is Considered Affordable?***

According to HUD, housing is considered affordable when housing costs are no more than 30% of a household's *gross* income (which is usually nearly 50% of net income). This means that the amount that is theoretically "affordable" varies for each household and shifts as households change over time. Housing costs include: rent or mortgage payments (including insurance and taxes) and basic utility costs (electricity, water, etc.).

Median Family Income (MFI)<sup>1</sup> is established by HUD. The same MFI is used for the entire Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area (MSA), which includes Clackamas, Clark, Columbia, Multnomah, Skamania, Washington and Yamhill counties. The City of Portland<sup>2</sup> (and other entities) publishes updated income and rent limits based on HUD's MFI every year.<sup>3</sup>

Generally, regulated affordable ownership units are priced to be affordable to households earning 80% MFI or less and affordable rental units are priced for households earning 60% MFI or less. However, every regulated affordable housing development is unique, with varying requirements for eligibility, allowable rates and many other details. The majority of these requirements are established by funders and are not controlled by the County. Washington County Department of Housing Services and the Office of Community Development are the County divisions that administer regulated affordable housing.

### ***Financial Constraints***

The provision of new affordable housing and preservation of existing affordable housing often requires diverse funding sources. Many Washington County-generated funds, including most general funds, System Development Charge (SDC) revenue, Real Estate Transfer Tax (RETT) revenue, Major Streets Transportation Improvement Program (MSTIP) funds, etc. have not

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<sup>1</sup> <https://www.huduser.gov/portal/datasets/il.html>

<sup>2</sup> <https://www.portland.gov/phb/income-rent-and-utility-limits>

<sup>3</sup> Area Median Income (AMI): Area Median Income is reported in the American Community Survey (ACS) based on selected geographic areas. AMI is not scaled by household size and differs based on the geographic area selected. Median Family Income (MFI): HUD establishes Median Family Income based on Metropolitan Statistical Areas (MSA). The Portland-Vancouver-Hillsboro MSA includes Washington, Multnomah, Clackamas, Columbia and Yamhill counties in Oregon, as well as Skamania and Clark counties in Washington. HUD's MFI is tiered based on household size, so, for example, MFI for a single-person household is lower than MFI for a four-person household.

been available for affordable housing or homeless services because those dollars are designated for other priorities, or are restricted by legislation or policy (for example, gas tax revenue must be used on transportation projects). The Metro regional affordable housing bond (approved in 2018) and the SHS funding measure (approved in 2020) are new major sources of funding for regulated affordable housing and other services.

The majority of regulated affordable housing programs are limited to households at or below 60% of the HUD-established MFI. This means that in 2021,<sup>4</sup> qualifying households can earn up to about \$58,000 for a household of four people. Higher-income households may be eligible for some housing assistance programs, but in most cases households earning more than 80% MFI (about \$78,000 for four people in 2021) are not eligible for regulated affordable housing assistance.

### ***Public Housing vs. Subsidized Housing***

The term “subsidized housing” is often misused to mean “public housing.” True public housing is provided by federal subsidies to public housing authority-owned projects funded through HUD’s Public Housing program.

Other types of affordable housing often receive some form of tax-supported, or “public,” subsidy (through one or more federal, state or local programs), and may be referred to as “subsidized housing,” “affordable housing” or “regulated affordable housing.” As discussed below, this housing can be subsidized in a variety of ways, ranging from rental assistance vouchers, HOME assistance, HUD Section 202 Elderly Housing, Low-Income Housing Tax Credits, etc. The most common and widely used form of “public subsidy” is the mortgage interest deduction, which reduces homeowners’ tax liability by granting a “subsidy” in the form of tax revenue foregone by federal and state taxing jurisdictions.

### ***Types of Affordable Housing***

There are several ways to provide affordable housing. Utilizing funding from HUD, the Housing Authority offers affordable housing through two main programs: public housing and voucher-based rental assistance. In addition, the Office of Community Development provides financing for affordable housing development by nonprofit and for-profit developers through the HOME Program.

Public housing is provided in units solely owned by the Housing Authority, purchased with federal funds. These units are rented to low-income households who pay about 30% of their monthly adjusted income in rent.

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<sup>4</sup> <https://www.oregon.gov/ohcs/compliance-monitoring/Documents/rents-incomes/2021/LIHTC/Washington-County-2021-Rent-Income-Limits.pdf>

Voucher-based rental assistance is also provided by the Housing Authority using federal funds. Households use rental assistance vouchers to find housing owned by private landlords (not the Housing Authority). Households pay about 30% of their adjusted gross income to the private landlord in rent and the Housing Authority pays the remaining rent to the landlord through the voucher. The Housing Authority administers Housing Choice Voucher (often called Section 8), SHS and Veterans Affairs Supportive Housing (VASH) voucher programs in Washington County.

Other affordable housing is provided by private developers and landlords, often using one or more forms of subsidy. These units may be owned by private investors, nonprofit housing providers or other organizations. Housing authorities sometimes own or co-own affordable housing in addition to public housing and voucher programs. The Metro regulated affordable housing bond is a substantial source of funding for new regulated affordable housing.

Washington County's HOME Program is a housing subsidy that can be used to develop affordable rental or owner-occupied housing. Subsidized rental housing developers typically use the HOME Program in combination with a host of other state and federal programs to create housing affordable to low income households. HOME funds are allocated annually to Washington County based on a federal formula. The Office of Community Development is currently developing a homeownership program that will use American Rescue Plan HOME funds.

Rent on affordable housing units is below market rate and is often set based on MFI. For example, the maximum *affordable* housing cost for a four-person family earning 50% MFI is about \$1,000, including utilities. Median market rent in 2020 for a one-bedroom apartment *without* utilities was \$1,100, and \$1,350 for a two-bedroom apartment.<sup>5</sup> Income limits and rental rates for most regulated affordable housing properties are usually set by Oregon state law or HUD.

Rent for most "regulated" affordable housing is *not* directly tied to resident income. Most affordable units have fixed rental rates and the rent can still be a burden for some households. For example, a family earning 30% MFI (less than \$30,000 for four people) living in a 50% MFI regulated affordable unit would probably have to pay more than \$1,000 a month in rent, even though they can only "afford" to pay about \$750 according to HUD's affordability standards. Why does someone choose to pay "too much" for housing? Often, the answer is that there is no decent housing these families can afford, and the alternative is homelessness.

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<sup>5</sup> <https://www.oregonlive.com/business/2021/05/portland-apartment-rents-starting-to-increase-again-after-plummeting-in-2020.html>



## WASHINGTON COUNTY PLANNING COMMISSION (PC) MINUTES OF WED., OCT. 20, 2021

### ALL PUBLIC MEETINGS ARE RECORDED

1. **CALL TO ORDER** - 1:30 p.m. Zoom virtual meeting  
The meeting was called to order by Chair Lockwood.

2. **ROLL CALL**

PC Members Present: Blake Dye, Deborah Lockwood, Stacy Milliman, Rachel Mori Bidou, Jeff Petrillo, and Matt Wellner; Absent: Mark Havener and Sushmita Poddar

Staff Present: Andy Back, Planning and Development Services (PDS); Theresa Cherniak, Erin Wardell, Steve Kelley, Suzanne Savin, Todd Borkowitz, and Susan Aguilar, Long Range Planning (LRP); Jacquilyn Saito, County Counsel

3. **DIRECTOR'S REPORT** - Andy Back, Manager of PDS

#### Updates

- The County's recruitment for the District 4 PC vacancy continues. The Board of Commissioners is scheduled to discuss candidates in its Nov. 30 Work Session and could make the appointment on Dec. 7.
- The facilitated PC training on communication norms took place on Oct. 18 and Andy Back thanked all PC members who attended.
- On Oct. 26, the Board is scheduled to proclaim November as Native American Heritage Month and to consider A-Engrossed Ordinance No. 877, minor amendments to the Community Development Code (CDC) to align with changes to State law in the rural area.

#### Today's PC Meeting

- Briefings on House Bill (HB) 2001 implementation items

#### Upcoming PC Meetings

Nov. 3 (day)

- Hearing on Ordinance No. 881 - Transportation System Plan (TSP) Amendments

Nov. 17 (night)

- Briefings on HB 2001 implementation items

Jacquilyn Saito addressed a question from the Oct. 3 PC meeting about a potential conflict of interest by PC member Matt Wellner for participating in a Work Session on HB 2001 implementation in North Bethany. Counsel determined that no conflict of interest existed.

#### PC Discussion

- Comment that the Oregon Government Ethics Commission can provide guidance on PC member conflict of interest concerns.

#### 4. ORAL COMMUNICATIONS

- Brandon Philips (16822 NW Vetter Drive, Portland, OR)
  - Expressed concern about future clean-up costs and liability issues associated with decommissioned service stations.
- Fran Warren (835 SW Touchmark Way, Portland, OR)
  - Represents Tree Keepers of Washington County – a group dedicated to educating others on the importance of protecting trees in fighting climate change.
  - Expressed hope the PC will listen to future testimony from her group when considering the remand of Ordinance No. 869 and the Habitat Assessment guidelines, as well as ensuring the County’s middle housing provisions provide sufficient space for mature trees.

#### 5. WORK SESSION

##### a. HB 2001 implementation update: middle housing types, parking and design requirements

Theresa Cherniak, Principal Community Planner, Erin Wardell, Principal Transportation Planner, and Todd Borkowitz, Associate Planner with the LRP Community Planning group gave PowerPoint presentations on HB 2001 implementation topics, including middle housing types, parking requirements and design standards.

#### PC Discussion and Comments

##### Middle Housing types

- Comments:
  - Senate Bill (SB) 458 (middle housing land divisions) will result in housing developers increasingly using the expedited land division process versus the condominium process to create separate units. The end product is more marketable and financeable – especially if detached units are allowed – and is generally more desirable to home buyers. This legislation will result in more homeownership versus rental opportunity.
  - Few cottage clusters will be built as co-housing because doing so requires a level of consensus and participation amongst residents that often doesn't occur.
  - Middle housing is not just about more affordability; that is one of many objectives. Middle housing does provide more choices for people across the income spectrum.
  - Conversions are often an overlooked opportunity. County should consider incentives for existing houses to be divided into multiple units.
- A question on barriers to middle housing besides minimal developer experience building it.

##### Parking

- Comments:
  - A cottage cluster is the only middle housing type where on-street parking should be allowed to count toward off-street requirements because duplexes, triplexes, and quadplexes are likely to be constructed with attached garages. Maybe allow when on a private street.
  - Developers often provide off-street parking to ensure sufficient on-street parking remains, preventing the neighborhood from otherwise becoming “unsellable.”
  - Plan sufficient parking for how people will park in the future (not just how they park today) but consider not reducing parking near frequent bus service because service levels can change over time, making mobility difficult for transit dependent riders.
  - People need to have adequate charging opportunities when parking electric vehicles.
  - Residents may not be comfortable with a loss of easy, accessible parking.



- A question on whether staff has learned of problems associated with 2017 CDC changes on parking requirements for new development.

Design

- Comments:
  - Garage façade standards are challenging to meet in R9 and R15 districts. One could go through a Type III review and subjectively apply Transit Oriented Development principles allowed by the CDC. However, builders would likely be unable to do this for HB 2001 middle housing.
  - Consider omitting existing garage façade standards altogether because they create barriers to developing denser products like middle housing.
  - Garage standards in the Model Code are confusing and should not be applied.
  - Do not create more regulation of single detached homes to allow regulations to apply to middle housing.
  - Existing design standards for North Bethany have so far worked well for developers.
  - National home builders will not find most new design standards difficult to work with.
  - The County’s requirements for on-street parking and outdoor yard area will also make building middle housing more difficult, particularly on small lots.
- Questions:
  - Would standards for middle housing also apply to other housing in Washington County?
  - Are proposed standards solely for new middle housing construction or also for internal conversions and expansions for middle housing of existing houses?
  - Will the PC hear feedback from home builders on the middle housing proposals?

**6. CONSIDERATION OF MINUTES**

**a. Sept. 15, 2021**

PC member Wellner moved to adopt the Sept. 15, 2021 PC minutes. Vice Chair Dye seconded the motion. **Vote: 6-0. Motion passed.**

**Yes:** Dye, Lockwood, Milliman, Mori Bidou, Petrillo, and Wellner

**7. PLANNING COMMISSION COMMUNICATIONS**

- Chair Lockwood thanked PC members who attend the Oct. 18 PC training on communications norms and introduced the Point of Order provision from Robert’s Rules of Order that allows a PC member during meetings to draw attention to a breach in rules, irregular procedure, or irrelevance to the topic being discussed.

**8. ADJOURN – 9:03 p.m.**

\_\_\_\_\_  
Deborah Lockwood, Chair  
Washington County Planning Commission

\_\_\_\_\_  
Andy Back, Secretary  
Washington County Planning Commission

Minutes approved this \_\_\_\_\_ day of \_\_\_\_\_, 2021

Submitted by LRP Staff.